

UMPQUA HOLDINGS CORP

Form 424B5

August 17, 2009

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Filed pursuant to Rule 424(b)(5)  
Registration No. 333-155997

**CALCULATION OF REGISTRATION FEE**

<b>Title of each Class of</b>	<b>Amount to be</b>	<b>Proposed</b>	<b>Proposed</b>	<b>Amount of</b>
<b>Securities to be Registered</b>	<b>Registered</b>	<b>Maximum</b>	<b>Maximum</b>	<b>Registration Fee</b>
		<b>Offering Price</b>	<b>Aggregate</b>	
		<b>Per Unit</b>	<b>Offering Price</b>	
Umpqua Holdings Corporation Common Stock	\$26,538,461	\$9.75	\$258,749,995	\$14,438.25

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933 (the Securities Act ).

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**Prospectus supplement**

(To prospectus dated December 5, 2008)

**23,076,923 shares**

**Common shares**

We are offering 23,076,923 shares of common stock.

Our common stock is listed on the NASDAQ Global Select Market under the symbol UMPQ. On August 13, 2009, the closing price of our common stock on the NASDAQ Global Select Market was \$10.69 per share.

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$9.75	\$224,999,999
Underwriting discounts and commissions	\$0.4875	\$11,250,000
Proceeds to Umpqua Holdings Corporation, before expenses	\$9.2625	\$213,749,999

We have granted the underwriters an option for a period of 30 days from the date of this prospectus supplement to purchase up to 3,461,538 additional shares of our common stock at the public offering price less the underwriting discounts and commissions to cover over-allotments.

**Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page S-13.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

**The common stock is not a deposit or savings account. The common stock is not insured by the Federal Deposit Insurance Corporation or any other governmental agency or instrumentality.**

The underwriters expect to deliver the shares on or about August 19, 2009.

**J.P. Morgan**

***Sole Book-Running Manager***

**D.A. Davidson & Co.**

**Fox-Pitt Kelton Cochran Caronia Waller**

**Keefe, Bruyette & Woods**

August 13, 2009

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## About this prospectus supplement

We provide information to you about our common stock in two separate documents. First, this prospectus supplement describes the specific terms of this offering of our common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. Second, the accompanying prospectus provides general information about securities we may offer from time to time, including securities other than the common stock being offered by this prospectus supplement. Some of the information in the accompanying prospectus may not apply to this offering. If the information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus and any relevant free writing prospectus. We have not authorized anyone to provide you with any other information. If you receive any information not authorized by us, you should not rely on it. We are not, and the underwriters are not, making an offer to sell the common stock in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or any relevant free writing prospectus is accurate as of any date other than its respective date.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You also should read and consider the information in the documents we have referred you to in *Where You Can Find More Information* on page 6 of the accompanying prospectus and page S-46 of this prospectus supplement.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

References to Umpqua, the Company, we, our, or us in this prospectus supplement refer to Umpqua Holdings Corporation, an Oregon corporation, unless otherwise specified or the context otherwise requires. References to Umpqua Bank or the Bank refer to Umpqua Bank, an Oregon state-chartered bank, and references to Umpqua Investments refer to Umpqua Investments (U.S.), Inc. formerly known as Strand, Atkinson, Williams & York, Inc.

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## Incorporation of documents by reference

The SEC allows us to incorporate by reference into this prospectus supplement information in other documents we file with the SEC, which means that we can disclose important information to you by referring you to those documents. Information incorporated by reference is considered to be part of this prospectus supplement.

Other than any portions of any such documents that are not deemed filed under the Exchange Act in accordance with the Exchange Act and applicable SEC rules, we incorporate by reference the documents listed below and any filings we make with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus and prior to the time that we sell all the securities offered by this prospectus:

Annual Report on Form 10-K for the year ended December 31, 2008, including information specifically incorporated by reference into our Form 10-K from our definitive Proxy Statement for our 2009 annual meeting of shareholders;

Our definitive Proxy Statement in connection with our 2009 annual meeting of shareholders filed March 2, 2009 (except for the Compensation Committee Report and the Audit Committee Report contained therein);

Quarterly Reports on Form 10-Q (as amended) for the quarters ended March 31, 2009 and June 30, 2009;

Current Reports on Form 8-K filed on June 16, 2009 (Item 8.01 only); April 21, 2009; April 15, 2009; April 2, 2009; March 12, 2009; February 24, 2009; and January 20, 2009; and

The description of our common stock contained in our Current Report on Form 8-K filed May 30, 2008, including any amendment or report filed to update such description.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or calling us at the following address:

Steven L. Philpott

Executive Vice President, General Counsel and Secretary

Umpqua Holdings Corporation

675 Oak Street, Suite 200

PO Box 1560

Eugene, Oregon 97440

(541) 434-2997

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## Forward-looking statements

This prospectus supplement, the accompanying prospectus and the information incorporated by reference in them include forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which 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 that expressly or implicitly predict future results, performance or events. 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. We make forward-looking statements regarding projected sources of funds, use of proceeds, availability of acquisition and growth opportunities, ability to repay TARP funds, dividends, adequacy of our allowance for loan and lease losses and provision for loan and lease losses, our commercial real estate portfolio and subsequent charge-offs. Forward-looking statements involve substantial risks and uncertainties, many of which are difficult to predict and are generally beyond our control. There are many factors that could cause actual results to differ materially from those contemplated by these forward-looking statements. Risks and uncertainties that could cause our financial performance to differ materially from our goals, plans, expectations and projections expressed in forward-looking statements include those set forth in our filings with the SEC, including Item 1A of our Annual Report on Form 10-K as updated and supplemented in our filings on Form 10-Q and Form 8-K, and the following:

our ability to attract new deposits and loans and leases

demand for financial services in our market areas

competitive market pricing factors

deterioration in economic conditions that could result in increased loan and lease losses

risks associated with concentrations in real estate related loans

market interest rate volatility

stability of funding sources and continued availability of borrowings

changes in legal or regulatory requirements or the results of regulatory examinations that could restrict growth

our ability to recruit and retain key management and staff

risks associated with merger and acquisition integration



significant decline in the market value of the Company that could result in an impairment of goodwill

our ability to raise capital or incur debt on reasonable terms

regulatory limits on the Bank's ability to pay dividends to the Company

effectiveness of the Emergency Economic Stabilization Act of 2008 ( EESA ) and other legislative and regulatory efforts to help stabilize the U.S. financial markets

future legislative or administrative changes to the TARP Capital Purchase Program enacted under EESA.

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The impact of the EESA and the American Recovery and Reinvestment Act ( ARRA ) and related rules and regulations on the Company 's business operations and competitiveness, including the impact of executive compensation restrictions, which may affect the Company 's ability to retain and recruit executives in competition with other firms who do not operate under those restrictions.

For a more detailed discussion of some of the risk factors, see the section entitled Risk Factors below. We do not intend to update any factors or to publicly announce revisions to any of our forward-looking statements. You should consider any forward looking statements in light of this explanation, and we caution you about relying on forward-looking statements.

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## **Summary**

*The following information about this offering summarizes, and should be read in conjunction with, the information contained in this prospectus supplement and in the accompanying prospectus, and the documents incorporated therein by reference.*

### **Umpqua Holdings Corporation**

Umpqua Holdings Corporation is a financial holding company and parent company of Umpqua Bank, an Oregon state chartered bank, and Umpqua Investments (U.S.), Inc., formerly known as Strand, Atkinson, Williams & York, Inc., a registered broker-dealer and investment advisor. At June 30, we had consolidated total assets of \$8.7 billion, deposits of \$6.8 billion and shareholders equity of \$1.4 billion. Umpqua Holdings Corporation is an Oregon corporation headquartered in Portland, Oregon. Our principal executive offices are located at Umpqua Bank Plaza, One SW Columbia Street, Suite 1200, Portland, Oregon 97258 and our telephone number is (503) 727-4100.

We engage primarily in the business of commercial and retail banking and the delivery of retail brokerage services. Umpqua Bank provides a wide range of banking, mortgage banking and other financial services to corporate, institutional and individual customers. Umpqua Bank is an Oregon-based community bank recognized for its entrepreneurial approach, innovative use of technology, and distinctive banking solutions. Umpqua Bank has 150 locations between Napa, California, and Bellevue, Washington, along the Oregon and Northern California Coast and in Central Oregon. Umpqua Investments has locations in Umpqua Bank stores and in dedicated offices throughout Oregon and offers a full range of investment products and services including: stocks, fixed income securities (municipal, corporate, and government bonds, CDs, and money market instruments), mutual funds, annuities, options, retirement planning, money management services, life insurance, disability insurance and medical supplement policies. Umpqua Bank's Private Bank Division provides tailored financial services and products to individual customers.

Prior to 2004, Umpqua Bank operated primarily in the Portland metropolitan and Willamette Valley areas of Oregon along the I-5 corridor, southern Oregon, and the Oregon coast. During the third quarter of 2004, we completed the acquisition of Humboldt Bancorp, which at the time of the acquisition had total assets of approximately \$1.5 billion and 27 branches located throughout Northern California. On June 2, 2006, we completed the acquisition of Western Sierra Bancorp and its principal operating subsidiaries, Western Sierra Bank, Central California Bank, Lake Community Bank and Auburn Community Bank. At the time of the acquisition, Western Sierra Bancorp had total assets of approximately \$1.5 billion and 31 branches located throughout Northern California. On April 26, 2007, we completed the acquisition of North Bay Bancorp and its principal operating subsidiary, The Vintage Bank, along with its Solano Bank division. At the time of the acquisition, North Bay Bancorp had total assets of approximately \$727.6 million and 10 Northern California branches located in the Napa area and in the communities of St. Helena, American Canyon, Vacaville, Benecia, Vallejo and Fairfield. On January 16, 2009, the Washington Department of Financial Institutions closed the Bank of Clark County, Vancouver, Washington, and appointed the FDIC as its receiver. The FDIC entered into a purchase and assumption agreement with Umpqua Bank to purchase certain assets and assume the insured non-brokered deposit balances, representing two branches, at no premium.

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We are considered one of the most innovative community banks in the United States, combining a retail product delivery approach with an emphasis on quality-assured personal service. Umpqua Bank has evolved from a traditional community bank into a community-oriented financial services retailer by implementing a variety of retail marketing strategies to increase revenue and differentiate ourselves from our competition.

Along with our subsidiaries, we are subject to the regulations of state and federal agencies and undergo periodic examinations by these regulatory agencies. See *Supervision and Regulation* in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

## **Our business strategy**

Our principal objective is to become the leading community-oriented financial services retailer throughout the Pacific Northwest and Northern California. We plan to continue the expansion of our market from Seattle to Sacramento, primarily along the I-5 corridor. We intend to continue to grow our assets and increase profitability and shareholder value by differentiating ourselves from competitors through the following strategies:

**Capitalize on innovative product delivery system.** Our philosophy has been to develop an environment for the customer that makes the banking experience enjoyable. With this approach in mind, we have developed a unique store concept that offers one-stop shopping and includes distinct physical areas or boutiques, such as a serious about service center, an investment opportunity center and a computer café, which make the Bank's products and services more tangible and accessible. In 2006, we introduced our Neighborhood Stores and in 2007, we introduced the Umpqua Innovation Lab. We expect to continue remodeling existing and acquired stores in metropolitan locations to further our retail vision.

**Deliver superior quality service.** We insist on quality service as an integral part of our culture, from the Board of Directors to our new sales associates, and believe we are among the first banks to introduce a measurable quality service program. Under our return on quality program, each sales associate's and store's performance is evaluated monthly based on specific measurable factors such as the sales effectiveness ratio that totals the average number of banking products purchased by each new customer. The evaluations also encompass factors such as the number of new loan and deposit accounts generated in each store, reports by incognito mystery shoppers and customer surveys. Based on scores achieved, the return on quality program rewards both individual sales associates and store teams with financial incentives. Through such programs, we believe we can measure the quality of service provided to our customers and maintain employee focus on quality customer service.

**Establish strong brand awareness.** As a financial services retailer, we devote considerable resources to developing the Umpqua Bank brand. We promote the brand in advertising and merchandise bearing the Bank's logo, such as mugs, tee-shirts, hats, umbrellas and bags of custom roasted coffee beans. The unique look and feel of our stores and our unique product displays help position us as an innovative, customer friendly retailer of financial products and services. We build consumer preference for our products and services through strong brand awareness. During 2005, we secured naming rights to the office tower in Portland, Oregon in which our administrative offices and main branch are now located. This downtown building now displays prominent illuminated signage with the Bank's name and logo.

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**Use technology to expand customer base.** Although our strategy continues to emphasize superior personal service, we plan to expand user-friendly, technology-based systems to attract customers that may prefer to interact with their financial institution electronically. We offer technology-based services including voice response banking, debit cards, automatic payroll deposit programs, [ibank@umpqua](mailto:ibank@umpqua.com) online banking, bill pay and cash management, advanced function ATMs and an internet web site. We believe the availability of both traditional bank services and electronic banking services enhances our ability to attract a broader range of customers.

**Increase market share in existing markets and expand into new markets.** As a result of our innovative retail product orientation, measurable quality service program and strong brand awareness, we believe that there is significant potential to increase business with current customers, to attract new customers in our existing markets and to enter new markets.

## Company information

Umpqua Holdings Corporation, an Oregon corporation, was formed as a bank holding company in March 1999. At that time, we acquired 100% of the outstanding shares of South Umpqua Bank, an Oregon state-chartered bank formed in 1953. We became a financial holding company in March 2000 under the provisions of the Gramm-Leach-Bliley Act. Umpqua has two principal operating subsidiaries, Umpqua Bank and Umpqua Investments.

## Recent developments

Results for second quarter of 2009 and six months ended June 30, 2009, and significant items for the second quarter of 2009 were as follows:

Net loss per diluted common share was \$1.79 and \$2.09 for the three and six months ended June 30, 2009, as compared to earnings per diluted common share of \$0.17 and \$0.57 for the three and six months ended June 30, 2008. Operating income (loss) per diluted common share, defined as earnings available to common shareholders before merger related expenses, net of tax, and goodwill impairment divided by the same diluted share total used in determining diluted earnings per common share, was \$0.07 and \$(0.23) for the three and six months ended June 30, 2009, as compared to operating income per diluted common share of \$0.17 and \$0.57 for the three and six months ended June 30, 2008. Operating income per diluted share is considered a non-GAAP financial measure. See Reconciliation of non-GAAP financial measures on page S-6.

Non-performing assets decreased to \$150.0 million, or 1.73% of total assets, as of June 30, 2009, as compared to \$159.5 million, or 1.82%, as of March 31, 2009, and \$161.3 million, or 1.88% of total assets as of December 31, 2008. Non-performing loans decreased to \$113.9 million, or 1.87% of total loans, as of June 30, 2009, as compared to \$126.7 million, or 2.08%, as of March 31, 2009, and \$133.4 million, or 2.18% of total loans, as of December 31, 2008. Non-accrual loans have been written-down to their estimated net realizable values.

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Net charge-offs were \$85.9 million for the six months ended June 30, 2009, or 2.83% of average loans and leases (annualized), as compared to net charge-offs of \$51.5 million, or 1.70% of average loans and leases (annualized), for the six months ended June 30, 2008. Net charge-offs decreased 56.5% to \$26.0 million for the three months ended June 30, 2009, as compared to net charge-offs of \$59.9 million for the three months ended March 31, 2009. The majority of charge-offs for these periods primarily relate to our residential development portfolio.

The provision for loan and lease losses was \$29.3 million and \$88.4 million for the three and six months ended June 30, 2009, respectively, as compared to the \$25.1 million and \$40.3 million recognized for the three and six months ended June 30, 2008, respectively. This resulted from the increase in net charge-offs and non-performing loans, and downgrades within the portfolio between the two periods. The provision for loan and lease losses for the three months ended June 30, 2009 decreased 50.4% as compared to \$59.1 million for three months ended March 31, 2009.

In the second quarter of 2009 we recognized a goodwill impairment charge of \$112.0 million related to our Community Banking operating segment. This charge primarily resulted from a decline in the fair value of the Community Banking reporting unit in current quarter, which corresponds to the decline in the Company's market capitalization and the banking industry in general, and its effect on the implied fair value of the goodwill.

We recorded gains of \$8.6 million and \$9.2 million representing the change in fair value on our junior subordinated debentures measured at fair value in the three and six months ended June 30, 2009, respectively, compared to gains of \$3.2 million and \$4.8 million in the three and six months ended June 30, 2008, respectively. The gains recognized during these periods were due to the widening of the credit risk adjusted rate spread above the Company's contractual spreads and changes in the three month LIBOR rate.

Mortgage banking revenue was \$10.3 million for the six months ended June 30, 2009, compared to \$1.8 million for the six months ended June 30, 2008. Closed mortgage volume increased 146% between these two periods due to a significant increase in refinancing activity, resulting from historically low mortgage interest rates. The prior period's revenue includes a \$2.4 million charge on an ineffective mortgage servicing right (MSR) hedge, which has been suspended, due to widening spreads and price declines that were not offset by a corresponding gain in the related MSR asset.

Net loss on investment securities of \$1.2 million for the six months ended June 30, 2009 includes other-than-temporary impairment charges of \$9.8 million, which primarily relate to non-agency collateralized mortgage obligations. Including unrealized losses in other comprehensive income related to factors other than credit, the remaining held to maturity non-agency collateralized mortgage obligations balance is \$5.7 million as of June 30, 2009. The impairment charge was offset by the gain on sale of securities of \$8.5 million.

FDIC assessments increased to \$6.7 million and \$9.3 million for the three and six months ended June 30, 2009, respectively, compared to \$1.3 million and \$2.5 million for the three and six months ended June 30, 2008, respectively. These increases result from an industry-wide increase in assessment rates and a \$4.0 million special assessment incurred in the second quarter of 2009 imposed by the FDIC in efforts to rebuild the Deposit Insurance Fund.

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Net interest margin, on a tax equivalent basis, increased to 4.20% and 4.14% for the three and six months ended June 30, 2009, respectively, compared to 4.15% and 4.06% for the same periods a year ago. The increase in net interest margin resulted from a decrease in the cost of interest bearing deposits, partially offset by reductions in earning asset yields primarily due to the decline in the prime rate and related indices between the two periods. Excluding interest reversals on loans of \$814,000 and \$1.8 million for the three and six months ended June 30, 2009, net interest margin would have increased 5 basis points to 4.25% and increased 4 basis points to 4.18%, respectively.

Total risk based capital decreased to 14.3% as of June 30, 2009, compared to 14.6% as of December 31, 2008 related to the net loss for the six months ended June 30, 2009, dividends paid to preferred and common shareholders, and growth in total assets primarily due to the FDIC-assisted purchase and assumption of certain assets and liabilities of the Bank of Clark County in the first quarter of 2009.

Total gross loans and leases were \$6.1 billion as of June 30, 2009, a decrease of \$37.4 million, or 1.2% annualized, as compared to December 31, 2008. Total gross loan fundings during the second quarter of 2009 were approximately \$497.3 million, representing a 9% increase compared to the \$454.5 million of loan disbursements made during the first quarter of 2009.

Total deposits were \$6.8 billion as of June 30, 2009, an increase of \$225.8 million, or 6.9% annualized, as compared to December 31, 2008. Excluding the deposits acquired through the FDIC-assisted purchase and assumption of the Bank of Clark County, the organic deposit growth rate was 1.8% annualized.

Total consolidated assets were \$8.7 billion as of June 30, 2009, representing an increase of \$59.1 million compared to December 31, 2008.

Cash dividends declared in the second quarter of 2009 were \$0.05 per common share, consistent with the amount declared in the first quarter of 2009 and the fourth quarter of 2008.

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We incur significant expenses related to the completion and integration of mergers. Additionally, we may recognize goodwill impairment losses that have no direct effect on the Company's or the Bank's cash balances, liquidity, or regulatory capital ratios. Accordingly, we believe that our operating results are best measured on a comparative basis excluding the impact of merger-related expenses, net of tax, and other charges related to business combinations such as goodwill impairment charges. We define *operating income* as earnings available to common shareholders before merger related expenses, net of tax, and goodwill impairment, and we calculate *operating income per diluted share* by dividing operating income by the same diluted share total used in determining diluted earnings per common share (see Note 12 of the *Notes to Consolidated Financial Statements*, included in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, incorporated by reference herein). Operating income and operating income per diluted share are considered non-GAAP financial measures. Although we believe the presentation of non-GAAP financial measures provides a better indication of our operating performance, you are urged to review the GAAP results.

The following table presents a reconciliation of operating income (loss) and operating income (loss) per diluted share to net (loss) earnings and net (loss) earnings per diluted common share for the three and six months ended June 30, 2009 and 2008:

***Reconciliation of operating income to net income available to common shareholders***

(in thousands, except per share data)	Three months ended		Six months ended	
	2009	June 30, 2008	2009	June 30, 2008
Net (loss) earnings available to common shareholders	\$ (107,514)	\$ 10,126	\$ (125,962)	\$ 34,715
Merger-related expenses, net of tax	44		164	
Goodwill impairment	111,952		111,952	
Operating income (loss)	\$ 4,482	\$ 10,126	\$ (13,846)	\$ 34,715
<b>Per diluted share:</b>				
Net (loss) earnings available to common shareholders	\$ (1.79)	\$ 0.17	\$ (2.09)	\$ 0.57
Merger-related expenses, net of tax				
Goodwill impairment	1.86		1.86	
Operating income (loss)	\$ 0.07	\$ 0.17	\$ (0.23)	\$ 0.57



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The following table presents the returns on average assets, average common shareholders' equity and average tangible common shareholders' equity for the three and six months ended June 30, 2009 and 2008. For each of the periods presented, the table includes the calculated ratios based on reported net (loss) earnings available to common shareholders and operating income (loss) as shown in the table above. As a result of our mergers with other financial institutions, we have a significant amount of goodwill and other intangible assets that we believe affects our return on average common shareholders' equity. To the extent this performance metric is used to compare our performance with other financial institutions that do not have merger-related intangible assets, we believe it beneficial to also consider the return on average tangible common shareholders' equity. The return on average tangible common shareholders' equity is calculated by dividing net (loss) earnings available to common shareholders by average shareholders' common equity less average goodwill and intangible assets, net (excluding MSR's). The return on average tangible common shareholders' equity is considered a non-GAAP financial measure and should be viewed in conjunction with the return on average common shareholders' equity.

***Returns on average assets, common shareholders' equity and tangible common shareholders' equity***

(dollars in thousands)	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
<b>Returns on average assets:</b>				
Net (loss) earnings available to common shareholders	-4.93%	0.49%	-2.91%	0.84%
Operating income (loss)	0.21%	0.49%	-0.32%	0.84%
<b>Returns on average common shareholders' equity:</b>				
Net (loss) earnings available to common shareholders	-33.94%	3.24%	-19.85%	5.57%
Operating income (loss)	1.41%	3.24%	-2.18%	5.57%
<b>Returns on average tangible common shareholders' equity:</b>				
Net (loss) earnings available to common shareholders	-83.57%	8.21%	-48.49%	14.22%
Operating income (loss)	3.48%	8.21%	-5.33%	14.22%
<b>Calculation of average common tangible shareholders' equity:</b>				
Average common shareholders' equity	\$1,270,439	\$1,258,591	\$1,279,541	\$1,253,991
Less: average goodwill and other intangible assets, net	(754,417)	(762,398)	(755,728)	(763,194)
Average tangible common shareholders' equity	\$ 516,022	\$ 496,193	\$ 523,813	\$ 490,797

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## The offering

<b>Issuer</b>	Umpqua Holdings Corporation
<b>Securities offered</b>	23,076,923 shares of common stock, no par value per share
<b>Over-allotment option</b>	We have granted the underwriter an option to purchase up to an additional 3,461,538 shares of common stock within 30 days of the date of this prospectus supplement in order to cover over-allotments, if any.
<b>Common stock outstanding after this offering</b>	83,315,820 shares of common stock outstanding (86,777,358 shares of common stock upon the exercise of the over-allotment option in full) <sup>(1)</sup> .
<b>Use of proceeds</b>	We estimate that the net proceeds of this offering will be approximately \$213.5 million (or \$245.6 million upon the exercise of the over-allotment option in full) after deducting underwriting commissions and expenses. We expect to use the net proceeds from the sale of our common stock for general corporate purposes, which may include capital to support growth and acquisition opportunities and to position us for eventual redemption of our Series A preferred stock issued to the U.S. Treasury under the TARP Capital Purchase Program.
<b>Dividend policy</b>	The payment of future cash dividends on our common stock is at the discretion of our Board and subject to a number of factors including TARP related limits, financial performance, capital adequacy, regulatory compliance and cash resources. In addition, there are limitations on the ability of Umpqua Bank to pay dividends to Umpqua, which in turn limits our ability to pay dividends to common stock holders.
<b>NASDAQ symbol</b>	UMPQ
<b>Risk Factors</b>	For a discussion of risks associated with an investment in our common stock, see <a href="#">Risk Factors</a> beginning on page S-13.

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- (1) The number of shares of common stock to be outstanding after this offering is based on 60,238,897 shares outstanding as of August 13, 2009 and, unless we indicate otherwise, excludes shares of common stock reserved for issuance under our stock option and stock incentive plans and agreements, of which options to purchase 1,779,259 shares at an average price of \$15.01 were outstanding as of August 13, 2009, and excludes 2,221,795 shares of common stock at an exercise price of \$14.46 per share reserved for issuance to the U.S. Treasury under the TARP Capital Purchase Program as of August 13, 2009.

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**Table of Contents****Summary consolidated financial data**

The following table sets forth summary consolidated financial data of Umpqua. The financial data as of and for the six months ended June 30, 2009 and 2008 have been derived from our unaudited financial statements contained in our Quarterly Reports on Form 10-Q filed with the SEC. The financial data as of and for the years ended December 31, 2008, 2007, 2006, 2005 and 2004 have been derived from our audited financial statements contained in our Annual Reports on Form 10-K filed with the SEC. The summary condensed consolidated financial results are not indicative of our expected future operating results. The following summary historical financial information should be read together with Management's Discussion and Analysis of Financial Condition and Results of Operations and the historical financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

(In thousands, except per share data)	As of and for the six months ended June 30,		As of and for the year ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>Income statement</b>							
Interest income	\$ 209,159	\$226,166	\$442,546	\$488,392	\$405,941	\$282,276	\$198,058
Interest expense	54,757	82,611	152,239	202,438	143,817	72,994	40,371
Net interest income	154,402	143,555	290,307	285,954	262,124	209,282	157,687
Provision for loan and lease losses	88,423	40,269	107,678	41,730	2,552	2,468	7,321
Non-interest income	42,567	49,573	107,118	64,829	53,525	47,713	41,043
Non-interest expense	126,329	101,776	215,588	210,804	177,104	146,725	