UMPQUA HOLDINGS CORP
Form PRE 14A
February 15, 2018
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

Filed by a Party other than the Registrant o

Check the appropriate box:
x Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
o 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)

Payment of Filing Fee (Check the appropriate box):
x No fee required.
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(3) Filing Party:

(4) Date Filed:

UMPQUA HOLDINGS CORPORATION
Umpqua Bank Plaza
One SW Columbia Street, Suite 1200, Portland, OR 97258
(503) 727-4100

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 18, 2018

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 Wednesday, April 18, 2018 to take action on the following:

ITEMS OF BUSINESS

- Election of Directors. Elect 10 nominees to Umpqua Holdings Corporation’s board of directors, to hold office until the 2019 annual meeting of shareholders and qualification and election of their successors.
- Ratification of Registered Public Accounting Firm Selection. Non-binding vote on the Audit and Compliance Committee’s selection of Moss Adams LLP as Umpqua Holdings Corporation’s independent registered public accounting firm for the fiscal year ending December 31, 2018.
- Amendment to Articles of Incorporation. Vote on an amendment to our Articles of Incorporation to implement a majority voting standard for the election of directors in uncontested elections.
- Advisory Vote on Executive Compensation. Non-binding vote to approve the compensation of the named executive officers as described in the Proxy Statement for the 2018 Annual Meeting of Shareholders.

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 that may 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 9, 2018, 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 2, 2018.

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 request to receive proxy materials by mail or e-mail. You may 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: https://www.umpquabank.com/investor-relations. 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
March 2, 2018 EVP/General Counsel/Secretary

UMPQUA HOLDINGS CORPORATION
Umpqua Bank Plaza
One SW Columbia Street, Suite 1200, Portland, OR 97258
(503) 727-4100

PROXY STATEMENT FOR 2018 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 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 2, 2018. In this Proxy Statement we refer to Umpqua Holdings Corporation as the “Company,” “Umpqua,” “we,” “us,” “our,” or similar references.

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 Voting and 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.

2017 FINANCIAL AND BUSINESS HIGHLIGHTS

LOAN AND DEPOSIT GROWTH	• Total assets of $25.7 billion as of December 31, 2017, compared to $24.8 billion as of December 31, 2016 and $23.4 billion at December 31, 2015 o Gross loans and leases grew 9%, or $1.6 billion, year-over-year o Deposits increased $927.3 million, or 5%, to $19.9 billion at December 31, 2017
INCREASED EARNINGS	• 2017 earnings per diluted share of $1.11 compared to $1.05 for 2016
STRONG CREDIT QUALITY	• Net charge-offs to average loans and leases of 0.22% for 2017 and 2016 • Non-performing assets to total assets ratio of 0.37% in 2017 compared to 0.25% in 2016
PRUDENT CAPITAL MANAGEMENT	• Declared dividends of $0.68 per share in 2017 compared to $0.64 per share in 2016 • Tangible book value grew by 5% in 2017, including the impact of dividends by 12%
SUCCESSFUL COMPLETION OF LEADERSHIP TRANSITION	• On January 1, 2017 Cort O’Haver became President and CEO of Umpqua and Umpqua Bank • The board of directors appointed Lead Director Peggy Fowler as independent Board Chair effective December 31, 2017, with the retirement of Ray Davis
INDUSTRY RECOGNITION	• Ranked 45th best bank on Forbes magazine’s “America’s Best and Worst Banks” published in January 2018 • Named most admired financial services company in Oregon by the Portland Business Journal for the thirteenth consecutive year • Recognized as one of Oregon’s “Top Workplaces” by The Oregonian in September 2017

GOVERNANCE HIGHLIGHTS

SHAREHOLDER ENGAGEMENT

- Annually shareholder outreach program to shareholders holding approximately 75% of our outstanding common stock to discuss corporate governance and compensation matters
- Review compensation specific feedback with the independent Compensation Committee and governance feedback with the independent Governance Committee

BOARD OF DIRECTORS

- Annual election of directors
- Majority of the board is independent
- Director resignation policy in uncontested elections for a nominee who does not receive a majority of votes for his or her election
- Fully independent Audit, Compensation and Governance Committees
- Average director tenure of 7 years and average director age of 57 years

Director Tenure

- Annual strategic planning session
- Regular executive sessions for all committees and the board
- Annual board and committee evaluation process
- No director serves on more than two public company boards

COMPENSATION HIGHLIGHTS

LONG-TERM AND PERFORMANCE FOCUSED PROGRAM	• Predominantly performance-based incentive programs with conditions that encourage long-term value creation: o equity awards tied to total shareholder return and return on tangible common equity, each relative to a peer group o annual cash incentives tied to meaningful operating earnings per share results that are based on progress on key strategic initiatives o circuit-breaker provisions in incentive awards o 100% of CEO awards are based on objective performance conditions
STRONG GOVERNANCE FEATURES	• Stock retention, or hold-to-retirement, requirement for executive officers • Clawback provisions applicable to all cash incentives and equity awards • Minimum one-year equity award vesting requirement • Avoid problematic pay practices such as single-trigger change-in-control provisions and tax gross-ups on severance or change-in-control benefits • Independent Compensation Committee that engages its own advisors • Stock ownership requirements for directors and executive officers • Prohibit hedging transactions with Company stock • Cutback for compensation that would be subject to a lost deduction under Section 280G of the Code • No dividends on unvested equity awards • No significant perquisites

ANNUAL MEETING BUSINESS

Proposal Number	Proposal	Vote Required for Approval	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
1	Election of Directors	Plurality*	No effect; not treated as a vote cast, except for quorum purposes	No	No Effect
2	Ratification of Independent Registered Public Accounting Firm	Votes cast "For" exceed "Against" votes	No effect; not treated as a vote cast, except for quorum purposes	Yes	Not Applicable
3	Amendment to Articles of Incorporation	Votes cast "For" exceed "Against" votes	No effect; not treated as a vote cast, except for quorum purposes	No	No Effect
4	Advisory vote on executive compensation ("say on pay")	Votes cast "For" exceed "Against" votes	No effect; not treated as a vote cast, except for quorum purposes	No	No Effect

* The Company's majority voting / director resignation policy requires nominees who receive more votes cast against their election than for to tender their resignation to the board following the annual meeting.

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, provided, however, that each director continues to serve until the director's successor is elected and qualifies or until there is a decrease in the number of directors. 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 10.

Directors are currently 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 / director resignation 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 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 has nominated the following ten directors, including our CEO, for re-election to serve until the 2019 annual meeting:

NOMINEE	AGE	PRINCIPAL OCCUPATION	DIRECTOR SINCE
Peggy Fowler	66	Retired President and CEO of Portland General Electric	2009
Stephen Gambee	54	President and CEO of Rogue Waste, Inc.	2005
James Greene	64	Founder and Managing Partner of Sky D Ventures	2012
Luis Machuca	60	President and CEO of Enli Health Intelligence	2010
Cort O'Haver	55	President and CEO of Umpqua and Umpqua Bank	2017
Maria Pope	53	President and CEO of Portland General Electric	2014
John Schultz	53	Executive Vice President, Chief Legal and Administrative Officer, and Corporate Secretary of Hewlett Packard Enterprise	2015
Susan Stevens	67	Retired head of Corporate Banking for the Americas at J.P. Morgan Securities	2012
Hilliard Terry	48	Executive Vice President and Chief Financial Officer of Textainer Group Holdings Limited	2010
Bryan Timm	54	Former President of Columbia Sportswear Company	2004

Each of the nominees was elected to serve on the board at the 2017 annual meeting. 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 independent 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 https://www.umpquabank.com/investor-relations, 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, 2018), 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.

Peggy Y. Fowler	Peggy Y. Fowler, age 66, 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). 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 Lead Director of Umpqua's Board of Directors, Vice Chair of the Umpqua Executive Committee and Chair of Umpqua's Governance Committee, Member HEI Compensation Committee.
Stephen M. Gambee	Stephen M. Gambee, age 54, 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 Southern Oregon. 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 Vice Chair of the Umpqua Enterprise Risk and Credit Committee and member of the Umpqua Audit and Compliance, and Finance and Capital Committees.

James S. Greene	James S. Greene, age 64, 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 Enterprise Risk and Credit 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 60, 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 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, Vice Chair of Umpqua's Finance and Capital Committee and serves on the Umpqua Executive, and Governance Committees.

Cort L. O'Haver	Cort L. O'Haver, age 55, serves as director, President and Chief Executive Officer of Umpqua and Umpqua Bank, positions he has held since January 2017. Mr. O'Haver served as Commercial Bank President of Umpqua Bank from April 2014 to April 2016 when he became President of Umpqua Bank. He served as Senior Executive Vice President of Umpqua and Umpqua Bank from August 2013 to April 2014, and from March 2010 to August 2013 he served as Executive Vice President/Commercial Banking of Umpqua and Umpqua Bank. From October 2006 until he joined Umpqua, Mr. O'Haver was employed by Mechanics Bank as Executive Vice President and Director of Corporate Banking. Prior to that time, he was a Senior Vice President in charge of the Real Estate Lending Division at U.S. Bank, with responsibility for California, Oregon and Washington. Qualifications and Experience: Leadership: Extensive leadership, management and business operations experience with Umpqua Bank as commercial banking president. Industry: Over 25 years of commercial banking experience including leadership positions with Mechanics Bank in California (corporate banking) and with U.S. Bank with responsibility for California, Oregon and Washington (real estate lending). Governance: Current member of the Umpqua Executive, Finance and Capital, and Enterprise Risk and Credit Committees.
Maria M. Pope	Maria M. Pope, age 53, joined the board in April 2014, effective with the closing of the Sterling merger. Since January 2018, Ms. Pope has served as President and CEO of PGE. Effective October 2017, Ms. Pope became President of PGE. From March 2013 to October 2017, Ms. Pope served as Senior Vice President, Power Supply, Operations, and Resource Strategy for PGE. She serves as a general partner shareholder and director of Pope Resources, a Delaware limited partnership (NASDAQ: POPE). 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: Chair of OHSU's Governing Board (appointed by the Governor, 2010), prior Chair of the Oregon Symphony and Council of Forest Industries. Governance: Currently serves as Vice Chair of Umpqua's Audit and Compliance Committee, and serves on Umpqua's Compensation Committee.

John F. Schultz	John F. Schultz, age 53, appointed to the board in September 2015. Mr. Schultz is currently Executive Vice President, Chief Legal and Administrative Officer, 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, litigation management, and cybersecurity. Civic: Nonprofit leadership. Governance: Current Vice Chair of the Umpqua Compensation Committee, and member of the Umpqua Audit and Compliance Committee.
Susan F. Stevens	Susan F. Stevens, age 67, 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 to 1995. She was with Bank of America for 11 years before joining Wells Fargo. Qualifications and Experience: Industry: Over 35 years in the banking industry with broad industry knowledge and experience in client management, capital markets and risk management. Civic: Board of Trustees of the University of Oregon Foundation, Eugene, OR (2016 present) (Finance and Audit Committees) and The Neighborhood Coalition for Shelter, New York, NY (Chair of the Finance Committee, Treasurer and on the Executive Committee). Governance: Current Chair of the Umpqua Enterprise Risk and Credit Committee and member of the Umpqua Audit and Compliance, Executive, and Governance Committees. Board Member of The Red Duck, a consumer products start up.

Hilliard C. Terry, III	Hilliard C. Terry, III, age 48, 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 12 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: Chair of Umpqua's Finance and Capital Committee and serves on the Enterprise Risk and Credit, Executive and Governance Committees. Civic: Former Board Member, Oakland Museum of California (member of the Executive and Governance Committees).
Bryan L. Timm	Bryan L. Timm, age 54, was appointed to the board in December 2004. Mr. Timm served as President of Columbia Sportswear Company (NASDAQ: COLM) from February 2015 to June 2017, and held the office of Chief Operating Officer from May 2008 to June 2017. He previously served as Chief Financial Officer of Columbia Sportswear. 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, Vice Chair of the Umpqua Governance Committee and member of the Umpqua Executive, and Compensation Committees.

Director Independence

The board of directors has determined that all directors except Messrs. Greene and O'Haver qualify as "independent," as defined in the NASDAQ listing rules. In 2016 and 2017, the board of directors asked Mr. Greene to serve as Board Chair of our subsidiary, Pivotus Ventures, Inc. and that Mr. Greene provide management consulting to the Pivotus leadership team and work closely with Pivotus on strategic planning and collaboration initiatives. In December 2017, the Compensation Committee and the independent directors, excluding Mr. Greene, reviewed Mr. Greene's work with Pivotus. The Compensation Committee reviewed the amount of time Mr. Greene spent on Pivotus initiatives and approved a payment to Mr. Greene of $150,000 for Pivotus related work. 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 2017 totaled $6,931. 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 https://www.umpquabank.com/investor-relations. See Related Party Transactions for additional information.

Board Recommendation
The board of directors recommends a vote "FOR" each of the nominees named in this Proxy Statement.

ITEM 2. RATIFICATION OF REGISTERED PUBLIC ACCOUNTING FIRM APPOINTMENT
The Audit and Compliance Committee has selected the independent registered public accounting firm of Moss Adams LLP to act in such capacity for the fiscal year ending December 31, 2018. There are no affiliations between the Company and Moss Adams, its partners, associates or employees, other than those which pertain to the engagement of Moss Adams in the previous year as the Company's independent registered public accounting firm and for certain permitted consulting services. Moss Adams has served as the Company's independent registered public accounting firm since 2005.

Shareholder ratification of the selection of Moss Adams is not required by law, our articles of incorporation, our bylaws or otherwise. The Sarbanes-Oxley Act of 2002 requires the Audit and Compliance Committee to be directly responsible for the appointment and compensation of the independent registered public accounting firm and for oversight of the audit work. The Committee will consider the results of the shareholder vote on this proposal and, in the event of a negative vote, will reconsider its selection of Moss Adams, but is not bound by the shareholder vote. Even if Moss Adams's appointment is ratified by the shareholders, the Audit and Compliance Committee may, in its discretion, appoint a new independent registered public accounting firm at any time if it determines that such a change would be in the interests of the Company and its shareholders. A representative of Moss Adams is expected to attend the annual meeting and that representative will have the opportunity to make a statement, if he or she desires to do so, and to answer appropriate questions.

Board Recommendation

The board of directors recommends a vote "FOR" ratification of the selection of Moss Adams as the Company's independent registered public accounting firm.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
Moss Adams LLP has audited our consolidated financial statements and internal controls over financial reporting as of and for the years ended December 31, 2005 through 2017.

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Independent Auditors' Fees

The following table shows the fees incurred for professional services provided by Moss Adams for 2017 and 2016:

($ in thousands)	2017	2016
Audit Fees (a)	$1,413	$1,416
Audit-Related Fees (b)	$99	$90
All Other Fees (c)	$18	$15
Tax Fees	—	—
Total Fees	$1,530	$1,521

(a) "Audit Fees" include:

- The integrated audit of the Company's annual consolidated financial statements and internal controls over financial reporting as of and for the years-ended December 31, 2017 and 2016, including compliance with the FDIC Improvement Act and Loss Share Agreements.
- Reviews of the Company's quarterly consolidated financial statements for the periods ended March 31, June 30, and September 30, 2017 and 2016.
- HUD and GNMA Audits for December 31, 2017 and 2016.
- Consent for Registration Statement (Form S-8) (2016).

(b) "Audit-Related Fees" represent billings for services provided during the 12 months ended December 31, 2017 and 2016, and includes:

- Audit of the Umpqua Bank 401(k) and Profit Sharing Plan for the plan year ended December 31, 2016, audited during 2017, and the plan year ended December 31, 2015, audited during 2016.
- Audit of the annual financial statements of Umpqua Investments, Inc., a wholly owned subsidiary of the Company, as of and for the years ended December 31, 2017 and 2016.
- Accounting consultations, including implementation of new or emerging accounting standards.

(c) "All Other Fees" represent all other billings for the 12 months ended December 31, 2017 and 2016, and includes:

- Consulting report related to MERS QC compliance for 2017 and 2016.

	2017	2016
Ratio of All Other Fees to Total Fees	1.19 %	0.99 %

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

Pre-Approval Policy

The Audit and Compliance Committee pre-approved the services performed by Moss Adams for the 2017 audit engagement at its February 22, 2017, meeting, in accordance with the Committee's pre-approval policy and procedures. This policy describes the permitted audit, audit-related, tax, and other services (collectively, the "Permitted Services") that the independent auditor may perform. The policy requires that a description of the services expected to be performed by the independent auditor in each of the disclosure categories in the above table be provided to the Committee for pre-approval.

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

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

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

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

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

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

Audit and Compliance Committee Report

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

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

The Audit and Compliance Committee is responsible for hiring and overseeing the performance of the Company's independent registered public accounting firm. The Company's independent registered public accounting firm is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, and expressing an opinion on the effectiveness of the Company's internal control over financial reporting. The Committee engaged Moss Adams as the Company's independent registered public accounting firm to perform the audit of the Company's financial statements for the period ending December 31, 2017. Moss Adams has been engaged in this capacity since August 2005, based on the Committee's review of Moss Adams's performance and independence from management. In accordance with NASDAQ Listing Rules, Moss Adams is registered as a public accounting firm with the Public Company Accounting Oversight Board ("PCAOB").

The Audit and Compliance Committee reviewed and discussed the audited financial statements for the fiscal year ending December 31, 2017, with management. The Committee also met separately with both management and Moss Adams to discuss and review those financial statements and reports prior to issuance. Management has represented, and Moss Adams has confirmed to the Committee, that the financial statements were prepared in accordance with generally accepted accounting principles.

The Audit and Compliance Committee received from and discussed with Moss Adams the matters required to be discussed by AS 1301 (Communications with Audit Committees, formerly Auditing Standard No. 16), as amended and as adopted by the PCAOB in Rule 3200. The Committee has received the written disclosure and the letter from Moss Adams required by applicable requirements of the PCAOB regarding independence and has discussed with Moss Adams the auditor's independence.

Based upon the review and discussions referred to above, the Audit and Compliance Committee recommended to the board of directors that the Company's audited financial statements be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2017.

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

ITEM 3. AMENDMENT TO ARTICLES OF INCORPORATION TO PROVIDE FOR MAJORITY VOTING IN UNCONTESTED ELECTIONS OF DIRECTORS

At the 2017 annual meeting of shareholders, a shareholder proposal requesting the Board of Directors to initiate an appropriate process to amend the Company’s Articles of Incorporation to provide for majority voting for directors in uncontested elections was approved by the vote of approximately 60% of the shares voted on the proposal. In response to that expression of shareholder support, the Board of Directors has adopted, and recommends that shareholders approve, an amendment to the Company’s Articles of Incorporation to implement majority voting for directors in uncontested elections of directors. The proposed amendment would add a new Article V, Section E to the Articles that would read as follows:

“ARTICLE V

BOARD OF DIRECTORS

E. In any election of directors of the Corporation at a meeting of shareholders at which a quorum is present, each director shall be elected if the number of votes cast “for” the director exceeds the number of votes cast “against” the director; provided, however, that if the number of nominees exceeds the number of directors to be elected, the directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors.”

Under Oregon law, directors are normally elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. A voting standard other than a plurality may only be used if it is specified in a corporation’s articles of incorporation. Under the proposed amendment to the Company’s Articles of Incorporation, a nominee for director in an uncontested election will be elected if the number of votes cast “for” the nominee at the shareholder meeting exceeds the number of votes cast “against” the nominee. An “abstain” vote will have no effect on the outcome of the election, but will be counted for purposes of determining whether a quorum is present at the shareholder meeting. For contested elections in which there are more director candidates than director positions to be elected, the voting standard will continue to be a plurality of votes cast.

Under Oregon law, an incumbent director nominee who is not re-elected at a shareholder meeting continues to serve on the Board of Directors until his or her successor is elected and qualified or until there is a decrease in the number of directors. The Board of Directors believes that it needs an orderly process to address the ongoing composition of the Board if one or more directors receive a majority of votes cast “against” their reelection. Accordingly, if the proposed amendment is adopted, the Board of Directors intends to maintain the Company’s existing majority voting / director resignation policy in the Statement of Governance Principles. The current policy requires any incumbent director nominee who receives more “against” or withheld votes than “for” votes in an uncontested director election to tender his or her resignation subject to acceptance or rejection by the Board of Directors. The Governance Committee would then make a recommendation, and the Board would decide whether to accept or reject the tendered resignation within 90 days after the shareholder meeting.

If the proposed amendment is approved, the Company will file Articles of Amendment with the Oregon Secretary of State, and the proposed amendment will become effective at that time. The majority vote standard would then be applicable to the election of directors at the 2019 annual meeting of shareholders. In the event the shareholders do not approve this proposal, the Articles of Incorporation will remain unchanged and director nominees in uncontested elections will continue to be elected by a plurality of the votes cast, but will be subject to the majority voting / director resignation policy in the Statement of Governance Principles.

Board Recommendation

The board of directors recommends a vote “FOR” approval of the proposed amendment.

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ITEM 4. ADVISORY VOTE ON RESOLUTION TO APPROVE EXECUTIVE COMPENSATION

The board and management are committed to excellence in governance and recognize the interest our shareholders have expressed in the Company's executive compensation program. As a part of that commitment, and in accordance with SEC rules, we ask our shareholders to approve an advisory resolution on the compensation of the named executive officers, as reported in this proxy statement. This proposal, commonly known as "say on pay," gives shareholders the opportunity to approve or not approve our fiscal year 2017 compensation for named executive officers. Our shareholders previously voted in favor of an annual say on pay vote, and our board determined to hold an annual vote.

This vote is not intended to address any specific item of compensation, but rather to address the compensation paid to our named executive officers as disclosed in this proxy statement, which we believe reflects our overall compensation policies and procedures relating to the named executive officers. While your vote is advisory and will not be binding on the board, we strive to align our governance policies and practices with the interests of our shareholders. The board takes into account the outcome of the say on pay vote when considering future compensation plans.

We are requesting your non-binding vote on the following resolution:

"RESOLVED, that the shareholders approve the compensation of the named executive officers as described in the Compensation Discussion and Analysis and the tabular and accompanying narrative disclosure of named executive officer compensation in the Proxy Statement for the 2018 Annual Meeting of Shareholders."

Board Recommendation

The board of directors recommends a vote "FOR" approval of the resolution approving compensation of named executive officers.

OTHER BUSINESS

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This proxy statement contains forward-looking statements about Umpqua that are intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. These statements may include statements regarding compensation practices, governance matters, business strategies, management plans and objectives for future operations. All statements other than statements of historical fact are forward-looking statements. You can find many of these statements by looking for words such as "anticipates," "expects," "believes," "estimates" and "intends" and words or phrases of similar meaning. Forward-looking statements involve substantial risks and uncertainties, many of which are difficult to predict and are generally beyond the control of Umpqua. Risks and uncertainties include, but are not limited to:

- competitive market pricing factors for compensation and benefits;
- changes in legal or regulatory requirements; and
- the ability to recruit and retain certain key management and staff.

There are many factors that could cause actual results to differ materially from those contemplated by forward-looking statements. For a more detailed discussion of some of the risk factors, see the section titled Risk Factors in Umpqua's 10-K and other filings with the SEC. Umpqua does not intend to update these forward-looking statements. You should consider any written or oral forward-looking statements in light of this explanation, and we caution you about relying on forward-looking statements.

INFORMATION ABOUT EXECUTIVE OFFICERS

The age (as of March 1, 2018), business experience, and position of our executive officers other than Cort L. O'Haver, about whom information is provided above, are as follows:

Rilla S. Delorier, age 50, serves as Executive Vice President/Chief Strategy Officer of Umpqua and Umpqua Bank, positions she has held since April 2017 when she joined Umpqua. Before joining Umpqua, Ms. Delorier spent 10 years in a variety of roles for SunTrust Bank including executive vice president of consumer channels (2014-2016), chief marketing officer (2008-2014), and marketing director of wealth and investment management (2006-2008). An early adopter of digital as a transformational channel, she oversaw SunTrust's evolution from a brick and mortar to cross-channel organization – and helped build a purpose-driven company and culture.

Ronald L. Farnsworth, age 47, serves as Executive Vice President/Chief Financial Officer of Umpqua and Umpqua Bank, positions he has held since January 2008 and Principal Financial Officer of Umpqua, a position he has held since May 2007. From March 2005 to May 2007, Mr. Farnsworth served as Umpqua's Principal Accounting Officer. From January 2002 to September 2004, Mr. Farnsworth served as Vice President – Finance of Umpqua. Mr. Farnsworth served as Chief Financial Officer of Independent Financial Network, Inc. ("IFN") and its subsidiary Security Bank from July 1998 to the time of IFN's acquisition by Umpqua in December 2001.

Neal T. McLaughlin, age 49, serves as Executive Vice President/Treasurer of Umpqua and Umpqua Bank, positions he has held since February 2005 and Principal Accounting Officer, a position he has held since May 2007. From 2002 until joining Umpqua, Mr. McLaughlin served as Senior Vice President and Chief Financial Officer of Albina Community Bancorp and before that he was Executive Vice President and Chief Financial Officer at Centennial Bancorp and Columbia Bancorp.

Torran (Tory) B. Nixon, age 56, serves as Executive Vice President and Head of Commercial & Wealth for Umpqua Bank, a position he has held since October 2016. In his role, Nixon oversees all areas of commercial banking, corporate banking, leasing, commercial real estate, capital markets, treasury management, private banking and investments. Before joining Umpqua Bank in November 2015 as Executive Vice President/Commercial Banking, Nixon served as Division President for the San Diego and Northern California Divisions of California Bank & Trust from April 2007 through November of 2015.

Andrew H. Ognall, age 46, serves as Executive Vice President/General Counsel and corporate Secretary of Umpqua and Umpqua Bank, positions he has held since April 2014. From January 2011 to April 2014, Mr. Ognall was a partner with the law firm Lane Powell PC. Before joining Lane Powell PC, he was a partner with Foster Pepper LLP and Roberts Kaplan LLP. His private practice focused on mergers and acquisitions, securities and corporate finance, community banking, corporate governance, executive compensation and general business matters.

David F. Shotwell, age 59, serves as Executive Vice President/Chief Risk Officer of Umpqua and Umpqua Bank, positions he has held since October 2017. Mr. Shotwell continues to serve as the Chief Credit Officer, a position he has held since July 2015. Mr. Shotwell served as Umpqua Bank's Chief Lending Officer from 2010 to 2015. Prior to joining Umpqua Bank in 2002, he worked for more than 20 years in commercial banking and providing consulting services to financial institutions. He studied economics and finance at the University of Washington and is a graduate of executive programs at the University of California, Davis, and Pacific Coast Banking School.

Retired Executive Officers

Raymond P. Davis, age 68, served as Executive Chairman of the board from January 2017 to December 2017. He served as a director of Umpqua from its formation in 1999 to December 2017, and as a director of Umpqua Bank from

June 1994 to December 2017. Mr. Davis served as President and Chief Executive Officer of Umpqua from its formation to December 2016.

SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS

The following table sets forth the shares of common stock beneficially owned as of February 9, 2018, the record date, by each director and each named executive officer, the directors and executive officers as a group and those persons known to beneficially own more than 5% of Umpqua's common stock.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)		% of Class	
*	Raymond Davis	497,031	(2)	**	
*	Ronald Farnsworth	137,670	(3,4)	**	
*	Cort O'Haver	114,527	(5)	**	
*	Tory Nixon	36,289	(6)	**	
*	Rilla Delorier	-	(7)	**	
*	Stephen Gambee	91,675	(8)	**	
*	Bryan Timm	76,268		**	
*	Peggy Fowler	73,745	(9)	**	
*	Luis Machuca	53,137		**	
*	Hilliard Terry, III	36,051		**	
*	Susan Stevens	33,305		**	
*	James Greene	28,881		**	
*	Maria Pope	26,403		**	
*	John Schultz	14,063		**	
*	All directors and executive officers as a group (17 persons)	1,385,671	(10)	**	
	Names and addresses of Beneficial Owners of more than 5% of Umpqua common stock				
*	BlackRock, Inc. 55 East 52nd St., New York, NY 10055	23,685,852	(11)	10.7	%
*	The Vanguard Group 100 Vanguard Blvd., Malvern, PA 19355	19,439,480	(12)	8.8	%
*	Capital World Investors 333 South Hope Street, Los Angeles, CA 90071	15,273,300	(13)	6.9	%
*	State Street Corporation One Lincoln Street, Boston, MA 02111	12,698,937	(14)	5.8	%
*	Eaton Vance Management 2 International Place, Boston, MA 02110	11,493,620	(15)	5.2	%

* No par value common stock.

** Less than 1.0%.

(1)	Shares held directly with sole voting and investment power, unless otherwise indicated. Shares held in the dividend reinvestment plan have been rounded down to the nearest whole share. Includes shares held indirectly in deferred compensation plans, 401(k) plans, supplemental retirement plans, and IRAs.
(2)	Includes share held by a family LLC controlled by Mr. Davis and his spouse.
(3)	Includes shares held with or by his/her spouse.
(4)	Excludes 68,969 shares of unvested performance share awards not eligible to vote.
(5)	Excludes 191,768 shares of unvested performance share awards not eligible to vote.
(6)	Excludes 27,352 shares of unvested performance share awards not eligible to vote.
(7)	Excludes 48,087 shares of unvested performance share awards not eligible to vote.
(8)	Includes 17,500 shares held by a corporation Mr. Gambee is deemed to control.
(9)	Includes 71,470 shares held in a family trust.
(10)	Includes 20,000 shares covered by options exercisable within 60 days.

(11) Information from Schedule 13G/A filed on January 19, 2018, for holdings as of December 31, 2017, which indicates such person has the sole voting power for 23,226,314 shares and sole dispositive power for 23,685,852 shares.

(12) Information from Schedule 13G/A filed February 9, 2018, for holdings as of December 31, 2017, which indicates such person has the sole power to vote or direct to vote 241,549 shares, shared power to vote or direct to vote 22,187 shares, sole power to

dispose of or to direct the disposition of 19,193,062 shares and shared power to dispose or to direct the disposition of 246,418 shares.

(13) Information from Schedule 13G/A filed February 14, 2018, for holdings as of December 31, 2017.

(14) Information from Schedule 13G filed February 13, 2018, for holdings as of December 31, 2017.

(15) Information from Schedule 13G/A filed February 14, 2018 for holdings as of December 31, 2017.

CORPORATE GOVERNANCE OVERVIEW

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

Statement of Governance Principles and Charters

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

Employee Code of Conduct/Code of Ethics for Financial Officers

The Company has adopted a code of conduct, referred to as the Business Ethics and Conflict of Interest Code. We require all employees to adhere to this ethics code in addressing legal and ethical issues that they encounter in the course of doing their work. This ethics code requires our employees to avoid conflicts of interest, comply with all laws and regulations, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company’s best interest. All new employees are required to review and understand this ethics code, and certify so. In addition, each year all other employees are reminded of, and asked to affirmatively acknowledge, their obligation to follow this ethics code.

In addition, the Company has adopted a Code of Ethics for Financial Officers, which applies to our chief executive officer, our chief financial officer (principal financial officer), our treasurer (principal accounting officer) and all other officers serving in a finance, accounting, tax or investor relations role. This code for financial officers supplements our Business Ethics and Conflict of Interest Code and is intended to promote honest and ethical conduct, full and accurate financial reporting and to maintain confidentiality of the Company’s proprietary and customer information.

Our Business Ethics and Conflict of Interest Code and Code of Ethics for Financial Officers are available in the Investor Relations section of our website, https://www.umpquabank.com/investor-relations, under Corporate overview / governance documents.

Compliance and Ethics – Reporting and Training

Our employees may report confidential and anonymous complaints to an “ethics hotline” maintained by an independent vendor. These complaints may be made online or by calling a toll-free phone number. Complaints relating to financial matters are routed to our Chief Auditor and General Counsel, who report those complaints, if any, directly to the Chair of the Audit and Compliance Committee of the board. Employees may also report such matters directly to the Chair of the Audit and Compliance Committee. Other complaints, such as those dealing with employee issues, are routed to an appropriate executive for review. Employees are encouraged to report any conduct that they believe in good faith to be a violation of law or a violation of our Business Ethics and Conflict of Interest Code. The Chair of the Audit and Compliance Committee provides periodic updates and an annual report to the committee on the complaints received via the hotline.

Our regulatory compliance program is an integral part of our operations and includes the following features:

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

Director Criteria and Nomination Procedures

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

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

Shareholder Recommendations

A shareholder may recommend a candidate for nomination to the board and that recommendation will be reviewed and evaluated by the Governance Committee of our board. The Committee will use the same procedures and criteria for evaluating nominees recommended by shareholders as it does for nominees recommended by the Committee. Shareholder recommendations for board candidates should be submitted to the Company's corporate Secretary, Andrew H. Ognall, One SW Columbia Street, Suite 1200, Portland, OR 97258. Shareholders may nominate board candidates only by following the procedures set forth in our bylaws.

In 2017, we did not receive any recommendations of potential nominees, or any nominations of board candidates from shareholders.

Changes in Nomination Procedures

There have been no material changes to the procedures by which shareholders may recommend nominees to our board of directors since our procedures were disclosed in the proxy statement for the 2017 annual meeting.

Shareholder Communications

Our directors are active in their respective communities and they receive comments, suggestions, recommendations and questions from shareholders, customers and other interested parties on an ongoing basis. Our directors are encouraged to share those questions, comments and concerns with other directors and with our CEO.

Director Attendance at Annual Meetings

The Company conducts the annual meeting in Portland, Oregon on the day before, or day of, a regular meeting of the board. The board expects all nominated directors to attend the annual meeting. All of the directors nominated for election at the 2018 annual meeting attended the 2017 annual meeting.

Communicating with Directors

Comments and questions may be directed to our board by submitting them in writing to the Company's corporate Secretary, Andrew H. Ognall, One SW Columbia Street, Suite 1200, Portland, OR 97258. These comments or summaries of the comments will be communicated to the board at its next regular meeting. No communications of this type were received from shareholders in 2017. The investor relations section of our website, https://www.umpquabank.com/investor-relations, includes governance documents, including our Statement of Governance Principles and board committee charters and provides shareholders the option of:

- requesting information or submitting questions and comments; and
- signing up for e-mail notification of corporate events, the Company's SEC filings and press releases.

Annual Board Evaluations

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

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

Succession Planning

Succession planning for the CEO and other named executive officer positions is one of the board's most important duties. Each year, the CEO presents his succession plan to the full board. This plan describes the process by which the executive management of the Company will continue if and when the current CEO is unwilling or unable to serve; the process for selecting the CEO's successor, if necessary; and the process for selecting and naming a successor during the period leading up to the announcement of the CEO's retirement. At least annually, the CEO reviews with the Governance Committee up to three internal candidates who should be considered to replace him and his recommendation as to which, if any, internal candidate should be considered to replace him in the event he cannot serve. Under the current plan, any internal candidate selected on an interim basis will have the opportunity to compete for the position with other candidates that come forward in an internal and external search. Each of the other named executive officers has a written succession plan that is reviewed with the CEO annually.

Meetings and Committees of the Board of Directors

The board of directors met 10 times during 2017, including a three-day strategic planning retreat. At the retreat, the board and executive management focused on how to best sustain and enhance shareholder value, the Company's growth strategy and financial performance while maintaining Umpqua's unique culture and commitment to community banking. All board committees have regularly scheduled meetings and meet at least quarterly. Board committee

Chairs call for additional regular and special meetings of their committees, as they deem appropriate. In 2017, each director attended at least 75% of the meetings of the board and the committees on which the director served. In addition, Mr. O'Haver invited directors to participate in regular conference calls to provide updates and answer questions.

The board and each of our board committees regularly meet in executive session in which only independent directors are present.

As of December 31, 2017, the board of directors had six active board committees: Audit and Compliance Committee, Compensation Committee, Executive Committee, Enterprise Risk and Credit Committee, Finance and Capital Committee, and Governance Committee.

Effective January 1, 2017, Peggy Fowler became Lead Director. Our Statement of Governance Principles provides that if the board Chair is not an independent director, the independent directors shall appoint a Lead Director. Effective January 1, 2018, Peggy Fowler resumed her position as Chair.

The board believes that it has an overall governance profile that provides the flexibility to determine the leadership structure of the Company. The board conducts an annual assessment of its leadership structure to determine that the leadership structure is the most appropriate for the Company. We continue to maintain a separation of the CEO and board Chair roles because we believe the structure has worked well for us. We added the Lead Director position in 2017 to continue to maintain a strong independent director in a board leadership role at times when we have a board Chair that is not independent.

The table below shows the current membership of each board committee and the number of meetings held in 2017:

	Audit and Compliance	Finance and Capital	Compensation	Enterprise Risk and Credit	Executive	Governance
Meetings Held:	12	7	8	5	5	5
Members:						
Peggy Fowler					C	C
Stephen Gambee	•	•		V		
Jim Greene		•		•	•	•
Luis Machuca		V	C		•	•
Cort O’Haver		•		•	•	
Maria Pope	V		•			
John Schultz	•		V			
Susan Stevens	•			C	•	•
Hilliard Terry		C		•	•	•
Bryan Timm	C		•		V	V

C – Chair
V - Vice Chair
• - Member

Mr. Davis served as Chair of the Executive Committee until his retirement effective December 31, 2017.

Audit and Compliance Committee

The board of directors has a standing Audit and Compliance Committee that meets with our independent registered public accounting firm to plan for and review the annual audit reports. The Committee meets at least four times per year and is responsible for overseeing our internal controls and the financial reporting process. Each member of the Committee is independent, as independence is defined under applicable SEC and NASDAQ listing rules.

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

The board of directors believes that each of the current members of the Audit and Compliance Committee has education or employment experience that provides them with appropriate financial sophistication to serve on the Committee.

Compensation Committee

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

Enterprise Risk and Credit Committee

In 2017, the Enterprise Risk and Credit Committee reviewed and approved certain loans, reviewed and approved charge-offs to the loan loss reserve, set loan, investment and liquidity policies and monitored compliance with those policies and oversaw Umpqua's loan and investment portfolios. The Committee also oversees the Company's enterprise risk management program. In addition to its regular meetings, the Committee from time to time reviews and approves extensions of credit to Regulation O officers, directors or their related parties, and certain other significant lending relationships.

Executive Committee

The Executive Committee may, subject to limitations in our Bylaws and under Oregon law, exercise all authority of the full board when the full board is not in session. The Committee is responsible for the review and oversight of the Company's strategic planning process and consideration of the Company's merger and acquisition opportunities. The Committee is comprised of the Chair of the board, Lead Director, the Chair of each board committee, Chair of our Pivotus Ventures, Inc. subsidiary (if such individual is also an independent director of the Company) and Umpqua's CEO. The Committee meets at least quarterly.

Finance and Capital Committee

In 2017, the Finance and Capital Committee reviewed and oversaw our budgeting process, including the annual operating and capital expenditure budgets. The Committee also oversaw capital planning and stress-testing, dividend planning and our stock repurchase program, our trust division, insurance and investments, and all aspects of financial risk management and financial performance.

Governance Committee

The Governance Committee proposes nominees for appointment or election to the board of directors and conducts searches to fill the positions of President and CEO. The Committee also oversees the Company's corporate governance processes and board structure. The Committee is comprised of the Lead Director or independent board Chair, the

Chair of each board committee and Chair of our Pivotus Ventures, Inc. subsidiary (if such individual is also an independent director of the Company). All of the directors serving on the Committee are independent, as defined in the NASDAQ listing standards. The Governance Committee meets at least quarterly.

The Board's Role in Enterprise Risk Oversight

The Company's EVP/Chief Risk Officer provides a quarterly comprehensive risk report to the members of the Enterprise Risk and Credit Committee, including risks related to:

- capital adequacy
- earnings performance
- liquidity
- culture and reputation
- credit
  - quality
  - concentration
- operations and technology
  - fraud
  - information security
  - business continuity planning and disaster recovery
  - third party oversight

While the Enterprise Risk and Credit Committee has primary responsibility for overseeing risk management, our other board committees and the entire board of directors are actively involved in overseeing risk management for the Company.

The board and its committees regularly discuss risk management with the Chief Auditor, CEO, CFO, Chief Risk Officer, Chief Technology Officer, General Counsel, Chief Credit Officer, Model Risk Manager, Information Security Officer, Chief Compliance Officer, BSA Officer, Chief Data Officer and other Company officers as the board may deem appropriate. In addition, each board committee has been assigned oversight responsibility for specific areas of risk and risk management is an agenda topic at all regular committee meetings. The committees consider risks within their areas of responsibility, for example the Compensation Committee considers risks that may result from changes in compensation programs and related regulations, and the Finance and Capital Committee focuses on risk related to capital, among others. The Chief Auditor reports directly to the Audit and Compliance Committee and indirectly reports to the CEO for administrative purposes.

Corporate Responsibility

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

Associate engagement

- Umpqua Bank's Connect Volunteer Network™ has become one of the nation's leading volunteer programs, providing associates with paid time-off each year to serve at youth-focused organizations, schools and community development programs. In 2017, 2,752 Company associates volunteered more than 48,567 hours to over 2,221 nonprofit organizations and schools across the Company's five-state footprint.

Meaningful philanthropy

- Our decision process for charitable giving is driven by our associates to ensure community need is assessed locally and met with the most appropriate solutions. We invest in the areas of youth development and education, community development and the arts.
- Umpqua Bank Charitable Foundation made 289 grants, totaling $1.4 million to organizations in our footprint. Company-wide charitable giving totaled $3.0 million.

- 2017 associate matching gift program contributed $303,202 to 494 nonprofit organizations.

Sustainable business practices

- We have made sustainability a focus of our daily operations. We know sustainability is a constant work in progress and we are proud to be on that journey. Examples include adoption of new technology and campaigns to reduce paper consumption, facilities design initiatives and associate mass transit benefits.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based solely upon our review of (i) Forms 3, 4 and 5 that we filed on behalf of directors and executive officers, or received from them with respect to the fiscal year ended December 31, 2017, and (ii) their written representations (if applicable) that no Form 5 is required, we believe that all reporting persons made all Section 16 filings required under the Securities Exchange Act of 1934 with respect to the 2017 fiscal year on a timely basis.

SHAREHOLDER PROPOSALS FOR THE 2019 ANNUAL MEETING OF SHAREHOLDERS

If any shareholder intends to present a proposal to be considered for inclusion in the Company's proxy material in connection with the 2019 annual meeting of shareholders, the proposal must be in proper form under SEC Regulation 14A, Rule 14a-8, Shareholder Proposals, and received by the Secretary of the Company on or before November 2, 2018. Shareholder proposals to be presented at the 2019 annual meeting of shareholders, which are not to be included in the Company's proxy materials, must be received by the Company no later than December 2, 2018, in accordance with the Company's bylaws. A copy of our bylaws may be obtained from the corporate Secretary or from our SEC filings at www.sec.gov.

RELATED PARTY TRANSACTIONS

Transactions with Related Persons/Approval Process

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

Loans to Directors and Officers

Umpqua Holdings Corporation does not extend loans or credit to any officers or directors. However, many of our directors and officers, their immediate family members and businesses with which they are associated, borrow from and have deposits with Umpqua Bank. All such loans are made in the ordinary course of Umpqua Bank's business, and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender, Umpqua Bank. These loans did not and do not involve more than the normal risk of collection or present other unfavorable features to Umpqua Bank.

Loans by the bank to directors and designated executive officers are governed by Regulation O, 12 CFR Part 215. Under the bank's procedures, the Chief Credit Officer can approve individual credits subject to Regulation O up to a total credit exposure of $500,000 and report those loans to the Enterprise Risk and Credit Committee. All Regulation O credits must be made on non-preferential terms, and all Regulation O credits with a total credit exposure in excess of $500,000 must be approved by the Committee, with the number of affirmative votes representing at least a majority of the board of directors. The bank also requires Regulation O applicants to submit a detailed financial statement at the time of application. Regulation O limits loans to an executive officer, including all loans personally guaranteed by the officer, to $100,000, unless the loan is (a) made to finance the purchase, construction, or improvement of the officer's primary or secondary residence and is secured by a first lien on such residence, (b) made to finance the education of the officer's children, or (c) fully secured by a deposit account, U.S. Treasury bonds, or certain U.S. government guarantees. All of our named executive officers are designated as executive officers of Umpqua Bank under Regulation O. In no case may the total loans to any designated executive officer exceed 5% of the bank's capital absent the approval of a majority of the Company's disinterested directors. Each extension of credit to a designated executive officer must contain a written demand clause stating that the extension of credit will, at the option of the bank, become due and payable at any time the officer is indebted to any other bank or banks in an aggregate amount greater than the amount specified for a category of credit in paragraph 215.5(c) of Regulation O.

As of December 31, 2017, the sum of committed but undisbursed funds plus the outstanding balances of all loans to Regulation O executive officers, directors, principal shareholders and their businesses was $23,708,457, which represented approximately 0.6% of our consolidated shareholders' equity and 0.8% of our risk-based capital at that date. All such loans are currently in good standing and are being paid in accordance with their terms.

DIRECTOR COMPENSATION

The Compensation Committee annually reviews its director compensation policy and in January 2017, the Committee affirmed the following statement of philosophy with regard to director compensation:

Umpqua's director compensation is designed to align the board of directors with its shareholders, and to attract, motivate, and retain high performing members critical to our Company's success. Our director compensation philosophy is simple: we pay our directors a competitive rate when compared to similar sized and performing financial services organizations.

- Objectives – Umpqua Bank is committed to providing competitive compensation to our directors. Within that context, our prime objectives are to:
- Attract and retain highly qualified people that portray our Company culture and values.
- Ensure the preservation and creation of value for our shareholders.
- Align the interests of our directors, executives, and employees with our shareholders.
- Conform to the highest levels of fairness, ethics, transparency, regulatory compliance and sound governance practice.
- Director Compensation – The Compensation Committee will annually review director compensation, consistent with annual board evaluations and director elections for one-year terms. On a regular basis, at least every three years, the board will engage a third-party professional to perform an evaluation to ensure director compensation is fair and competitive. Any change to director compensation is first reviewed by the Compensation Committee of the board prior to full board review and approval. Currently, it is the Company's policy for director compensation to be paid in Company stock, which may be taken as deferred compensation; provided, however, that a director may elect to receive up to 30% of his or her retainer compensation in cash.

The Compensation Committee is charged with reviewing director compensation and recommending changes to the full board. The board of directors has adopted a Director Compensation Plan that sets forth the terms and manner in which non employee directors will be compensated for their service on the board of directors and committees of Umpqua and its subsidiaries.

In 2016, the Committee reviewed director compensation and recommended no changes for 2017 (other than providing that the Lead Director is compensated at the same level as an independent board Chair). The Board of Directors approved the Committee's recommendation.

2017 Schedule of Directors' Fees

Total Compensation

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

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

Umpqua also provides a nonqualified deferred compensation plan to its non-employee directors. Under this plan, each director may annually elect to place all or part of his or her director compensation for the coming year into the deferred plan. Under the plan, a director may choose to have distributions from the plan paid in a lump sum or in annual installments over three, five or ten-year periods following the date that the director leaves the board. Umpqua pays director compensation that is deferred under the plan in shares of its common stock, and prior to payment, the shares are held by a trustee but remain subject to the claims of general creditors of the Company. The dividends paid on those shares are credited to the director's account, but no interest or other compensation or earnings are paid by the Company with respect to the deferred account.

Director Compensation

The following table summarizes the compensation paid by the Company to non-employee directors for the year ending December 31, 2017, including the Director restricted stock awards to each director who was serving on the board following the election of directors at the April 2017 annual meeting of shareholders.

Name (a) (1)	Fees Earned or Paid in Cash ($) (b)(2)	Stock Awards ($) (c)(3)	All Other Compensation (g)(4)	Total ($) (h)
Luanne Calvert (5)	$10,500	$24,530	-	$35,030
Peggy Fowler	$37,500	$127,551	-	$165,051
Stephen Gambee	-	$110,059	-	$110,059
James Greene	-	$120,065	$150,000	$270,065
Luis Machuca	-	$120,065	-	$120,065
Maria Pope	-	$110,059	-	$110,059
John Schultz	-	$110,059	-	$110,059
Susan Stevens	-	$120,065	-	$120,065
Hilliard Terry III	$24,000	$96,069	-	$120,069
Bryan Timm	-	$125,050	-	$125,050

(1) Director O'Haver and retired director Davis are omitted from this table because as named executive officers they received no separate compensation for service as directors, and their compensation is fully reflected in the Summary Compensation Table.

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

(3) Amounts in column (c) are the value of (i) quarterly retainer compensation paid in February, May, August and November by issuing stock awards under the 2013 Plan with the value of such awards based on the closing price of Umpqua's common stock on the dates of issuance, and (ii) a restricted stock grant issued under the 2013 Plan that vests on the day before the 2018 annual meeting of shareholders if the director is then serving on the board, subject to prorated vesting in the event of death, change in control or resignation in connection with an acquisition, based on the closing price of Umpqua's common stock ($17.50) on the grant date (April 20, 2017).

(4) In December 2017, the Compensation Committee and the independent directors, excluding Mr. Greene, approved a payment to Mr. Greene of $150,000 for Pivotus-related work. See "Director Independence."

(5) Former director Calvert served until the end of her term with the 2017 annual meeting.

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

In addition, we invite the spouses of our directors and executive officers to attend our annual multi-day strategic planning session. We believe this event provides a valuable opportunity for our directors to strengthen relationships with senior executives, enhance leadership development and advance our business objectives. We believe the participation of spouses in the meals and social functions at the planning session contributes to the process. The

Company reimburses spouses' travel expenses, and pays for meals and activities that may be considered to provide a personal benefit in connection with this event. In 2017, the total amount of reimbursed spouse travel and other expenses paid for spouses did not exceed $10,000.

COMPENSATION DISCUSSION AND ANALYSIS ("CD&A")

Our CD&A is organized into four sections:
Section 1- Executive Summary
Section 2- Performance and Pay
Section 3- Compensation Process and Decisions for 2017
Section 4- Other Compensation Information

Please read this section of the proxy statement as you consider our say on pay resolution, which is Item 4 - Advisory Vote on Resolution to Approve Executive Compensation. The CD&A contains important information that may inform your voting decision and we believe supports voting in favor of our say on pay resolution.

Section 1 – Executive Summary

Compensation Program Highlights

Our say on pay resolution at last year's annual meeting received a favorable vote from more than 97% of the shares voted. Our Compensation Committee considered the results of the vote in making compensation decisions. Our 2017 compensation program retained the core governance components and compensation practices from 2016 as described in the table below.

CORPORATE GOVERNANCE	• Compensation Committee comprised of independent directors that reviews and approves executive compensation • Annual review of company-wide benefit and incentive plans, including risk assessment of all incentive plans, by the Compensation Committee • Compensation Committee engages its own independent advisors and consultants • Governance and compensation focused outreach program to shareholders owning more than 75% of outstanding common stock
ANNUAL CASH INCENTIVES	• Meaningful 2017 operating earnings per share ("OEPS") targets including a "circuit breaker" with no annual incentive paid if operating earnings per share fell below $1.02, up from $0.92 from the prior year o OEPS targets tied to key strategic initiatives including continued loan and deposit growth, excellent credit quality and management of non-interest expense • Clawbacks in all plans

EQUITY COMPENSATION	• At least 50% of equity awards to executive officers, and 100% of CEO awards based on objective performance metrics • Performance-based equity award metrics of total shareholder return and return on average tangible common equity relative to a group of peers over a three-year performance period • Time-based awards vest ratably over three years • Double-triggers for acceleration of vesting in connection with a change-in-control • Dividends on unvested restricted stock and performance share awards are paid only upon vesting • Performance-based vesting awards include “circuit breaker” • All equity awards are subject to clawback provisions • 75% of net equity awards must be retained by executive officers until retirement or separation • Equity incentive plan features: o shareholder approval required to re-price stock options or replace or cash-out underwater options o minimum one-year vesting period for stock awards
SOUND COMPENSATION PRACTICES	• Stock ownership policy that requires minimum ownership as a multiple of annual base salary (4.0x for CEO and Executive Chairman, 2.0x for Presidents and 1.5x for other executive officers) • No hedging of Company stock • Employment agreements with double trigger change-in-control benefits • No guaranteed bonuses other than in connection with recruitment of new hires, which include a payback component • No income tax gross-ups except for executive relocation expenses • Company policy continues to prohibit purely personal use of the Company’s leased aircraft • Avoid incentive plans that promote excessive risk-taking

Financial Highlights

Our decisions for 2017 compensation reflect our 2016 and 2017 financial results. The Company accomplished the following:

- Full year 2017 earnings per diluted share of $1.11 compared to $1.05 for 2016 with operating earnings per diluted share of $1.26 for 2017 compared to $1.19 for 2016
- Balanced growth:
  - o total assets increased to $25.7 billion at December 31, 2017 compared to $24.8 billion at December 31, 2016
  - o gross loans and leases grew $1.6 billion to $19.1 billion as of December 31, 2017, across the Company's commercial, equipment finance, multifamily and residential real estate portfolios
  - o deposits were $19.9 billion as of December 31, 2017, up 5% from December 31, 2016
- Increased return on average assets from 0.97% to 0.98% year over year
- Return on average tangible common equity for 2017 was 11.45% for 2017 compared to 11.25%
- Continued strong credit quality:
  - o net charge-offs to average loans and leases remained at 0.22% for 2017 compared to 2016
  - o non-performing assets were 0.37% of total assets as of December 31, 2017 compared to 0.25% as of December 31, 2016
- Prudent capital management:
  - o Total risk based capital of 14.1% and a Tier 1 common risk weighted ratio of 11.1% as of December 31, 2017
  - o Declared dividends of $0.68 per share in 2017 compared to $0.64 per share in 2016

The table below includes additional historical financial information:

	12/31/17	12/31/16	12/31/15	12/31/14	12/31/13
Earnings per diluted share	$1.11	$1.05	$1.01	$0.78	$0.87
Operating earnings per diluted share	$1.26	$1.19	$1.19	$1.12	$0.91
Return on average assets	0.98%	0.97%	0.97%	0.77%	0.85%
Return on average tangible common equity	11.45%	11.25%	11.22%	9.17%	9.77%
Non-performing assets to total assets ratio	0.37%	0.25%	0.28%	0.43%	0.51%
Loans and leases at FYE (000's)	$19,080,184	$17,508,663	$16,866,536	$15,338,794	$7,732,228
Deposits at FYE (000's)	$19,948,300	$19,020,985	$17,707,189	$16,892,099	$9,117,660
Dividends declared per share	$0.68	$0.64	$0.62	$0.60	$0.60
Tangible book value per share	$9.98	$9.50	$9.16	$8.79	$8.46
Total risk based capital ratio	14.1%	14.7%	14.3%	15.2%	14.7%
Available liquidity to total assets ratio	38%	37%	32%	34%	35%

Operating earnings, metrics based on operating earnings, and tangible book value per share, are "Non-GAAP" financial measures. More information regarding these measurements and a reconciliation to the comparable GAAP measurement is provided in in Part II, Item 7 of our Form 10-K, which is delivered or made available with this proxy statement.

The Company's focus has been on growth and positioning for the long term. In 2017, we emphasized prudent capital management, deposit and loan growth, and a continued focus on maintaining strong credit quality, and our new CEO developed a long-term strategy focused on enhancing shareholder value.

Key Compensation Decisions

The components of compensation and our compensation philosophy have not materially changed over the past five years; we remain focused on meaningful performance-based compensation and competitive base salaries, with 100% of our CEO's long-term and short-term (annual) incentives based on performance.

Each year our independent Compensation Committee engages in extensive discussions in meetings held over several months. The Committee meets with its independent consultant to review best practices and receive a competitive assessment of executive officer compensation compared to peers. The Committee reviews total compensation and approves each of the elements of executive officer compensation, and reviews whether compensation programs and practices carry undue risk.

Key decisions for 2017 compensation included:

- With Mr. O'Haver's promotion to President and Chief Executive Officer, we increased his base salary to reflect the additional executive responsibilities
- The Company achieved operating earnings per diluted share of $1.26, resulting in a 100% payout in the OEPS component of the 2017 annual incentive plans, which represents between 60-80% of total achievable target incentive for the named executive officers
  - o The annual incentive plan payouts to named executive officers serving at year end ranged from 75% to 100% of target
  - o At year-end 2017, the Company realized a net benefit to the provision for income taxes of $26.9 million with the passage of the Tax Cuts and Jobs Act, which increased OEPS for the year—the Committee considered and agreed with our CEO's recommendation to set OEPS performance level at 100% rather than 125% due to a number of factors including in part the impact of tax reform and the decision to fund certain investments at year-end
- Performance-based equity awards issued in 2017 are based 50% on total shareholder return relative to the KRX index and 50% on return on average tangible common equity compared to the same peer group used to perform the Compensation Committee's annual competitive assessment
- A majority of the equity awards issued to named executive officers in 2017 include vesting conditions based on the two performance-based conditions relative to peers:
  - o Awards to Mr. O'Haver were 100% performance-based;
  - o Awards to Mr. Farnsworth were 70% performance-based; and
  - o Awards to Ms. Delorier and Mr. Nixon were 60% performance-based.
- Mr. Davis assumed the role of Executive Chair on January 1, 2017, which included Umpqua board chair duties, continued responsibility as CEO of our Pivotus Ventures, Inc. subsidiary, and ensuring a seamless CEO transition. The Committee kept Mr. Davis's salary at the same level as 2016 and established an annual cash incentive plan with objective performance conditions based on Pivotus initiatives (50%), as well as Umpqua OEPS (40%) and regulatory (10%) components. The Committee decided not to award long-term incentives to Mr. Davis as the Executive Chair role was a one-year transition role. We completed the successful CEO transition in 2017.

Section 2 – Performance and Pay

We maintain a strong pay for performance philosophy that links executive compensation to achieving the operating and financial goals set by the board. In order to promote the development of our business on a range of measures, our annual incentive plan goals differ from our long-term incentive goals.

Our annual incentive plans are based primarily upon OEPS targets; our long-term performance-based equity grants are tied to relative total shareholder return ("TSR") and to relative return on average tangible common equity ("ROATCE") compared to peers. Our OEPS targets are set by the Compensation Committee based on the Company's budget, which includes growth and expense targets that align with our strategic initiatives. The Compensation Committee Chair serves Vice Chair of the board's Finance and Capital Committee, which reviews and recommends the Company's budget. Our executives play a major role in achieving OEPS performance against

those targets, but they have less direct influence over our stock price. We believe that increasing OEPS and deploying excess capital will, over time, result in an increase in the Company's stock price.

Prior to 2016, the majority of equity incentive grants to executives were tied exclusively to the Company's TSR compared to the KBW Regional Bank Index (the "KRX"), an index of regional bank stocks compiled by Keefe, Bruyette and Woods, Inc., an investment bank focused on the financial services sector. The index is comprised of approximately 50 regional bank / bank holding company stocks, including Umpqua and all of the 19 institutions included in the peer group utilized by our Compensation Committee, ranging in size from approximately $5.0 to $45.0 billion in assets as of December 31, 2017. We believe the use of TSR directly links executive compensation to the returns realized by our shareholders, and that a measure based on return on equity links executive compensation to the creation of long-term value for shareholders, with the combination of metrics ensuring that our awards are not advantaged or penalized by general market conditions. The following are the vesting levels of the three-year performance-based equity awards granted in in the years indicated with relative TSR vesting conditions:

- 2012 performance share awards vested in 2015 at: 100%
- 2013 performance share awards vested in 2016 at: 88.4%
- 2014 performance share awards vested in 2017 at: 47.6%
- 2015 performance share awards vested in 2018 at: 82.6%

In 2017, 100% of the equity grants to our CEO and 100% of his annual incentive plan were performance-based.

The following chart illustrates the connection between our CEO's Realized Compensation, Realizable Compensation, and the Actual Value (defined below) of CEO compensation for the years 2013 through 2017 and Umpqua's TSR over the period from December 31, 2012 through December 31, 2017. Compensation amounts for 2013 through 2016 represent Mr. Davis's compensation and compensation amounts for 2017 represent Mr. O'Haver's compensation. The compensation values shown below do not necessarily correspond to, and are not a substitute for, the amounts disclosed in the Summary Compensation Table and supplemental tables.

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

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

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

The following graph shows Umpqua's total shareholder return compared with the KRX total return index over the past five years.

The following graph compares Umpqua's total shareholder return to the KRX total return over one, three, five and ten-year periods.

Section 3 – Compensation Process and Decisions for 2017

Roles and Responsibilities of the Compensation Committee

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

The Compensation Committee operates under a written charter, which is posted on our website at https://www.umpquabank.com/investor-relations. The Committee annually reviews its charter and recommends changes to the board. The Committee Chair sets the Committee's meeting agenda and calendar. As authorized by its charter, the Committee routinely hires independent advisors and consultants for advice on compensation matters.

Identification of Named Executive Officers

For 2017, our "named executive officers," as defined in Item 402 of Regulation S-K, were:

Name	Title	Designation
Cort L. O'Haver	President and Chief Executive Officer	Principal Executive Officer
Raymond P. Davis	Executive Chair	
Ronald L. Farnsworth	Executive Vice President/Chief Financial Officer	Principal Financial Officer
Rilla S. Delorier	Executive Vice President/Chief Strategy Officer	
Torran (Tory) B. Nixon	Executive Vice President/Commercial and Wealth	

Role of the Chief Executive Officer

Our CEO is actively engaged in recommending the compensation of our other named executive officers. At the end of each fiscal year, he reviews with the Compensation Committee the performance of each executive officer and recommends the level of base salary and incentive compensation as well as equity grants for the ensuing year. As part of the CEO succession transition, in late 2016 and early 2017, Mr. Davis and Mr. O'Haver reviewed performance of the other executive officers and Mr. Davis recommended 2017 salaries, target incentives and equity awards. The Committee reviews those recommendations and compares them with market information to ensure that executive compensation is competitive and that the CEO is exercising appropriate discretion. The Committee reviews, and ratifies or approves, all components of the compensation for executive officers covered by NASDAQ requirements, including salary, annual incentives, long-term incentive compensation and internal pay equity.

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

Role of the Compensation Consultant/Evaluation of Independence

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

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

Executive Compensation Philosophy

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

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

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

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

Components of Compensation

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

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

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

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

Plan Design and Objectives

The following table shows the characteristics of each type of compensation that we paid in 2017:

Compensation Element	Fixed or At Risk	Annual or Long Term	Cash or Equity	Primary Purpose