

UMPQUA HOLDINGS CORP
Form DEF 14A
March 03, 2015
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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- 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):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD APRIL 15, 2015

Umpqua Shareholders:

The annual meeting of shareholders of Umpqua Holdings Corporation will be held at RiverPlace Hotel, 1510 SW Harbor Way, Portland, Oregon, at 2:00 p.m., local time, on April 15, 2015 to take action on the following business:

1. Election of Directors. Electing 12 nominees to Umpqua Holdings Corporation's board of directors, to hold office until the 2016 annual meeting of shareholders and qualification and election of their successors. The Board of Directors recommends a vote FOR each of the nominees.
 2. Ratification (Non-Binding) of Auditor Appointment. Ratifying the Audit and Compliance Committee's appointment of Moss Adams LLP as Umpqua Holdings Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2015. The Board of Directors recommends a vote FOR ratification of the appointment of Moss Adams LLP.
 3. Advisory (Non-Binding) Resolution to Approve Executive Compensation. Approving the following advisory (non-binding) proposal: "RESOLVED, that the shareholders approve the compensation of executive officers as described in the Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this Proxy Statement." The Board of Directors recommends a vote FOR the advisory resolution to approve executive compensation.
 4. Other Business. Considering and acting upon such other business and matters or proposals as may properly come before the annual meeting or any adjournments or postponements thereof. As of the date of this notice, the board of directors knows of no other matters to be brought before shareholders at the meeting.
- If you were a shareholder of record of Umpqua Holdings Corporation common stock as of the close of business on February 6, 2015, 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 5, 2015.

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 your enclosed proxy card. You can choose to receive proxy materials by mail or e-mail if you request them and you continue to have the right to vote by mail, as well as by telephone and on the internet.

You will find our Proxy Statement, Form 10-K and other important information at our website: www.umpquaholdingscorp.com. When you visit our site, you can also subscribe to e-mail alerts that will notify you when we file documents with the SEC and issue press releases. Your vote is important. Whether or not you expect to attend the annual meeting, it is important that your shares be represented and voted at the meeting.

By Order of the Board of Directors,

March 5, 2015

Andrew H. Ognall
EVP/General Counsel/Secretary

PROXY STATEMENT FOR 2015 ANNUAL MEETING OF SHAREHOLDERS

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT VOTING AND THE SHAREHOLDER MEETING	<u>1</u>
ANNUAL MEETING BUSINESS	<u>8</u>
Item 1. Election of Directors	<u>8</u>
Item 2. Ratification (Non-Binding) of Auditor Appointment	<u>15</u>
Item 3. Advisory (Non-Binding) Resolution to Approve Executive Compensation	<u>19</u>
Other Business	<u>20</u>
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION	<u>20</u>
INFORMATION ABOUT EXECUTIVE OFFICERS	<u>20</u>
SECURITY OWNERSHIP OF MANAGEMENT AND OTHERS	<u>22</u>
CORPORATE GOVERNANCE OVERVIEW	<u>23</u>
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	<u>30</u>
SHAREHOLDER PROPOSALS FOR THE 2016 ANNUAL MEETING OF SHAREHOLDERS	<u>30</u>
RELATED PARTY TRANSACTIONS	<u>30</u>
DIRECTOR COMPENSATION	<u>31</u>
COMPENSATION DISCUSSION AND ANALYSIS (“CD&A”)	<u>34</u>
Section 1 - Executive Summary	<u>35</u>
Section 2 - Performance and Pay	<u>39</u>
Section 3 - Compensation Process and Decisions for 2014	<u>41</u>
Section 4 - Other Compensation Information	<u>55</u>
COMPENSATION COMMITTEE REPORT	<u>56</u>
COMPENSATION TABLES	<u>57</u>
INCORPORATION BY REFERENCE	<u>67</u>

PROXY STATEMENT FOR 2015 ANNUAL MEETING OF SHAREHOLDERS

These proxy materials are provided in connection with the solicitation of proxies by the Board of Directors of Umpqua Holdings Corporation, an Oregon corporation, for the Annual Meeting of Shareholders and at any adjournments or postponements of the annual meeting. This Proxy Statement and accompanying proxy card are being sent or made available on or about March 5, 2015. In this Proxy Statement we refer to Umpqua Holdings Corporation as the “Company,” “Umpqua,” “we,” “us,” “our,” or similar references; to Sterling Financial Corporation as “Sterling”; and to merger of Sterling with and into Umpqua effective as of April 18, 2014, as the “Sterling merger.”

In April 2014, we completed the Sterling merger, one of the largest bank mergers by asset size completed within the past three years in the United States. We believe the Sterling merger is a transformational bank acquisition, creating the West Coast’s largest community bank. As of December 31, 2014:

total assets grew to \$22.6 billion from \$11.6 billion as of December 31, 2013;
total deposits increased to \$16.9 billion from \$9.1 billion as of December 31, 2013; and
gross loans and leases were \$15.3 billion compared to \$9.1 billion at December 31, 2013.

In connection with the Sterling merger, we welcomed four Sterling directors to our board of directors. Please see “Section 1 – Executive Summary” of our Compensation Discussion and Analysis beginning on page 32 for additional information regarding the Sterling merger.

QUESTIONS AND ANSWERS ABOUT VOTING AND THE SHAREHOLDER MEETING

Q: Why did I receive the proxy materials?

A: We have made the proxy materials available to you over the internet or, in some cases, mailed you paper copies of these materials because the board is soliciting your proxy to vote your shares of our common stock at the annual meeting to be held on Wednesday, April 15, 2015 and at any adjournments or postponements of this meeting.

Q: What is a proxy?

A: The board is asking you to give us your proxy. Giving us your proxy means that you authorize another person or persons to vote your shares of our common stock at the annual meeting in the manner you direct. The written document you complete to designate someone as your proxy is usually called a “proxy card” or a “voting instruction form” depending on how the ownership of your shares is reflected in our records. If you are the record holder of your shares, a “proxy card” is the document used to designate your proxy to vote your shares. If you hold your shares in street name, a “voting instruction form” is the document used to instruct your broker (or other nominee) how your nominee should vote. In this proxy statement, the term “proxy card” means both the voting instruction form and proxy card unless otherwise indicated.

Q: Why did I receive a Notice of Internet Availability of Proxy Materials instead of paper copies of the proxy materials?

A: The Securities and Exchange Commission’s (“SEC”) notice and access rule allows us to furnish our proxy materials over the internet to our shareholders instead of mailing paper copies of those materials to each shareholder. As a result, on or before March 5, 2015 we sent a notice to most of our shareholders by mail or e-mail containing instructions on how to access our proxy materials over the internet and vote online. This notice is not a proxy card and cannot be used to vote your shares. If you received only a notice this year, you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the notice or on the website referred to in the notice.

We provided some of our shareholders, including shareholders who have previously asked to receive paper copies of the proxy materials, shareholders who are participants in our benefit plans and shareholders holding more than 1,000 shares of common stock, with paper copies of the proxy materials instead of a notice that the materials are electronically available over the internet. If you received paper copies of the notice or proxy materials, we encourage you to help us save money and reduce the environmental impact of delivering paper proxy materials to shareholders by signing up to receive all of your future proxy materials electronically, as described under “How can I receive my proxy materials electronically in the future?” below.

Q: What does the Notice of Internet Availability of Proxy Materials look like?

A: It will come in one of two forms. If you hold your shares in “street name” through a bank or broker, you will receive a document titled “Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting” from Broadridge Financial Solutions. If you are a registered shareholder, you should have received a document titled “Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting” from our transfer agent, Computershare.

Q: What are shareholders being asked to vote on at the annual shareholder meeting?

A: You will vote on:

- Item 1: The election of 12 directors to serve until the next annual meeting of shareholders;
- Item 2: Ratification (non-binding) of the selection of Moss Adams LLP (“Moss Adams”) as the Company’s independent registered public accounting firm for 2015; and
- Item 3: An advisory (non-binding) resolution on the Company’s executive compensation program (“say on pay” vote). The board of directors recommends that you vote “FOR” each nominee, “FOR” ratification of the Audit Committee’s selection of Moss Adams as the Company’s independent registered public accounting firms, and “FOR” the advisory (non-binding) vote on executive compensation (say on pay).

Q: What do I need to do now?

A: First, carefully read this document. Then, vote your shares by following the instructions from your broker, if your shares are held in “street name” or by one of the following methods:

• if you received these printed materials by mail, mark, sign, date and return your proxy card in the enclosed return envelope as soon as possible;

• call the toll-free number on the proxy card and follow the directions provided;

• go to the website listed on the proxy card and follow the instructions provided; or

- attend the shareholder meeting and submit a properly executed proxy or ballot. If a broker holds your shares in “street name,” you will need to get a legal proxy from your broker to vote in person at the meeting.

Voting by phone or on the internet has the same effect as submitting a properly executed proxy card.

Q: What are my choices when voting?

A: When you cast your vote on:

- Item 1: You may vote in favor of electing the nominees as directors or vote against one or more nominees or you may abstain from voting;

Item 2: You may cast your vote in favor of or against the proposal, or you may elect to abstain from voting your shares; and

Item 3: You may cast your vote in favor of or against the proposal, or you may elect to abstain from voting your shares.

Q: What if I abstain from voting?

A: If your shares are represented at the annual meeting, in person or by proxy, but you abstain from voting on a matter, or include instructions in your proxy to abstain from voting on a matter, your shares will be counted for the purpose of determining if a quorum is present.

Q: Who is eligible to vote?

A: Holders of record of Umpqua common stock at the close of business on February 6, 2015 are eligible to vote at Umpqua's annual meeting of shareholders. As of that date, there were 220,396,883 shares of Umpqua common stock outstanding held by 4,895 holders of record, a number that does not include beneficial owners who hold shares in "street name."

Q: How many shares are owned by Umpqua's directors and executive officers?

A: On February 6, 2015, Umpqua's directors and executive officers beneficially owned 2,261,603 shares entitled to vote at the annual meeting, constituting approximately 1.03% of the total shares outstanding and entitled to vote at the meeting.

Q: What if I hold shares of Umpqua common stock in the Umpqua benefit plans?

A: You will be given the opportunity to instruct the trustee of the Umpqua Bank 401(k) and Profit Sharing Plan (the "401(k) Plan") and the Supplemental Retirement/Deferred Compensation Plan (the "NQ Plan") how to vote the shares that you hold in your account. To the extent that you do not timely give such instructions, the trustee will vote all unvoted shares held in the 401(k) Plan in proportion to the voted shares, and the trustee will vote the unvoted shares in the NQ Plan as recommended by the board of directors.

Q: Can I change my vote after I have mailed my signed proxy card or voted by telephone or electronically?

A: Yes. If you have not voted through your broker, you can do this by:

- calling the toll-free number on the Notice and Access Card or proxy card not later than 11:59 p.m. Pacific Standard Time on the day before the meeting and following the directions provided;
- going to the website listed on the Notice and Access Card or proxy card, following the instructions provided and submitting your change no later than 11:59 p.m. Pacific Standard Time on the day before the meeting;
- submitting a properly executed proxy prior to the meeting bearing a later date than your previous proxy;
- notifying Umpqua's corporate Secretary, in writing, of the revocation of your proxy before the meeting; or
- voting in person at the meeting, but simply attending the meeting will not, in and of itself, revoke a proxy.

If you voted through your broker, please contact your broker to change or revoke your vote.

Q: If my shares are held in “street name” by my broker, will my broker vote my shares for me?

Yes, but only if you give your broker instructions. If your shares are held by your broker (or other nominee), you should receive this document and an instruction card from your broker. Your broker will vote your shares if you provide instructions on how to vote. If you do not tell your broker how to vote, your broker may vote your shares in favor of ratification of the auditor appointment but may not vote your shares on the election of directors or any other item of business. However, your broker is not required to vote your shares if you do not provide instructions.

Q: Can I attend the shareholder meeting even if I vote by proxy?

A: Yes. All shareholders are welcome to attend and we encourage you to do so. Please carefully review the rules regarding admission to the annual meeting described below.

Q: Why did I receive more than one Notice and Access Card or multiple proxy cards?

A: You may receive multiple cards if you hold your shares in different ways (e.g. joint tenancy, in trust or in custodial accounts). You should vote each proxy card that you receive.

Q: How do you determine a quorum?

Umpqua must have a quorum to conduct any business at the annual meeting. Shareholders holding at least a majority of the outstanding shares of Umpqua common stock as of the record date must attend the meeting in person or by proxy to have a quorum. Umpqua shareholders who attend the meeting or submit a proxy but abstain from voting on a given matter will have their shares counted as “present” for determining a quorum. Broker non-votes will also be counted as “present” for establishing a quorum.

Q: What is a broker non-vote?

Under New York Stock Exchange (“NYSE”) Rule 452, brokers are entitled to vote shares held by them for their customers on matters deemed “routine” under applicable rules, even though the brokers have not received voting instructions from their customers. Although Umpqua is listed on the NASDAQ Global Select market, Rule 452 affects us since most of the common shares held in “street name” are held with NYSE member-brokers. The ratification of our independent auditor (Item 2) currently qualifies as a “routine” matter. Your broker, therefore, may vote your shares in its discretion on that routine matter if you do not instruct your broker how to vote on them.

A: Your broker is prohibited from voting your shares on non-routine matters unless you have given voting instructions on that matter to your broker. The election of directors (Item 1) and the non-binding resolution to approve the Company’s executive compensation program (Item 3-“say on pay”) are deemed to be non-routine matters under Rule 452, so your broker may not vote on these matters in its discretion. If you do not give voting instructions with respect to these matters your broker will need to return a proxy card without voting on these non-routine matters, which is referred to as a “broker non-vote” or sometimes referred to as “uninstructed shares.”

Q: How do you count votes?

Each common share is entitled to one vote. The named proxies will vote shares as instructed on the proxies. In the election of directors, each share is entitled to one vote for each director position to be filled, and shareholders may not cumulate votes. You may vote “For” or “Against” or “Abstain” from voting with respect to each director nominee and each of the other proposals. A representative of Computershare, our transfer agent, will count the votes and serve as our inspector of elections. The following table summarizes the votes required for passage of each proposal and the effect of abstentions and uninstructed shares held by brokers.

Proposal Number	Proposal	Vote Required	Effect of Abstentions	Broker Discretionary Voting Allowed?	Effect of Broker Non-Votes
1	Election of Directors	Votes cast "For" exceed "Against" votes (1)	No effect; not treated as a vote cast, except for quorum purposes	No	No Effect
2	Ratification of Independent Auditor	Votes cast "For" exceed "Against" votes	No effect; not treated as a vote cast, except for quorum purposes	Yes	Not Applicable
3	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

(1) Proposal 1 requires a plurality of the votes cast to elect a director. The twelve director positions to be filled at the annual meeting will be filled by the nominees who receive the highest number of votes. However, we have adopted a majority voting policy that requires any director who receives more "Against" votes than "For" votes to offer to resign from the board.

If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of each director nominee, and in favor of Items 2 (auditor ratification) and 3 (say on pay).

Q: Is my vote confidential?

A: We maintain the confidentiality of the votes of individual shareholders. We believe that ballots, proxy forms, and voting instructions returned to brokerage firms, banks, and other holders of record are kept confidential by those third parties. Only the proxy solicitor, the proxy tabulator, and the inspector of election have access to the ballots, proxy forms, and voting instructions. Our shareholder relations officer has online access to votes cast by registered shareholders, but does not access that information. The proxy solicitor and the proxy tabulator will disclose information taken from the ballots, proxy forms, and voting instructions only if there is a proxy contest, if the shareholder authorizes disclosure, to assert or defend legal claims, to determine compliance with law or as otherwise required by law. If you write comments on your proxy card or ballot, or attach materials to your proxy card or ballot, management may learn how you voted in reviewing your comments and such information may not be kept confidential.

Q: Who pays the cost of proxy solicitation?

A: Umpqua pays the cost of soliciting proxies. We have hired D. F. King & Co. (formerly AST Phoenix Advisors) to solicit proxies for this meeting and we will pay their fees of \$17,500 plus out of pocket costs. Proxies will be solicited by mail, telephone, facsimile, e-mail and personal contact. We may reimburse brokers and other nominee holders for their expenses in sending proxy material and obtaining proxies. In addition to solicitation of proxies by mail, our officers and employees may solicit proxies in person or by telephone, fax, e-mail or letter, without extra compensation.

Q: How can I receive my proxy materials electronically in the future?

A: Although you may request paper copies of the proxy materials, we would prefer to send proxy materials to shareholders electronically. Shareholders who sign up to receive proxy materials electronically will receive an e-mail prior to next year's annual meeting with links to the proxy materials, which may give them faster delivery of the materials and will help us save printing and mailing costs and conserve natural resources. Your election to receive proxy materials by e-mail will remain in effect until you terminate your election.

To receive proxy materials electronically by e-mail in the future, follow the instructions described below or on the notice.

If we sent you proxy materials by mail and you would like to sign up to receive these materials electronically in the future, please have your proxy card available and register using one of the following choices:

Record Holders If you are the record holder of your shares, you may either go to www.envisionreports.com/umpq2015 and follow the instructions for requesting meeting materials or call 800-652-8683.

Street Name Holders If you hold your shares in street name, you may either go to www.proxyvote.com and follow the instructions to enroll for electronic delivery or contact your brokerage firm, bank, or other similar entity that holds your shares.

If you have previously agreed to electronic delivery of our proxy materials, but wish to receive paper copies of these materials for the annual meeting or for future meetings, please follow the instructions on the website referred to on the electronic notice you received.

Q: Are there any rules regarding admission to the annual meeting?

A: Yes. You are entitled to attend the annual meeting only if you were, or you hold a valid legal proxy naming you to act for, one of our shareholders on the record date. Before we will admit you to the meeting, we must be able to confirm:

- Your identity by reviewing a valid form of photo identification, such as a driver's license; and
- You were, or are validly acting for, a shareholder of record on the record date by:
 - verifying your name and stock ownership against our list of registered shareholders, if you are the record holder of your shares;
 - reviewing other evidence of your stock ownership, such as your most recent brokerage or bank statement if you hold your shares in street name, or your most recent plan statement if you are a participant in one of the Company benefit plans; or
 - reviewing a written proxy that shows your name and is signed by the shareholder you are representing, in which case either the shareholder must be a registered shareholder or you must have a brokerage or bank statement for that shareholder as described above.

If you do not have a valid form of picture identification and proof that you owned, or are legally authorized to act for someone who owned, shares of our common stock on the record date, you will not be admitted to the meeting.

At the entrance to the meeting, we will verify that your name appears in our stock records or will inspect your brokerage or bank