

STERLING FINANCIAL CORP /WA/

Form 4

September 19, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
ZUPPE WILLIAM W

2. Issuer Name and Ticker or Trading Symbol
STERLING FINANCIAL CORP /WA/ [STSA]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
111 N. WALL STREET
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
09/15/2005

Director 10% Owner
 Officer (give title below) Other (specify below)
COO & President

SPOKANE, WA 99201

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |
| Common Stock | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | A | \$ 5,5133 | 50,599.5 | D |
| Common Stock | 09/15/2005 | 09/16/2000 | J ⁽¹⁾ | A | \$ 6,4467 | 80,599.5 | D |
| Common Stock | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | A | \$ 6,7467 | 85,599.5 | D |
| Common Stock | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | A | \$ 8,3867 | 92,349.5 | D |
| Common Stock | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | A | \$ 8,3867 | 96,099.5 | D |

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| | | | | | | | | | |
|--------------|------------|------------|--------------------|--------|---|----------|-----------|---|-------------|
| Common Stock | 09/15/2005 | 09/16/2005 | J/K ⁽²⁾ | 2,361 | A | \$ 25.88 | 98,460.5 | D | |
| Common Stock | 09/15/2005 | 09/16/2005 | J/K ⁽²⁾ | 3,042 | A | \$ 25.88 | 101,502.5 | D | |
| Common Stock | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | 51,500 | D | \$ 25.75 | 50,002.5 | D | |
| Common Stock | 09/15/2005 | 09/16/2005 | S | 5,400 | D | \$ 25.75 | 44,602.5 | D | |
| Common Stock | | | | | | | 30,033 | I | 401(k) Plan |
| Common Stock | | | | | | | 2,236.5 | I | Spouse IRA |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----------------------|---|
| | | | | Code | V | (A) | (D) | Title |
| Non-Statutory Stock Option | \$ 9.2533 | 09/15/2005 ⁽³⁾ | 09/16/2005 | J ⁽¹⁾ | | 5,000 | 12/19/2001 12/19/2011 | Common Stock |
| Non-Statutory Stock Option | \$ 9.8267 | 09/15/2005 | 09/16/2000 | J ⁽¹⁾ | | 30,000 | 12/16/2000 12/15/2008 | Common Stock |
| Stock Option | \$ 8.4 | 09/15/2005 | 09/16/2005 | J/K ⁽²⁾ | | 3,000 | 12/17/1998 12/16/2006 | Common Stock |
| Stock Option | \$ 8.4 | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | | 6,000 | 12/17/1998 12/16/2006 | Common Stock |
| Stock Option | \$ 12.7867 | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | | 6,750 | 12/16/1999 12/15/2007 | Common Stock |
| Stock Option | \$ 12.7867 | 09/15/2005 | 09/16/2005 | J ⁽¹⁾ | | 3,750 | 12/16/1999 12/15/2007 | Common Stock |

Stock Option \$ 12.7867 09/15/2005 09/16/2005 J/K⁽²⁾ 4,500 12/16/1999 12/15/2007 Common Stock

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|-----------------|-------|
| | Director | 10% Owner | Officer | Other |
| ZUPPE WILLIAM W 111 N. WALL STREET SPOKANE, WA 99201 | X | | COO & President | |

Signatures

E. Marie Hirsch 09/19/2005

**Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (3) For all transactions taking place on 9/15/2005, the exercise prices of the derivative securities do not reflect adjustments for prior year's 10% stock dividends and the 3-for2 stock split that occurred on 8/31/2005.
- (1) Exercise/Same Day Sale Transaction
- (2) Stock Swap using existing shares in personal portfolio.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.