

STERLING FINANCIAL CORP /WA/  
Form 4  
October 25, 2010

**FORM 4**

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

OMB APPROVAL

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**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 \*  
COULTER DAVID A

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)

3. Date of Earliest Transaction (Month/Day/Year)  
10/21/2010

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

C/O STERLING FINANCIAL CORPORATION, 111 NORTH WALL STREET

(Street)

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

SPOKANE, WA 99201

(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)
			Code	V	Amount	(A) or (D)	Price
Common Stock, no par value per share ("Common Stock")	10/21/2010		C		786,209,000	A	(8)
					854,575,000	I	(1) (2) (3) (4) (5)

See Footnotes (1) (2) (3) (4) (5)

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

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SEC 1474 (9-02)

displays a currently valid OMB control number.

**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)	Date Exercisable	Expiration Date	Title
Warrant (the ?Warrant?)	(6) (7)	10/21/2010		J(6)(7)	1 (6) (7)	10/21/2010	08/26/2017	Common Stock
See Footnote (9)	(8)	10/21/2010		C	1,709,150	(8)	10/21/2010	Common Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
COULTER DAVID A C/O STERLING FINANCIAL CORPORATION 111 NORTH WALL STREET SPOKANE, WA 99201	X			

## Signatures

/s/ Scott A. Arenare, Attorney  
in-Fact\* 10/25/2010

\*\*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).

(1) Prior to the transaction reported herein, Warburg Pincus Private Equity X, L.P., a Delaware limited partnership, together with Warburg Pincus X Partners, L.P., an affiliated Delaware limited partnership (together, "WP X"), was the holder of 68,366,000 shares of Common Stock, 1,709,150 shares of Convertible Participating Voting Preferred Stock, Series B, no par value per share and liquidation preference \$4.60 per share ("Series B Preferred Stock"), and the Warrant exercisable for 86,625,000 shares of Common Stock if such Stockholder Approval (as defined below) had been obtained or 188,315 shares of Series B Preferred Stock if such Stockholder Approval was not obtained. On October 21, 2010, the Stockholder Approval (as defined below) was obtained and, as a result, on October 22, 2010, the Series B Preferred Stock automatically converted into 786,209,000 shares of Common Stock, and the Warrant is now exercisable for shares of Common Stock (as described in Note 7 below).

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(2) Warburg Pincus X, L.P., a Delaware limited partnership ("WP X LP"), is the general partner of WP X; Warburg Pincus X, LLC, a Delaware limited liability company ("WP X LLC") is the general partner of WP X LP; Warburg Pincus Partners, LLC, a New York limited liability company ("WP Partners") is the sole member of WP X LLC; and Warburg Pincus & Co., a New York general partnership ("WP") is the managing member of WP Partners. Warburg Pincus LLC, a New York limited liability company ("WP LLC") manages WP X, and Messrs. Charles R. Kaye and Joseph P. Landy are each a Managing General Partner of WP and Managing Member and Co-President of WP LLC. The Common Stock and the Warrant described above (collectively, the "Securities") are currently held by Warburg Pincus Private Equity X, L.P.; however, Warburg Pincus Private Equity X, L.P. contemplates allocating a portion of the Securities to Warburg Pincus X Partners, L.P.

(3) "Stockholder Approval" refers to the approval by the stockholders of STSA on October 21, 2010 to increase the number of authorized shares of Common Stock to at least 10,000,000,000 shares or a larger number that the Board of Directors determines in its reasonable judgment is necessary to permit STSA to comply with its obligations under agreements entered into in connection with certain recapitalization transactions that occurred on August 26, 2010.

(4) By reason of the provisions of Rule 16a-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as a Partner of WP and a Member and Managing Director of WP LLC, Mr. David A. Coulter may be deemed to be the beneficial owner of the Common Stock and the Warrant held by WP X.

(5) Pursuant to Rule 16a-1(a)(4) of the Exchange Act, Mr. David A. Coulter herein states that this filing shall not be deemed an admission that he is the beneficial owner of any of the Common Stock or the Warrant covered by this Statement. Mr. Coulter disclaims beneficial ownership of the Common Stock and the Warrant, except to the extent of his pecuniary interest in such Common Stock or Warrant.

(6) The Warrant is exercisable at \$0.22 per share of Common Stock, subject to adjustments for certain issuances of common stock, stock splits, stock subdivisions, stock reclassifications, stock combinations, other distributions, certain repurchases, business combinations and similar actions.

(7) Because the Stockholder Approval has been obtained, the Warrant is exercisable, in whole or part, to purchase 86,625,000 shares of Common Stock. As described above in Note 1, prior to receipt of the Stockholder Approval, the Warrant was exercisable for Series B Preferred Stock.

(8) Because the Stockholder Approval was obtained on October 21, 2010, each share of the Series B Preferred Stock automatically converted into 460 shares of Common Stock on October 22, 2010 in accordance with the terms of the Series B Preferred Stock. No consideration for this conversion was required or provided.

(9) Convertible Participating Voting Preferred Stock, Series B, no par value per share and liquidation preference of \$4.60 per share ("Series B Stock").

### Remarks:

\* Power of Attorney given by Mr. Coulter was previously filed with the SEC on February 1, 2008, as an Exhibit to a Form 3 filed

A. Coulter with respect to MBIA Inc.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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