

STERLING FINANCIAL CORP /WA/
Form 3
September 03, 2010

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Â COULTER DAVID A		(Month/Day/Year)	STERLING FINANCIAL CORP /WA/ [STSA]	
(Last)	(First)	(Middle)	08/26/2010	
C/O STERLING FINANCIAL CORPORATION,Â 111 NORTH WALL STREET			4. Relationship of Reporting Person(s) to Issuer	5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)	(Check all applicable)			
	<input checked="" type="checkbox"/> Director	<input type="checkbox"/> 10% Owner		
	<input type="checkbox"/> Officer	<input type="checkbox"/> Other	6. Individual or Joint/Group Filing(Check Applicable Line)	
	(give title below) (specify below)		<input checked="" type="checkbox"/> Form filed by One Reporting Person	
SPOKANE,Â WAÂ 99201			<input type="checkbox"/> Form filed by More than One Reporting Person	
(City)	(State)	(Zip)		

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock, no par value per share ("Common Stock")	68,366,000	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>

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

SEC 1473 (7-02)

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security	4. Conversion or Exercise	5. Ownership Form of	6. Nature of Indirect Beneficial Ownership
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	Date Exercisable	Expiration Date	(Instr. 4) Title	Amount or Number of Shares	Price of Derivative Security	Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	(Instr. 5)
Warrant (the ?Warrant?)	08/26/2010	08/26/2017	See Footnote <u>(6)</u>	<u>(6)</u>	\$ <u>(5)</u>	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>
See Footnote <u>(9)</u>	Â <u>(7)(8)</u>	Â <u>(7)(8)</u>	Common Stock	786,209,000	\$ <u>(7)</u> <u>(8)</u>	I	See Footnotes <u>(1)</u> <u>(2)</u> <u>(3)</u> <u>(4)</u>

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	Â X	Â	Â	Â

Signatures

/s/ Scott A. Arenare, Attorney
in-Fact* 09/03/2010

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(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) 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"), is 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"), which convert into 786,209,000 shares of Common Stock upon approval of the Stockholder Proposals (as defined in Note 7), and the Warrant exercisable for 86,625,000 shares of Common Stock or 188,315 shares of Series B Stock, as applicable, as described below in Note 6. (Continued in Footnote 2)
- (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, Series B Preferred 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) 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, the Series B Stock and the Warrant held by WP X.
- (4) 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, the Series B Stock or the Warrant covered by this Statement. Mr. Coulter disclaims beneficial ownership of the Common Stock, the Series B Stock and the Warrant, except to the extent of his pecuniary interest in such Common Stock, Series B Stock or Warrant.

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(5) The Warrant is exercisable at \$0.22 per share of Common Stock (or, in the event the Warrant is exercised for Series B Stock, an amount equal to \$0.22 per share of Common Stock on an as converted basis), 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.

(6) The Warrant is exercisable, in whole or part, to purchase 86,625,000 shares of Common Stock, if the Stockholder Proposals (as defined in Note 7) have been approved, or exercisable to purchase 188,315 shares of Series B Stock (or 86,625,000 shares of Common Stock on an as-converted basis), if the Stockholder Proposals have not been approved.

(7) WP X holds 1,709,150 shares of Series B Stock (786,209,000 shares of Common Stock on an as-converted basis). Each share of Series B Stock mandatorily converts into 460 shares of Common Stock, subject to customary anti-dilution adjustments, upon the approval of the holders of the Common Stock to approve (i) an increase in 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 and (ii) the conversion of shares of Series B Stock and Series D Stock (as defined below) into, and the exercise of each of the Warrant and THL Warrant for, shares of Common Stock (the "Stockholder Proposals"). (Continued in Footnote 8)

(8) The "THLWarrant" has the same terms and conditions, and permits its holder to purchase the same number of shares of Common Stock or Series B Stock, as applicable, as the Warrant. On August 26, 2010, STSA sold 3,881,700 shares of Series D Convertible Participating Voting Preferred Stock, no par value and liquidation preference \$4.60 per share (the "Series D Stock") to multiple investors in a private placement. Each share of Series D Stock mandatorily converts into 460 shares of Common Stock, subject to customary anti-dilution adjustments, upon approval of the Stockholder Proposals.

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

^

Remarks:

*^ Power^ of^ Attorney^ given^ by^ Mr.^ Coulter^ was^ previously^ filed^ with^ the^ SEC^ on^ February^ 1,^ 2010^ 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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