

STERLING FINANCIAL CORP /WA/  
Form 4  
February 06, 2007

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
**KIRSCHBAUM JAMES L**

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)  
**02/02/2007**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Vice President-Sterling Sav. P**

**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)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>		3,150	A	\$ 10.1467
Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>		3,900	A	\$ 10.1467
Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>		12,459	A	\$ 19.84
Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>		2,541	A	\$ 19.84
Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>		10,000	A	\$ 25.71

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Common Stock	02/02/2007	02/02/2007	J <sup>(1)</sup>	15,000	A	\$ 26.7133	47,050	D	
Common Stock	02/06/2007	02/02/2007	S <sup>(2)</sup>	34,500	D	\$ 33.2315	12,550	D	
Common Stock							5,656	I	401k ownership

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

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**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 Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 3)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KIRSCHBAUM JAMES L 111 N. WALL STREET SPOKANE, WA 99201			Vice President-Sterling Sav. P	

## Signatures

Daniel G. Byrne                      02/06/2007  
 \*\*Signature of                      Date  
 Reporting Person

## 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).

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- (1) Derivative disposition transactions and balances are unavailable as these were deleted in error by the Transcentive software upon conversion. Mr. Kirschbaums total derivative balance for all derivatives following this transaction is zero.
- (2) Exercise Sell Transaction

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.