

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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**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)
			Code	V	Amount	(D)	Price
Common Stock	09/15/2005	09/16/2005	J <sup>(1)</sup>		6,000	A	\$ 5.5133
Common Stock	09/15/2005	09/16/2000	J <sup>(1)</sup>		30,000	A	\$ 6.4467
Common Stock	09/15/2005	09/16/2005	J <sup>(1)</sup>		5,000	A	\$ 6.7467
Common Stock	09/15/2005	09/16/2005	J <sup>(1)</sup>		6,750	A	\$ 8.3867
Common Stock	09/15/2005	09/16/2005	J <sup>(1)</sup>		3,750	A	\$ 8.3867

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Common Stock	09/15/2005	09/16/2005	J/K <sup>(2)</sup>	2,361	A	\$ 25.88	98,460.5	D	
Common Stock	09/15/2005	09/16/2005	J/K <sup>(2)</sup>	3,042	A	\$ 25.88	101,502.5	D	
Common Stock	09/15/2005	09/16/2005	J <sup>(1)</sup>	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.

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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 <sup>(3)</sup>	09/16/2005	J <sup>(1)</sup>		5,000	12/19/2001 12/19/2011	Common Stock
Non-Statutory Stock Option	\$ 9.8267	09/15/2005	09/16/2000	J <sup>(1)</sup>		30,000	12/16/2000 12/15/2008	Common Stock
Stock Option	\$ 8.4	09/15/2005	09/16/2005	J/K <sup>(2)</sup>		3,000	12/17/1998 12/16/2006	Common Stock
Stock Option	\$ 8.4	09/15/2005	09/16/2005	J <sup>(1)</sup>		6,000	12/17/1998 12/16/2006	Common Stock
Stock Option	\$ 12.7867	09/15/2005	09/16/2005	J <sup>(1)</sup>		6,750	12/16/1999 12/15/2007	Common Stock
Stock Option	\$ 12.7867	09/15/2005	09/16/2005	J <sup>(1)</sup>		3,750	12/16/1999 12/15/2007	Common Stock

Stock Option \$ 12.7867 09/15/2005 09/16/2005 J/K<sup>(2)</sup> 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.