

STERLING FINANCIAL CORP /WA/  
Form 4  
December 11, 2006

**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 \*  
**HARLOW JOHN M**

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)  
**12/08/2006**

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

**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	12/08/2006	12/08/2006	<u>J(1)</u>	600 A \$ 4.3933	35,476	D	
Common Stock	12/08/2006	12/08/2006	<u>J(1)</u>	6,750 A \$ 6.4467	42,226	D	
Common Stock	12/08/2006	12/08/2006	<u>J(1)</u>	1,500 A \$ 8.3867	43,726	D	
Common Stock					7,201	I	401(k) Plan

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 Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Stock Option	\$ 6.6933	12/08/2006	12/08/2006	J <sup>(1)</sup>	600	07/25/2001 02/28/2007	Common Stock	600
Stock Option	\$ 9.8267	12/08/2006	12/08/2006	J <sup>(1)</sup>	6,750	12/16/1999 02/28/2007	Common Stock	6,750
Stock Option	\$ 12.7867	12/08/2006	12/08/2006	J <sup>(1)</sup>	1,500	12/16/1998 02/28/2007	Common Stock	1,500

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HARLOW JOHN M 111 N. WALL STREET SPOKANE, WA 99201			Vice President - Sterling Sav.	

## Signatures

E. Marie Hirsch 12/08/2006

\*\*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) Cash purchase transaction

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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