STERLING FINANCIAL CORP /WA/

Form 5

January 30, 2007

Check this box if

no longer subject

to Section 16.

5 obligations

may continue.

Form 4 or Form

FORM 5

OMB APPROVAL

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ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

See Instruction
1(b). Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Form 3 Holdings Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
Reported
Form 4 30(h) of the Investment Company Act of 1940

Form 4
Transactions

Transactions Reported

Reported											
BUTTERFIELD ROBERT G Symbol STER							5. Relationship of Reporting Person(s) to Issuer (Check all applicable)				
(Last)	(First) (M	(Month/	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year) 12/31/2006			-	Director _X_ Officer (given pelow)	below)			
111 N. WA	LL STREET	12,61,					Sec	tion 16 Officer			
			nendment, Date Original				6. Individual or Joint/Group Reporting				
		T Hea(M	mui/Day/Tear)				(chec	ck applicable line)		
SPOKANE,	WA 99201 (State)	^(Zip) Tak	ole I - Non-Deri	vative Sec	uritie	Ī	_X_ Form Filed by Form Filed by Person ired, Disposed o	More than One R	eporting		
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)		Code	4. Securi Acquired Disposed (Instr. 3,	(A) o of (D)	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
Common Stock	12/31/2006	12/31/2006	J <u>(1)</u>	20	A	\$0	783	I	401K		
	ort on a separate line ficially owned directl		contained in	n this for	n are	not re	llection of info equired to resp lid OMB contro	ond unless	SEC 2270 (9-02)		

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

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Title	e and	8. Price of
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	Number	Expiration D	ate	Amou	nt of	Derivative
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Under	lying	Security
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securi	ties	(Instr. 5)
	Derivative				Securities			(Instr.	3 and 4)	
	Security				Acquired					
					(A) or					
					Disposed					
					of (D)					
					(Instr. 3,					
					4, and 5)					
									Amount	
									or	
						Date	Expiration		Number	
						Exercisable	Date	of		
					(A) (D)				Shares	

of D

Is Fi

Reporting Owners

Reporting Owner Name / Address	Relationships						
Reporting Owner Plante, Plantess	Director	10% Owner	Officer	Other			
BUTTERFIELD ROBERT G 111 N. WALL STREET SPOKANE, WA 99201	Â	Â	Section 16 Officer	Â			

Signatures

Daniel G. Byrne 01/30/2007

**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).
- To balance 401(k) share ownership at 12/31/2006 -- This footnote reflects the shares owned by the employee as well as the company match at 12/31/2006.

Note: File three copies of this Form, one of which must be manually signed. If space provided 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.

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