

IN RE STERLING FINANCIAL CORPORATION
SECURITIES CLASS ACTION

MDL DOCKET NO. 1879
CIVIL ACTION NO. 07-2171

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

If you purchased or otherwise acquired the common stock of Sterling Financial Corporation (“Sterling” or the “Company”) between April 27, 2004, and May 24, 2007, inclusive (the “Settlement Class Period”), then you may be entitled to a payment from a class action settlement.

A federal court authorized this notice. This is not a solicitation from a lawyer.

- This Notice of Pendency and Settlement of Class Action (“Notice”) relates to a proposed settlement (the “Settlement”) of claims asserted in the securities class action lawsuit described below (the “Litigation”).
- The Settlement creates a \$10,250,000 settlement fund (the “Settlement Fund”) for the benefit of investors who bought or otherwise acquired the common stock of Sterling during the Settlement Class Period. The description of the Settlement herein is only a summary; full details of the Settlement are set forth in the Stipulation and Agreement of Settlement (“Stipulation”).
- If you are a Settlement Class Member (defined below), you may be entitled to share in the Settlement proceeds. However, your legal rights are affected whether you act or do not act. Read this Notice carefully.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT	
SUBMIT A CLAIM FORM	THE ONLY WAY TO GET A PAYMENT.
OBJECT	WRITE TO THE COURT IF YOU DO NOT LIKE THE SETTLEMENT.
GO TO A HEARING	ASK TO SPEAK IN COURT ABOUT THE SETTLEMENT.
DO NOTHING	GET NO PAYMENT. GIVE UP YOUR RIGHTS.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- The Court in charge of this case still has to decide whether to approve the Settlement. Payments will be made if the Court approves the Settlement and after any appeals are resolved.
- All capitalized terms used herein shall have the meaning assigned to them in the Stipulation.

STATEMENT OF SETTLEMENT CLASS MEMBER RECOVERY

Pursuant to the Settlement described herein, a Settlement Fund consisting of \$10,250,000 in cash, plus interest, has been established. Based on Lead Plaintiffs’ estimate of the number of shares entitled to participate in the Settlement and the anticipated number of claims to be submitted by Settlement Class Members, the estimated average recovery per share under the Settlement is \$0.76, before the deduction of Court-awarded attorneys’ fees and expenses. The actual recovery by a Settlement Class Member who submits an acceptable Proof of Claim and Release form (“Claim Form”) will be a proportion of the Net Settlement Fund determined by his, her, or its authorized claim as compared to the total authorized claims of all Settlement Class Members who submit acceptable Claim Forms. Depending on the number of claims submitted; when during the Settlement Class Period a Settlement Class Member acquired his, her, or its shares; and whether the shares were held at the end of the Settlement Class Period or sold during the Settlement Class Period and, if sold, when they were sold, an individual Settlement Class Member may receive more or less than this average amount. See the Plan of Allocation on Pages 6 through 8 for more information.

STATEMENT OF POTENTIAL OUTCOME OF CASE

The Settling Parties disagree on both liability and damages and do not agree on the average amount of damages per share, if any, that would be recoverable if Lead Plaintiffs were to have prevailed on each claim alleged. The Defendants deny the claims asserted by the Lead Plaintiffs in this Litigation. The Defendants deny that they are liable to the Lead Plaintiffs or the Settlement Class Members and deny that Lead Plaintiffs or the Settlement Class Members have suffered any damage or harm.

STATEMENT OF ATTORNEYS’ FEES AND COSTS SOUGHT

Class Counsel is moving the Court for an award of attorneys’ fees not to exceed one-third (33 1/3%) of the Settlement Fund and for the reimbursement of expenses incurred in connection with the prosecution of this Litigation. The requested fees and expenses would amount to an average of \$0.25 per share in total for fees and expenses. Application will also be made on behalf of Lead Plaintiffs for an amount not to exceed \$250,000 for reimbursement of their reasonable costs and expenses directly related to their representation of the Settlement Class. Class Counsel have expended considerable time and effort in the prosecution of this Litigation on a contingent-fee basis and have advanced the expenses of the Litigation in the expectation that if they were successful in obtaining a recovery for the Settlement Class they would be paid from such recovery. In this type of litigation, it is customary for counsel to be awarded a percentage of the common fund recovered as their attorneys’ fees.

FURTHER INFORMATION

Further information regarding the Litigation and this Notice may be obtained by contacting Class Counsel: Allen Carney, Esq., Carney Williams Bates Bozeman & Pulliam, PLLC, PO Box 25438, Little Rock, AR 72221, 501-312-8500.

REASONS FOR THE SETTLEMENT

Lead Plaintiffs’ Statement:

Lead Plaintiffs’ principal reason for the Settlement is the benefit to be provided to the Settlement Class. This benefit must be compared to the risk that no recovery might be achieved after a lengthy and contested trial and/or likely appeals, all of which might take years to finally resolve. Moreover, Lead Plaintiffs face significant risks with respect to continuing to litigate and proceeding to trial. For example, there is a danger that the Settlement Class would not prevail on their claims against the Defendants even if those claims went to trial, in which case the Settlement Class would receive nothing. Further, had the case proceeded to trial and assuming Lead Plaintiffs established liability of the Defendants, Defendants would likely have contested the amount of damages recoverable by Settlement Class Members by arguing, among other things, that all or most of the losses of Settlement Class Members were caused by nonactionable market, industry, or other general economic factors. The Settlement eliminates these risks and provides an immediate recovery for Settlement Class Members. To further ensure the fairness of the Settlement, Class Counsel conducted confirmatory discovery, i.e., postsettlement discovery. In this regard, Defendants provided Class Counsel with access to hundreds of thousands of internal Sterling documents and allowed Class Counsel to interview Sterling representatives.

Defendants’ Statement:

Defendants deny Lead Plaintiffs’ claims and deny Lead Plaintiffs’ allegations of wrongdoing. Nonetheless, Defendants have concluded that further conduct of the Litigation could be protracted and expensive and have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this one.

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BASIC INFORMATION

1. WHY DID I GET THIS NOTICE?

You or someone in your family may have purchased or otherwise acquired shares of Sterling common stock between April 27, 2004, and May 24, 2007, inclusive (“Settlement Class Members”).

The Court directed that this Notice be sent to Settlement Class Members because they have a right to know about a proposed settlement of a class action lawsuit, and about all of their options, before the Court decides whether to approve the Settlement. If the Court approves the Settlement, and after any objections or appeals are resolved, an administrator appointed by the Court will make the payments that the Settlement allows.

This package explains the lawsuit, the Settlement, Settlement Class Members’ legal rights, what benefits are available, who is eligible for them, and how to get them.

This case is known as *In re Sterling Financial Corporation Securities Class Action*, MDL Docket No. 1879, Civil Action No. 07-2171, and is pending before the United States District Court for the Eastern District of Pennsylvania.

2. WHAT IS THIS LAWSUIT ABOUT?

The operative complaint in this action, the Consolidated Amended Complaint dated February 19, 2008 (the “Complaint”), generally alleges that Defendants, the PNC Financial Services Group, Inc. (“PNC”),¹ Sterling, Bank of Lancaster County N.A. (“Bank of Lancaster”), and Equipment Financing Inc. (“EFI”), in addition to Individual Defendants J. Roger Moyer, Jr. (“Moyer”), J. Bradley Scovill (“Scovill”), Tito L. Lima (“Lima”), Thomas Dautrich (“Dautrich”), George W. Graner (“Graner”), Michael J. Schlager (“Schlager”), and Joseph M. Braas (“Braas”) violated Section 10(b) of the Securities Exchange Act of 1934 (the “1934 Act”) and Rule 10b-5 promulgated thereunder by disseminating materially false and misleading information to the investing public through the Company’s press releases and financial filings with the Securities and Exchange Commission (SEC) throughout the Settlement Class Period. Lead Plaintiffs additionally allege that Individual Defendants Moyer, Scovill, Lima, Dautrich, Graner, Schlager, and Braas violated Section 20(a) of the 1934 Act as control persons by and through the conduct alleged above.

The Complaint alleges that as a result of the allegedly false and misleading statements, the price of Sterling’s common stock was inflated and that investors who purchased Sterling’s common stock at these inflated prices were damaged.

NOTE: The comments in this section reflect Lead Plaintiffs’ allegations and do not reflect or imply any concessions or admissions by the Defendants or any findings by the Court. Defendants dispute Lead Plaintiffs’ allegations, deny any wrongdoing, and have asserted numerous defenses to Lead Plaintiffs’ claims.

3. WHY IS THIS A CLASS ACTION?

On March 6, 2009, the Court conditionally certified, for settlement purposes only, a Settlement Class consisting of all Persons, including the Sterling Financial Corporation Retirement Plan (the “Plan”), who either purchased or otherwise acquired Sterling common stock between April 27, 2004, and May 24, 2007, inclusive. In a class action, one or more persons or entities called class representatives sue on behalf of all persons or entities who have similar claims. All of these persons or entities are collectively referred to as the settlement class or, individually, as settlement class members. One court resolves all of the issues for all settlement class members, except for those settlement class members who exclude themselves from the settlement class, as described below.

4. WHY IS THERE A SETTLEMENT?

The Court did not decide in favor of Lead Plaintiffs or Defendants. Instead, Lead Plaintiffs and Defendants have agreed to settle the lawsuit. Lead Plaintiffs have agreed to settle the lawsuit based on the facts they have discovered while conducting the Litigation, the risks that will be involved in a trial, and their conclusions that the proposed Settlement is fair, reasonable, and adequate and serves the best interests of the Settlement Class Members. Lead Plaintiffs and Class Counsel have determined that by settling, they avoid the cost and risks of a trial, while at the same time providing substantial compensation to the Settlement Class. Lead Plaintiffs and Class Counsel believe that the Settlement is in the best interest of all Settlement Class Members.

Lead Plaintiffs and Defendants do not agree regarding the merits of Lead Plaintiffs’ allegations with respect to liability or the average amount of damages per share, if any, that would be recoverable if the Lead Plaintiffs were to prevail on the claims asserted. The issues on which the Settling Parties disagree may include, and may not be limited to, the following: (1) whether Defendants made any false and misleading statements; (2) whether the statements made were false, material, or otherwise actionable under the federal securities laws; (3) whether Defendants made the statements with the requisite intent; (4) the appropriate economic model for determining the amount by which the price of Sterling’s common stock was allegedly artificially inflated (if at all) during the Settlement Class Period; (5) the extent to which the various matters that Lead Plaintiffs alleged were materially false or misleading (if at all) influenced and artificially inflated (if at all) the trading price of Sterling’s common stock at various times during the Settlement Class Period; and (6) the extent to which external factors, such as general market conditions, influenced the trading price of Sterling’s common stock at various times during the Settlement Class Period.

While Class Counsel and Lead Plaintiffs were prepared to go to trial, and were confident in the merits of their case, they recognize that a trial is a risky proposition and that Lead Plaintiffs and the Settlement Class may not have prevailed on some or any of their claims. In addition, Class Counsel and Lead Plaintiffs believe that this Settlement provides a substantial recovery to the Settlement Class and believe that they might not have obtained a greater recovery, if any, even if the Litigation had gone to trial. Throughout the Settlement negotiations, Defendants continued to deny liability and disputed Lead Plaintiffs’ calculation of damages. As a result, in a trial, Plaintiffs could have recovered nothing or substantially less than the amount of the Settlement Fund. Further, even assuming that Lead Plaintiffs could have won at trial, any verdict would inevitably be the subject of appeal, and the Settlement Class’s recovery would have remained uncertain and been further delayed.

¹ PNC merged with Sterling, Bank of Lancaster, and EFI on April 4, 2008.

5. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants deny that they violated the federal securities laws and deny Lead Plaintiffs' allegations of wrongdoing and assertions of liability. Defendants also dispute whether and to what extent Lead Plaintiffs or Settlement Class Members suffered any damage or harm, even if Lead Plaintiffs' allegations were meritorious.

Nonetheless, Defendants have concluded that further conduct of the Litigation would be protracted and expensive and have taken into account the uncertainty and risks inherent in any litigation, especially in complex cases like this one. Defendants, therefore, have determined that the Litigation should be settled in the manner and upon the terms and conditions set forth in the Stipulation.

WHO IS IN THE SETTLEMENT

To determine if you are entitled to money from this Settlement, you first have to determine if you are a Settlement Class Member.

6. HOW DO I KNOW IF I AM PART OF THE SETTLEMENT?

For purposes of this Settlement, the Court has decided that everyone who fits the following description is a Settlement Class Member: all Persons, including the Plan, who either purchased or otherwise acquired Sterling common stock between April 27, 2004, and May 24, 2007, inclusive. You may only share in the proceeds of the Net Settlement Fund if you have a Net Recognized Loss as defined in the Plan of Allocation described below.

7. ARE THERE EXCEPTIONS TO BEING INCLUDED?

Excluded from the Settlement Class are PNC, Sterling, Bank of Lancaster, EFI, the Individual Defendants and members of their immediate families, any entity in which PNC, Sterling, Bank of Lancaster, or EFI has or had a controlling interest, directors and officers of PNC, Sterling, Bank of Lancaster, and EFI, and the legal representatives, heirs, successors, or assigns of any such excluded Person. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to this Notice.

If one of your mutual funds owns Sterling common stock, that alone does not make you a Settlement Class Member. You are a Settlement Class Member only if you purchased Sterling common stock during the Settlement Class Period. Contact your broker to see if you purchased or held Sterling common stock during the Settlement Class Period.

8. WHAT IF I AM STILL NOT SURE IF I AM INCLUDED?

If you are still not sure whether you are included in the Settlement Class, you can ask for free help. You can call 800-391-9724 or visit sterlinglitigation.com for more information. Alternatively, you can fill out and return the Claim Form attached to this Notice to see if you qualify.

THE SETTLEMENT BENEFITS—WHAT YOU GET

9. WHAT DOES THE SETTLEMENT PROVIDE?

In exchange for the Settlement and dismissal of claims against the Released Persons (defined below), Defendants shall create or cause to be created a Settlement Fund of \$10,250,000 to be divided, after deduction of Court-awarded attorneys' fees and expenses and Settlement administration costs and taxes, among all Settlement Class Members who send in valid Claim Forms.

10. HOW MUCH WILL MY PAYMENT BE?

Your share of the Settlement Fund will depend on the total authorized claims represented by the valid Claim Forms sent in by Settlement Class Members, how many shares you purchased or otherwise acquired during the Settlement Class Period, and when you bought them and whether or when you sold them.

By following the Plan of Allocation described at the end of this Notice, you can calculate your Net Recognized Loss. The percentage of the Net Recognized Loss that is distributed will be determined by dividing the total claims of all Authorized Claimants by the amount remaining in the Settlement Fund after administrative fees, attorneys' fees, costs, taxes, and other Court-approved expenses have been paid.

HOW YOU GET A PAYMENT—SUBMITTING A CLAIM FORM

11. HOW CAN I GET A PAYMENT?

To qualify for a payment, you must send in a Claim Form. A Claim Form is included with this Notice. You may also get a Claim Form on the Internet at sterlinglitigation.com. Read the instructions carefully, fill out the Claim Form, sign it, and mail it including all the documents requested in the form, postmarked no later than **July 16, 2009**.

12. WHEN WOULD I GET MY PAYMENT?

The Court will hold a hearing on **August 5, 2009**, to decide whether to approve the Settlement. Even if the Court approves the Settlement, there may be appeals that would delay the implementation of the Settlement. It is always uncertain how these appeals might be resolved, and resolving them can take time, perhaps more than a year. After approval and resolution of any appeals, the Claims Administrator must process all of the Claim Forms. Please be patient.

13. WHAT AM I GIVING UP TO GET A PAYMENT OR STAY IN THE SETTLEMENT CLASS?

Unless you exclude yourself, you will remain a Settlement Class Member. That means that if the Settlement is approved, you and all other Settlement Class Members and all others covered by the Releases contained in the Stipulation shall be conclusively deemed to have fully, finally, and forever released, relinquished, and discharged all Released Claims against all Released Persons. It also means that all of the Court's orders will apply to you and legally bind you.

"Released Claims" means any and all claims (including, but not limited to, Unknown Claims), demands, debts, liabilities, losses, rights, and causes of action of any nature and description whatsoever (including, but not limited to, any claims for damages, interest, attorneys' fees, expert or consulting fees, and any other costs, expenses or liability whatsoever), whether known or unknown, whether suspected or unsuspected, whether concealed or hidden, whether based on federal, state, local, statutory or common law, or any other law, rule, or regulation, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, material or immaterial, whether class or individual in nature, by any Lead Plaintiff or Settlement Class Member against the Released Persons (as defined below), based upon, arising out of, or related to the purchase of Sterling common stock during the Settlement Class Period or the acts, facts, transactions, events, occurrences, disclosures, statements, omissions, or failures to act that were, could or might have been alleged in the Litigation by any Lead Plaintiff or Settlement Class Member.

“Released Persons” means the Individual Defendants, PNC, Sterling, Bank of Lancaster, EFI, and each Defendant’s past or present directors, officers, principals, employees, partners, insurers, agents, controlling shareholders, attorneys, accountants or auditors, consultants, advisors, investment advisors, personal or legal representatives, predecessors, successors, parents, subsidiaries (whether or not directly or wholly owned), divisions, joint ventures, assigns, spouses, any members of an Individual Defendant’s immediate family, executors, administrators, custodians, beneficiaries, heirs, related or affiliated entities, any entity in which a Defendant has a controlling interest, or any trust of which an Individual Defendant is the settler or which is for the benefit of an Individual Defendant’s family.

EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want to receive a payment from this Settlement and you want to keep the right to sue Defendants on your own about the legal issues that were or could have been brought in this case, then you must take steps to remove yourself from the Settlement. This is called excluding yourself from—or is sometimes referred to as “opting out” of—the Settlement Class. Defendants may withdraw from and terminate the Settlement if putative Settlement Class Members who claim over a certain amount of Net Recognized Losses exclude themselves from the Settlement Class.

14. HOW DO I EXCLUDE MYSELF FROM THE SETTLEMENT CLASS?

To exclude yourself from the Settlement, you must send a signed letter by mail stating that you “request to be excluded from the Settlement Class in *In re Sterling Financial Corporation Securities Class Action*, MDL Docket No. 1879, Civil Action No. 07-2171.” In order for an exclusion to be effective, your letter must state the date(s), price(s), and number(s) of shares of all your purchases and sales of Sterling common stock during the Settlement Class Period as well as the number of shares you held at the start of the Settlement Class Period. In addition, you must include your name, address, telephone number, taxpayer identification number (Social Security number or employer identification number), and your signature. Your exclusion request must be postmarked no later than **July 16, 2009**, to:

**IN RE STERLING FINANCIAL CORPORATION SECURITIES CLASS ACTION
CLAIMS ADMINISTRATOR
EXCLUSIONS
C/O A.B. DATA, LTD.
PO BOX 170500
MILWAUKEE, WI 53217-8042**

IF YOU DO NOT PROVIDE THE FOREGOING INFORMATION IN THE MANNER AND TIME PROVIDED, YOU WILL BE DEEMED TO BE PART OF THE SETTLEMENT CLASS AND WILL BE DEEMED TO HAVE GIVEN THE RELEASES REFERENCED IN QUESTION 13 ABOVE.

You cannot exclude yourself on the phone or by email. If you ask to be excluded, you will not receive a Settlement payment and you cannot object to the Settlement. You will not be legally bound by anything that happens in the Litigation.

15. IF I EXCLUDE MYSELF, CAN I GET MONEY FROM THE SETTLEMENT?

No.

THE LAWYERS REPRESENTING YOU

16. DO I HAVE A LAWYER IN THIS CASE?

The Court approved the law firm of Carney Williams Bates Bozeman & Pulliam, PLLC, to represent you and the other Settlement Class Members as Class Counsel. You will not be charged for these lawyers. If you want to be represented by your own lawyer, you may hire one at your own expense.

17. HOW WILL THE LAWYERS BE PAID?

To date, Class Counsel have not received any payment for their services in conducting this Litigation on behalf of the Lead Plaintiffs and the Settlement Class Members, nor have Class Counsel been reimbursed for their out-of-pocket expenses.

Class Counsel will apply to the Court for an award of attorneys’ fees from the Settlement Fund in an amount not greater than one-third (33 1/3%) of the Settlement Fund and for reimbursement of their expenses. Class Counsel, without further notice to the Settlement Class, may subsequently apply to the Court for fees and expenses incurred in connection with administering and distributing the Settlement proceeds to Settlement Class Members. If approved by the Court, the fee requested would fall within the range of fees awarded to plaintiffs’ counsel under similar circumstances in litigation of this type.

Class Counsel are also moving the Court to award a payment of up to \$250,000 to the Lead Plaintiffs for the reasonable costs and expenses directly relating to their representation of the Settlement Class.

OBJECTING TO THE SETTLEMENT

You can tell the Court that you do not agree with the Settlement or part of it, the Plan of Allocation, or Class Counsel’s request for attorneys’ fees.

18. HOW DO I TELL THE COURT THAT I OBJECT TO THE SETTLEMENT?

If you are a Settlement Class Member, you can object to the Settlement if you do not like any part of it. You can give reasons for your views, and the Court will consider your views. To object, you must send a signed letter setting forth the case name and number, “*In re Sterling Financial Corporation Securities Class Action*, MDL Docket No. 1879, Civil Action No. 07-2171”; your name; address; telephone number; your purchases and sales of Sterling common stock during the Settlement Class Period in order to indicate your membership in the Settlement Class; and all of the reasons for your objection to the Settlement. You must file the objection with the Court and serve it on the following counsel so that it is received by both Class Counsel and Defendants’ counsel by **July 22, 2009**:

COURT

Office of the Clerk of Court
United States District Court
Eastern District of Pennsylvania
James A. Byrne Federal Courthouse
601 Market Street, Room 2609
Philadelphia, PA 19106

PLAINTIFFS' COUNSEL

Allen Carney, Esq.
CARNEY WILLIAMS BATES
BOZEMAN & PULLIAM, PLLC
11311 Arcade Drive, Suite 200
Little Rock, AR 72212

DEFENDANTS' COUNSEL

C. William Phillips, Esq.
COVINGTON & BURLING LLP
The New York Times Building
620 Eighth Avenue
New York, NY 10018

THE SETTLEMENT HEARING

The Court will hold a hearing to decide whether to approve the Settlement. You may attend and you may ask to speak, but you do not have to. You need not attend the hearing in order to file an objection and have that objection considered by the Court.

19. WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?

The Court will hold a Settlement Hearing at **10:00 a.m. on August 5, 2009**, before the Honorable Lawrence F. Stengel at the United States District Court for the Eastern District of Pennsylvania, James A. Byrne Federal Courthouse, 601 Market Street, Philadelphia, PA 19106 for the purpose of determining whether (a) the proposed Settlement is fair, reasonable, and adequate and should be approved by the Court; (b) the proposed Plan of Allocation is fair, just, reasonable, and adequate; (c) the Court should approve applications of Class Counsel for an award of attorneys' fees, costs, and expenses; and (d) the Court should enter Judgment dismissing the Litigation with prejudice as against Defendants. We do not know how long these decisions will take.

If there are objections, the Court will consider them. The Court will listen to anyone who has properly asked to speak at the hearing. You should be aware that, from time to time, the Court may adjourn or reschedule the hearing without providing further notice. Thus, if you want to come to the hearing, you should check with Class Counsel before coming to be sure that the date and/or time has not changed.

20. DO I HAVE TO COME TO THE HEARING?

No. Class Counsel will answer questions the Court may have. However, you are welcome to come at your own expense. If you send an objection, you do not have to come to Court to talk about it. As long as you mailed or delivered your written objection on time, the Court will consider it. You may also pay your own lawyer to attend to speak in support of any objection you may have filed, but doing so is not necessary.

21. MAY I SPEAK AT THE HEARING?

If you submitted a written objection to the Settlement, the Plan of Allocation, and/or the application for attorneys' fees, costs, and expenses and followed the instructions set out in the response to Question 18 above, you (or your counsel) may speak at the Settlement Hearing in support of your objection. To do so, you must include with your objection a statement saying that it is your "Notice of Intention to Appear in *In re Sterling Financial Corporation Securities Class Action*, MDL Docket No. 1879, Civil Action No. 07-2171." You cannot speak at the hearing unless you follow these directions. You cannot speak at the hearing if you exclude yourself.

IF YOU DO NOTHING**22. WHAT HAPPENS IF I DO NOTHING AT ALL?**

If you do nothing, you will get no money from this Settlement. However, you will, in all respects, be subject to and bound by the Stipulation and the Order and Judgment. You must submit a Claim Form in order to share in the Settlement.

GETTING MORE INFORMATION**23. HOW DO I OBTAIN MORE INFORMATION ABOUT THE SETTLEMENT?**

For more information concerning the matters involved in this Settlement, you can write to the Claims Administrator, *In re Sterling Financial Corporation Securities Class Action*, Claims Administrator, c/o A.B. Data, Ltd., PO Box 170500, Milwaukee, WI 53217-8042, or visit the Settlement website at sterlinglitigation.com.

UNDERSTANDING YOUR PAYMENT—THE PLAN OF ALLOCATION

The \$10,250,000 cash Settlement amount and the interest earned thereon shall be the Settlement Fund. The Settlement Fund, less all taxes, approved costs, fees, and expenses (the "Net Settlement Fund") shall be distributed to Settlement Class Members who submit acceptable Claim Forms ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's Net Recognized Loss. An Authorized Claimant's authorized claim shall mean the amount determined as follows:

Plan of Allocation for Sterling Financial Corporation Securities Litigation

The following Plan of Allocation was developed based on event study analyses adjusted to reflect the terms of the Settlement. It is estimated that a total of 13.5 million shares have been damaged as a result of the claims set forth in the Complaint. Given the gross Settlement amount of \$10,250,000, the expected average recovery per damaged share will be approximately \$0.76, if all purchasers file claims pursuant to this Notice.

Damages for Rule 10b-5 Claims for Common Shares

Rule 10b-5 claims shall be available for all persons that purchased Sterling common stock shares in the open market on or after April 27, 2004, and on or before May 24, 2007, and sold their shares on or after April 30, 2007, or have continued to hold their shares. Damages per share on shares bought and sold prior to April 30, 2007, shall be \$0. Damages per share for shares purchased between April 27, 2004, and May 24, 2007, and sold after April 30, 2007, shall be determined based on the inflation in the share price on the date of purchase minus the inflation in share price on the date of sale. Inflation in the share price shall be determined by the price paid or received in each transaction multiplied times the inflation percentage applicable to the transaction date as set forth in Table 1. Table 1 is adjusted to reflect that portion of the declines in the share price of Sterling common stock that can be explained by identified events that revealed corrective information as determined by an event study by Lead Plaintiffs' damages expert and as a result of deliberations of Lead Plaintiffs and Class Counsel.

Table 1: Inflation as a Percentage of the Share Price During the Rule 10b-5 Class Period

Period	Begin Date	End Date	Inflation Percent
1	4/27/04	1/24/05	45.5%
2	1/25/05	1/31/06	46.8%
3	2/1/06	5/15/06	49.1%
4	5/16/06	4/19/07	51.5%
5	4/20/07	4/29/07	50.6%
6	4/30/07	4/30/07	39.8%
7	5/1/07	5/1/07	30.8%
8	5/2/07	5/22/07	37.2%
9	5/23/07	5/23/07	34.6%
10	5/24/07	5/24/07	38.7%
11	5/25/07	Current	0.0%

Damages per share shall be further limited by the Private Securities Litigation Reform Act of 1995 by the following limitations: (i) If a share was sold prior to August 22, 2007, damages per share shall not exceed the difference between the purchase price and the selling price; (ii) If a share was sold between May 25, 2007, and August 22, 2007, inclusive, then damages per share shall not exceed the purchase price minus the average closing price on the date of sale as set forth in Table 2; and (iii) If a share was not sold before August 22, 2007, then damages per share shall not exceed the purchase price per share minus \$12.97.

Table 2: Average Closing Prices for the 90 Days After the Class Period

Date	Closing Price	Avg. Closing Price	Date	Closing Price	Avg. Closing Price
5/25/2007	9.97	9.97	7/11/2007	10.93	10.20
5/29/2007	10.11	10.04	7/12/2007	11.04	10.22
5/30/2007	9.48	9.85	7/13/2007	10.94	10.24
5/31/2007	9.88	9.86	7/16/2007	10.63	10.26
6/1/2007	10.07	9.90	7/17/2007	10.70	10.27
6/4/2007	10.01	9.92	7/18/2007	10.55	10.28
6/5/2007	10.01	9.93	7/19/2007	17.66	10.47
6/6/2007	10.00	9.94	7/20/2007	17.64	10.65
6/7/2007	10.01	9.95	7/23/2007	17.33	10.82
6/8/2007	9.99	9.95	7/24/2007	16.88	10.97
6/11/2007	10.02	9.96	7/25/2007	16.87	11.11
6/12/2007	9.91	9.96	7/26/2007	16.27	11.23
6/13/2007	10.16	9.97	7/27/2007	16.18	11.34
6/14/2007	10.12	9.98	7/30/2007	16.61	11.46
6/15/2007	10.14	9.99	7/31/2007	16.73	11.57
6/18/2007	10.38	10.02	8/1/2007	16.82	11.68
6/19/2007	10.25	10.03	8/2/2007	17.00	11.80
6/20/2007	10.09	10.03	8/3/2007	15.97	11.88
6/21/2007	10.01	10.03	8/6/2007	16.80	11.98
6/22/2007	9.91	10.03	8/7/2007	16.87	12.07
6/25/2007	9.97	10.02	8/8/2007	17.41	12.18
6/26/2007	10.19	10.03	8/9/2007	17.32	12.27
6/27/2007	10.61	10.06	8/10/2007	17.42	12.37
6/28/2007	10.46	10.07	8/13/2007	16.69	12.45
6/29/2007	10.52	10.09	8/14/2007	16.61	12.52
7/2/2007	10.55	10.11	8/15/2007	16.37	12.59
7/3/2007	10.26	10.11	8/16/2007	17.50	12.67
7/5/2007	10.25	10.12	8/17/2007	17.33	12.75
7/6/2007	10.54	10.13	8/20/2007	17.30	12.83
7/9/2007	10.92	10.16	8/21/2007	17.46	12.91
7/10/2007	10.61	10.17	8/22/2007	17.20	12.97

For Settlement Class Members who held shares at the beginning of the Settlement Class Period, or made multiple purchases or sales during the Settlement Class Period, the first in, first out (FIFO) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Settlement Class Period will be matched, in chronological order, first against shares held at the beginning of the Settlement Class Period. The remaining sales of shares during the Settlement Class Period will then be matched, in chronological order, against shares purchased during the Settlement Class Period.

A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if that Settlement Class Member had a net loss after profits from transactions in Sterling common stock during the Settlement Class Period are subtracted from all losses (the "Net Recognized Loss"). However, the proceeds from sales of shares that have been matched against shares held before the commencement of the Settlement Class Period will not be considered in the calculation of such Net Recognized Loss.

In no event shall a Settlement Class Member's Net Recognized Loss exceed the sum of the Settlement Class Member's purchase expenditure on Sterling shares less the proceeds received from the sale of those shares (calculated pursuant to FIFO).

The Net Recognized Loss calculation shall not include damages resulting from short sales of Sterling common stock during the Settlement Class Period, however, any gains with respect to short sales shall be offset against recognized losses on other transactions.

The claim computation is not intended to be an estimate of the amount an Authorized Claimant might have been able to recover at trial, and it is not an estimate of the amount that will be paid pursuant to the Settlement. This is not a "claims made" settlement. After the Court has approved the Settlement, Defendants shall have no interest in the Settlement Fund.

No person shall have any claim against any of the Settling Parties or their counsel or the Claims Administrator for distributions made in accordance with the Plan of Allocation. The Settling Parties and their counsel shall be given access to the Claim Forms and related materials in order to ensure compliance with the terms of the Stipulation.

SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEES

If you purchased or otherwise acquired Sterling common stock during the Settlement Class Period as nominee for a beneficial owner, then within 10 days after you receive this Notice, you must either (a) send a copy of this Notice and the accompanying Claim Form by First-Class Mail to all such beneficial owners or (b) provide the names and last known addresses of such beneficial owners to the Claims Administrator:

**IN RE STERLING FINANCIAL CORPORATION SECURITIES CLASS ACTION
CLAIMS ADMINISTRATOR
ATTENTION: FULFILLMENT DEPARTMENT
C/O A.B. DATA, LTD.
3410 WEST HOPKINS STREET
PO BOX 170500
MILWAUKEE, WI 53217-8042**

If you choose option (a) above, you may request enough forms from the Claims Administrator (at no charge) to complete your mailing. You may seek reimbursement of your reasonable expenses actually incurred in complying with these directives, subject to approval of Class Counsel or the Court. If you chose option (a), the Court has directed that, upon such mailing, you send a statement to the Claims Administrator confirming that the mailing was made as directed.

DO NOT CONTACT THE COURT REGARDING THIS NOTICE

DATED: APRIL 17, 2009

BY ORDER OF THE COURT UNITED STATES DISTRICT COURT EASTERN DISTRICT OF PENNSYLVANIA