

WESTERN SIERRA BANCORP
COMPENSATION COMMITTEE CHARTER (Rev 8/05)

ARTICLE 1
DUTIES AND RESPONSIBILITIES

Section 1

General Purpose:

The Compensation Committee (“Committee”) of Western Sierra Bancorp (“Bancorp”) Board of Directors (“Board”) shall have the following general duties:

1. Responsibility for approving and evaluating compensation plans, policies and programs for Bancorp’s directors and executive officers (as that term is defined in Rule 16a-1 promulgated under the Securities Exchange Act of 1934), as amended.
2. Oversight responsibility of employee compensation and benefits plans, policies and programs, including ensuring that such plans, policies and programs are effective in aligning the interests of the employees with those of Bancorp’ stockholders.
3. Responsibility for approving and recommending to the Board for Board approval the compensation benefit packages of all proposed senior officers of Bancorp or Bancorp’s subsidiary companies (collectively referred to as “Bank”) and any revisions to the compensation benefit plans of the current senior officers of Bancorp or Bank; provided, however, that the Committee is the Administrator of the 2004 Stock Option Plan (the "Plan") and will, in accordance with the Plan, be solely responsible for the Administration of the Plan.

Section 2

Reporting to Board; Board Responsibility:

The Committee shall report regularly to the Board and submit its Committee minutes for Board approval at the next regularly scheduled Board meeting following approval of the Committee minutes by the Committee. The Board and management shall ensure that the Committee has adequate resources and authority to discharge its responsibilities.

Section 3

Director Compensation:

The Committee shall, at least annually, review, adjust (as necessary), and recommend for full Board approval the Bancorp’s directors’ compensation, including cash, equity or other compensation for service on the Board, any committee of the Board and as Chairperson of the Board or any committee of the Board; provided, however, that to the extent such director compensation originates from the Plan, the Committee will, in accordance with the Plan be solely responsible for administration of the Plan. In connection with the Committee’s review and

decisions with respect to Bancorp's directors' compensation, the Committee will review and consider the report of the Governance Committee of the Board regarding the Governance Committee's review and evaluation of the Board's performance.

Section 4

Chief Executive Officer Compensation:

The Committee shall, working with the CEO, set forth in writing the CEO's goals annually at the beginning of each calendar year. The Committee shall be responsible for obtaining information from management and the Board with respect to the performance of the CEO in connection with these written goals at the end of each calendar year. The Committee shall, at least annually, review, adjust (as necessary), and recommend to the full Board for approval of the CEO's compensation, including annual base salary, annual incentive bonus (including specific goals and amount), equity compensation, employment agreements, severance agreements, change in control agreements/provisions, and any other benefits, compensation or arrangements; provided, however, that to the extent any such compensation originated from the Plan, the Committee will, in accordance with the Plan, be solely responsible for the administration of the Plan. Factors to consider in this compensation review include, but are not limited to, the CEO's performance with respect to the aforementioned goals and market compensation data provided by third parties. Such review and approval of the compensation of the CEO will be made in "executive session" without the presence of the CEO.

Section 5

Senior Officer Compensation:

The Committee shall, at least annually, review, adjust (as necessary), and approve Bancorp's senior officers' (other than the CEO) compensation, including annual base salary, annual incentive bonus (including specific goals and amount), equity compensation, employment agreements, severance agreements, change in control agreements/provisions, and any other benefits, compensation or arrangements; provided, however, that to the extent any such compensation originated from the Plan, the Committee will, in accordance with the Plan, be solely responsible for the administration of the Plan. Such review and approval of the senior officers' (other than the CEO) compensation may be made in the presence of the CEO (who shall have no vote with respect thereto) but shall otherwise be made in "executive session" without the presence of the executive officers. The foregoing Committee action shall be reported to the full Board at its next regularly scheduled Board meeting.

Section 6

Employee Compensation and Benefits Programs:

The Committee shall, at least annually, review and approve the long-term and short-term compensation strategy and compensation and employee benefit plans (including implementing or modifying any qualified benefit programs, such as 401(k) plans and incentive bonus plans, retention programs, and other retirement plans). The Committee shall also, at least annually, review and approve the Bancorp's and/or the Bank's health and welfare plans. The Committee shall work with management and, if desired, outside consultants or other professionals in

reviewing such compensation plans to ensure that they meet their needs, and are effective in attracting and retaining qualified employees. The Committee shall also ensure such plans appropriately align the interests of employees with those of Bancorp's stockholders. Any changes to the foregoing described compensation and employee benefit plans or the creation of new plans will require a recommendation from the Committee and approval of the full Board of Directors.

Section 7

Stock Options, Stock Grants and Equity Type Compensation Plans:

The Committee shall review and make recommendations for approval to the full Board regarding any and all equity type compensation plans, and any and all amendments to such plans or creation of new plans. The Committee as the Administrator of the Plan will, in accordance with the Plan, be solely responsible for the grant of stock options and stock pursuant to the Plan and for the administration of the Plan. Otherwise, the creation and/or granting of stock options or grants [outside of the Plan] shall require the prior written approval of the Board. The Committee shall be responsible for all aspects of administration, including but not limited, to the selection of the optionees, the number of options granted, any restrictions on the option grants or shares underlying the option grants, and any acceleration in vesting of options.

Section 8

Compensation Consultant:

The Committee shall have the authority, to the extent it deems necessary, to retain and terminate an outside compensation consultant to assist in the evaluation of director, CEO, other executive officers and other compensation and benefits matters. The Committee shall have the authority to approve the compensation consultant's fees and other retention terms. The Committee shall also have the authority, to the extent it deems necessary, to retain internal or external legal, accounting or other consultants or advisers to advise the Committee.

Section 10

Proxy Statement Reports and Severance Benefits For Senior Officers:

The Committee shall be responsible for producing, at least annually, a report on executive officer compensation for inclusion in the Bancorp's proxy statement for its annual meeting of stockholders, which report shall be in compliance with applicable law, including the rules and regulations of the Securities and Exchange Commission and the rules of the Nasdaq Stock Market, as applicable.

Section 11

Approval of Certain Severance Arrangements

Any severance benefits granted to any senior officer of Bancorp or the Bank shall require the prior written approval of the Committee and such action shall be reported to the full Board at the

next regularly scheduled Board meeting. Notwithstanding the foregoing, any severance benefits granted to the CEO shall require prior approval of the full Board.

ARTICLE 2

ORGANIZATION

Section 1

Membership:

The Committee will consist of Outside Directors (as defined herein), and no fewer than three (3) members. All members of the Committee must be Outside Directors. An "Outside Director" is any director of Bancorp who is independent as determined in accordance with applicable law, including the Sarbanes-Oxley Act of 2002, the rules and regulations of the Securities and Exchange Commission (including the non-employee director definition of Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended) and the outside director definition of Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules of the Nasdaq, except as otherwise permitted by the rules of the Nasdaq as applicable.

Section 2

Appointment and Term:

The Governance Committee of the Board will nominate the Chairperson and other members of the Committee for a term of one year, subject to approval by the Board, and the Chairperson and other members of the Committee will serve at the discretion of the Board.

Section 3

Duties of Chairperson:

The Chairperson will preside at all meetings of the Committee and perform any duties as may be assigned by the Board from time to time.

Section 4

Secretary of Committee:

The Chairperson of the Committee will appoint a Secretary of the Committee, subject to approval by the Compensation Committee. The Secretary is responsible for the timely preparation of the Committee minutes which are to be distributed for approval by the Committee at its next Committee meeting.

Section 5

Resignation:

Any member of the Committee may resign, effective upon giving written notice to the Chairperson of the Board unless the notice specifies a later time for the effectiveness of the resignation.

Section 6

Vacancies:

All vacancies on the Committee, however created, may be filled by the Governance Committee of the Board, subject to approval by the Board. Each member of the Committee so appointed will hold office until the expiration of the appointed term and until a successor is appointed and qualified.

Section 7

Regular Meetings:

Regular meetings of the Committee will be held at the time and place as the Committee determines. Regular meetings of the Committee may be held without notice. Any change in the time or place of a regularly scheduled meeting will require:

1. The consent of a majority of the members of the Compensation Committee; and
2. Five day's notice by mail or twenty-four hours' notice received personally, by telephone, telegraph, facsimile or similar transmission.

Section 8

Special Meetings:

Special meetings of the Committee may be called at any time by the Chairperson of the Committee, any two voting members of the Committee, or by a majority of the Board. Special meetings may be held upon five days' notice by mail or twenty-four hours' notice received personally, by telephone, telegraph, facsimile or similar transmission. Notice of special meetings need not be given to any member who:

1. Before or after the meeting, signs (i) a waiver of notice, (ii) a consent to holding the meeting, or (iii) an approval of the subject minutes; or
2. Attends the meeting without protesting the lack of notice to such member.

Section 9

Voting:

If the Committee is comprised of an even number of directors, one-half of the number of directors will constitute a quorum for the transaction of business. If the Committee is comprised of an odd number of directors, a majority of the Committee members will constitute a quorum for the transaction of business. Every action consented to by a majority of the Committee members present at a meeting (at which a quorum is present) will be regarded as an act of the Committee, unless other consent is required pursuant to this Charter, the Articles of Incorporation or Bylaws of Bancorp or applicable law.

Section 10

Minutes:

The Secretary of the Committee will maintain minutes and other relevant records of the meetings and activities of the Committee. The minutes of the Committee will be submitted for both Committee and Board approval and may be reviewed by any regulatory agency having jurisdiction over the affairs of Bancorp or the Bank. In the event of any meeting in “executive session” or otherwise where the Secretary is not present, the Chairperson will designate an Acting Secretary of the Compensation Committee for the purpose of recording the minutes of actions taken at the meeting or “executive session” thereof.

Section 11

Telephone Conference Meetings:

Members of the Committee may participate in a meeting through use of conference telephone or similar communication equipment, so long as all members participating in the meetings can hear one another. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

Section 12

Amendments:

This Charter of the Committee may be amended only by a resolution of the Board.

Section 13

Delegation of Authority:

This Committee may form and delegate authority to subcommittees when appropriate, unless otherwise restricted by the Board.