

PEAPACK GLADSTONE FINANCIAL CORP  
Form DEF 14A  
December 04, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No. \_\_)

Filed by the Registrant  x  
Filed by a Party other than the Registrant  o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14A-12

PEAPACK-GLADSTONE FINANCIAL CORPORATION  
(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transactions applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

N/A

(4) Proposed maximum aggregate value of transaction:

N/A

(5) Total fee paid:

N/A

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PEAPACK-GLADSTONE FINANCIAL CORPORATION  
158 ROUTE 206 NORTH  
GLADSTONE, NEW JERSEY 07934

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON TUESDAY, JANUARY 6, 2009

TO OUR SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of Peapack-Gladstone Financial Corporation, a New Jersey corporation, will be held at the Pluckemin Branch of Peapack-Gladstone Bank, 468 Route 202/206 North, Kings Plaza, Bedminster, New Jersey 07921 at 4:00 P.M. local time on Tuesday, January 6, 2009, for the purpose of considering and voting upon the following matters:

1. To consider and vote upon the proposal to amend Peapack-Gladstone Financial Corporation's certificate of incorporation to authorize the issuance of up to 500,000 shares of preferred stock; and
2. To grant management the authority to adjourn, postpone or continue the Special Meeting; and
3. To transact such other business as may properly be presented at the meeting or any adjournment or postponement of the meeting.

Only shareholders of record at the close of business on November 28, 2008, are entitled to receive notice of, and to vote at, the meeting.

You are urged to read carefully the attached proxy statement relating to the meeting.

Shareholders are cordially invited to attend the meeting in person. Whether or not you expect to attend the meeting, we urge you to date and sign the enclosed proxy form and return it in the enclosed envelope as promptly as possible. You may revoke your proxy by filing a later-dated proxy or a written revocation of the proxy with the Corporate Secretary of Peapack-Gladstone prior to the meeting. If you attend the meeting, you may revoke your proxy by filing a later-dated proxy or written revocation of the proxy with the Corporate Secretary of the meeting prior to the voting of such proxy.

BY ORDER OF THE BOARD OF DIRECTORS,

ANTOINETTE ROSELL,  
CORPORATE SECRETARY

Gladstone, New Jersey  
December 5, 2008

YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE  
ENCLOSED PROXY IN THE ENVELOPE PROVIDED.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR  
THE SHAREHOLDER MEETING TO BE HELD ON JANUARY 6, 2009

This Proxy Statement is available at  
<http://phx.corporate-ir.net/phoenix.zhtml@c=100168&p=irol-proxy>

PEAPACK-GLADSTONE FINANCIAL CORPORATION  
158 ROUTE 206 NORTH  
GLADSTONE, NEW JERSEY 07934

PROXY STATEMENT  
DATED DECEMBER 5, 2008

GENERAL PROXY STATEMENT INFORMATION

This proxy statement is furnished to the shareholders of Peapack-Gladstone Financial Corporation (“Peapack-Gladstone”) in connection with the solicitation by the Board of Directors of Peapack-Gladstone of proxies for use at a Special Meeting of Shareholders to be held at the Pluckemin Branch of Peapack-Gladstone Bank, 468 Route 202/206 North, Kings Plaza, Bedminster, New Jersey 07921 on Tuesday, January 6, 2009 at 4:00 p.m. local time. This proxy statement is first being mailed to shareholders on approximately December 5, 2008.

VOTING INFORMATION

Outstanding Securities and Voting Rights

The record date for determining shareholders entitled to notice of, and to vote at, the meeting is November 28, 2008. Only shareholders of record as of the record date will be entitled to notice of, and to vote at, the meeting.

On the record date 8,288,634 shares of Peapack-Gladstone’s common stock, no par value, were outstanding and eligible to be voted at the meeting. Each share of Peapack-Gladstone’s common stock is entitled to one vote.

Required Vote

The amendment of our certificate of incorporation requires the affirmative vote of a majority of Peapack-Gladstone’s common stock voted at the meeting, whether voted in person or by proxy. At the meeting, inspectors of election will tabulate both ballots cast by shareholders present and voting in person, and votes cast by proxy. Under applicable New Jersey law and Peapack-Gladstone’s certificate of incorporation and by-laws, abstentions and broker non-votes are counted for purpose of establishing a quorum but otherwise do not count.

All shares represented by valid proxies received pursuant to this solicitation will be voted FOR the amendment of our certificate of incorporation and FOR giving authority to management to adjourn, postpone or continue the Special Meeting unless the shareholder revokes the proxy prior to the time it is exercised. Should any other matter properly come before the meeting, the persons named as proxies will vote upon such matters according to their discretion.

### Revocability of Proxy

Any shareholder giving a proxy has the right to attend and to vote at the meeting in person. A proxy may be revoked prior to the meeting by filing a later-dated proxy or a written revocation if it is sent to the Secretary of Peapack-Gladstone, Antoinette Rosell, at 158 Route 206 North, Gladstone, New Jersey 07934, and is received by Peapack-Gladstone in advance of the meeting. A proxy may be revoked at the meeting by filing a later-dated proxy or a written revocation with the Secretary of the meeting prior to the voting of such proxy.

### Solicitation of Proxies

This proxy solicitation is being made by the Board of Peapack-Gladstone and its agent Laurel Hill Advisory Group, LLC, and the costs of the solicitation will be borne by Peapack-Gladstone. In addition to the use of the mails, proxies may be solicited personally or by telephone, e-mail or facsimile transmission by directors, officers and employees of Peapack-Gladstone and its subsidiaries or Laurel Hill who, with the exception of Laurel Hill, will not be specially compensated for such solicitation activities. The amount Peapack-Gladstone will pay Laurel Hill for its proxy solicitation services is \$6,500, plus certain out-of-pocket costs. Peapack-Gladstone will also make arrangements with brokers, dealers, nominees, custodians and fiduciaries to forward proxy soliciting materials to the beneficial owners of shares held of record by such persons, and Peapack-Gladstone may reimburse them for their reasonable expenses incurred in forwarding the materials.

### QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING

Q. Why is Peapack-Gladstone holding a Special Meeting?

A. On October 14, 2008, the U.S. Government announced a series of initiatives intended to strengthen market stability, improve the strength of financial institutions, and enhance market liquidity. According to federal banking regulators, these programs are intended to provide fresh capital and liquidity to, among other things, foster new lending. As part of this overall initiative, the U.S. Department of Treasury announced a voluntary Capital Purchase Program to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and support the U.S. economy. Under Treasury's Capital Purchase Program, eligible financial institutions, such as Peapack-Gladstone, may sell preferred stock to the U.S. Treasury in amounts equal to one percent to three percent of the institution's risk-weighted assets. The preferred stock will constitute Tier 1 capital for the eligible institution. Management believes it is advisable to take advantage of the opportunities offered by the Treasury Capital Purchase Program. On November 4, 2008, Peapack-Gladstone applied for approval to sell senior preferred stock and warrants to the Treasury Department in the Capital Purchase Program. On November 17, 2008, the Treasury approved the Peapack-Gladstone application for \$28,685,000. Because Peapack-Gladstone does not presently have preferred stock authorized in its charter, it is necessary for Peapack-Gladstone to amend its certificate of incorporation to add the authorization for preferred stock. For additional information, see: "Proposal No. 1—Amendment to Certificate of Incorporation to Authorize 500,000 Shares of Preferred Stock." The Treasury approval required that we close within 30 days of its approval.

Because of the periods needed to allow the Securities and Exchange Commission to review and comment on this proxy statement and thereafter to hold a shareholders meeting, it will take us longer than 30 days to be able to close. Although we believe the Treasury will allow us additional time to close, there can be no assurance that it will.

Q. What am I voting on?

A. You are voting to approve an amendment to our certificate of incorporation authorizing the issuance of up to 500,000 shares of preferred stock.

Q. How does the Board of Directors recommend that I vote my shares?

A. The Board of Directors recommends that you vote your shares "FOR" ratification of the amendment to Peapack-Gladstone's certificate of incorporation authorizing the issuance of up to 500,000 shares of preferred stock.

Q. Who is entitled to vote?

A. Shareholders of record as of the close of business on the Record Date.

Q. How many votes do I have?

A. Each share of common stock held by you as of the Record Date entitles you to one vote.

Q. How do I vote?

A. You may vote by completing and returning the enclosed proxy card or by voting in person at the meeting.

Voting by Proxy. You may vote by completing and returning the enclosed proxy card. Your proxy will be voted in accordance with your instructions. If you do not specify a choice on your proxy card, your proxy will be voted in favor of the amendment of our certificate of incorporation.

Voting in person. If you attend the meeting, you may deliver your completed proxy card in person or may vote by completing a ballot which will be available at the meeting. If you hold your shares in broker or bank name, you will need documentation from the broker or bank to vote in person.

Q. Can I revoke my proxy and change my vote after I have returned my proxy card?

A. You may revoke your proxy at any time before it is exercised by either:

- Submitting to the Secretary a written notice of revocation or a subsequently executed proxy card; or

• Attending the meeting and voting in person. If you hold your shares in broker or bank name, you will need documentation from the broker or bank to vote in person.

Q. What does it mean if I get more than one proxy card?

A. Your shares are probably registered differently or are in more than one account. Sign and return all proxy cards to ensure that all shares are voted. If you would like to inquire about having all of your accounts registered in the same name and address, please contact Registrar and Transfer Company, 10 Commerce Drive, Cranford, New Jersey 07016-3572.

Q. What constitutes a quorum for a special meeting?

A. As of the Record Date, 8,288,634 shares of Peapack-Gladstone common stock were issued and outstanding, each of which will be entitled to one vote at the meeting. A majority of the outstanding shares, present or represented by proxy, constitutes a quorum. If you vote by proxy, your shares will be included for determining the presence of a quorum. Both abstentions and "broker non-votes" are also included for purposes of determining the presence of a quorum. Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because the broker has not received voting instructions from the beneficial owner and the broker lacks discretionary voting power to vote such shares.

Q. Assuming the presence of a quorum, what is the vote required to approve the matters to be considered at the meeting?

A. The affirmative vote of a majority of votes cast, in person and by proxy, at the meeting is required to approve both of the matters to be considered at the meeting. Under New Jersey law, abstentions and broker non-votes are not considered votes cast and, accordingly, will not affect the outcome of any of the matters being voted on at the meeting.

Q. Who will count the vote?

A. A representative of Registrar and Transfer Company, Peapack-Gladstone's transfer agent, will tabulate the votes and act as the inspector of the election.



PROPOSAL NO. 1  
AMENDMENT TO CERTIFICATE OF INCORPORATION  
TO AUTHORIZE 500,000 SHARES OF PREFERRED STOCK

Our certificate of incorporation, as currently in effect, provides that we are authorized to issue up to 20,000,000 shares of common stock, no par value. At September 30, 2008, we had 8,288,368 shares of common stock outstanding.

On November 20, 2008, our Board of Directors authorized an amendment to ARTICLE III of the certificate of incorporation to authorize the issuance of up to 500,000 shares of preferred stock (the “Preferred Stock Amendment”) and has recommended that Peapack-Gladstone’s shareholders approve the Preferred Stock Amendment. Shareholders are being asked to approve at the Special Meeting such amendment to the certificate of incorporation.

Purpose and Background

Our certificate of incorporation does not presently authorize the issuance of shares other than common stock. Our Board of Directors has unanimously approved a resolution amending the certificate of incorporation to authorize the issuance of up to 500,000 shares of preferred stock, commonly referred to as “blank check” preferred because the Board of Directors has discretion to designate one or more series of the preferred stock with the rights, privileges and preferences of each series to be fixed by the Board of Directors from time to time.

The Board’s objective in establishing a class of “blank check” preferred stock is to provide flexibility with respect to future financing transactions, including being able to participate in the Capital Purchase Program recently established by the Treasury. Under this program, the Treasury will purchase senior preferred stock, with a liquidation preference of \$1,000 per share. We applied for and were approved on November 17, 2008 to participate in this program in the amount of \$28,685,000. We expect to use the proceeds of the proposed sale of securities to the Treasury to supplement our capital. The Treasury approval required that we close within 30 days of its approval on November 17, 2008. Because of the periods needed to allow the SEC to review and comment on this proxy statement and thereafter to hold a shareholders meeting, it will take us longer than 30 days to be able to close. Although we believe the Treasury will allow us additional time to close, there can be no assurance that it will.

“Blank check” preferred stock is commonly authorized by publicly traded companies and, when authorized, is frequently used as a means of raising capital and making acquisitions. In some circumstances, companies have been required to utilize senior classes of securities to raise capital, with the terms of those securities being highly negotiated and tailored to meet the needs of both investors and issuing companies. Such senior securities typically include liquidation and dividend preferences, protections, conversion privileges and other rights not found in common stock.

We presently lack the authority to issue preferred stock and we will not be eligible to participate in the Treasury's Capital Purchase Program if our shareholders fail to approve this amendment to our certificate of incorporation. We would thus continue to be limited to issuing common stock or debt securities to raise capital. By authorizing a class of "blank check" preferred stock, we would increase our flexibility.

If the certificate of incorporation is amended to authorize the issuance of "blank check" preferred stock, the Board would have discretion to establish various series of preferred stock and the rights and privileges of each series so established, and the holders of our common stock would have no input or right to approve the terms of any such series. This includes the issuance of senior preferred stock to the Treasury.

Peapack-Gladstone has no present agreement to issue any "blank check" preferred stock and, other than the preferred stock contemplated under the Treasury's Capital Purchase Program, has no present intention to do so.

The amendment to the certificate of incorporation authorizes 500,000 shares of preferred stock. The Board in seeking authorization for this number of shares considered, among other things, the need to provide for the flexibility to issue additional preferred stock to redeem the preferred stock issued to the Treasury and thereby lower the number of warrants and for the possibility that the Treasury in the future may provide additional funding programs using preferred stock. The Board also anticipates refinancing the Treasury preferred stock when the dividend increases and recognizes that if preferred stock is issued for refinancing purposes the liquidation preference may be smaller, resulting in a far larger number of shares being issued.

#### Senior Cumulative Preferred Stock Under the Treasury Program

Peapack-Gladstone has been approved to sell to the Treasury \$28,685,000 in senior preferred stock in the Treasury's Capital Purchase Program. If our shareholders approve the amendment to our certificate of incorporation and we complete the sale, these shares would be senior to our common stock and would pay cumulative dividends at a rate of 5% per annum until the fifth anniversary of the date of the original investment and thereafter at a rate of 9% per annum. Dividends would be payable quarterly in arrears on the fifteenth day of February, May, August, and November of each year. Unpaid dividends are compounded (i.e. dividends are paid on the amount of unpaid dividends).

Under the Capital Purchase Program, the senior preferred shares would be non-voting shares, other than class voting rights granted under New Jersey law and class voting rights on (i) any authorization or issuance of shares ranking senior to the senior preferred shares; (ii) any amendment to the rights of the senior preferred shares, or (iii) any merger, exchange or similar transaction which would adversely affect the rights of the senior preferred shares. If the dividends described above were not paid in full for six dividend periods, whether or not consecutive, the senior preferred shareholders would have the right to elect two directors. The right to elect directors would cease when all unpaid dividends (including compounded dividends) have been paid in full.

As long as the senior preferred shares are outstanding, Peapack-Gladstone would not be able to pay dividends on any common stock shares or any preferred shares ranking pari passu with the senior preferred shares, unless all dividends on the senior preferred shares have been paid in full.

Furthermore, until the earlier of the third anniversary of the Treasury's investment or the date the Treasury ceases to hold any senior preferred stock or such stock is redeemed in full, Peapack-Gladstone may not, without the consent of the Treasury, increase the dividend on its common stock or repurchase its common stock or any trust preferred securities, if we were to issue such securities.

Peapack-Gladstone may redeem the senior preferred shares after three years, or earlier if it raises in an equity offering net proceeds equal to the amount of the senior preferred shares redeemed and it must raise proceeds equal to at least 25% of the issue price of the senior preferred shares to redeem any senior preferred shares prior to the end of the third year.

If Peapack-Gladstone completes the sale of senior preferred stock in the Treasury's Capital Purchase Program, Peapack-Gladstone must adopt the Treasury Department's standards for executive compensation and corporate governance, for the period during which Treasury holds any equity issued under the Program. These standards generally apply to the chief executive officer, chief financial officer, plus the next three most highly compensated executive officers. We would also be required to meet certain standards, including: (1) ensuring that incentive compensation for senior executives does not encourage unnecessary and excessive risks; (2) requiring a clawback of any bonus or incentive compensation paid to a senior executive based on statements of earnings, gains or other criteria that are later proven to be materially inaccurate; (3) prohibiting certain severance payments to a senior executive, generally referred to as "golden parachute" payments, above specified amounts; and (4) agreeing not to deduct for tax purposes executive compensation in excess of \$500,000 for each senior executive. We expect that each senior executive will agree in writing to be bound by the applicable restrictions on compensation during any period that he or she is a senior executive and the Treasury holds an equity or debt position acquired through the Capital Purchase Program.

We will also be required to grant stock purchase warrants to Treasury to purchase a number of shares of common stock having a market price equal to 15% of aggregate amount of the preferred stock investment. The initial exercise price for the warrants, and the market price for determining the number of shares of common stock subject to the warrants, will be determined by reference to the market price of the common stock on the date of the approval by the Treasury of our application to sell to the Treasury the preferred stock (calculated on a 20-day trailing average). Based on the market price of \$30.06 of the Peapack-Gladstone common stock (calculated on a 20-day trailing average), we anticipate we would be required to issue 143,158 common stock warrants to the Treasury, which is 1.7% of our outstanding shares of common stock. Without our consent and that of the holder, the warrants may be exercised only on a net basis – that is, the holder does not pay the exercise price but instead authorizes us to reduce the shares receivable on exercise of the warrants by the number of shares with a then current market value equal to the exercise price. Consequently we expect to issue significantly fewer than 143,158 shares. Furthermore, if before December 31, 2009, we realize gross proceeds from the sale of equity securities to third parties equal to or greater than the issue price of the senior preferred shares, the

number of warrants will be reduced by 50 percent. Moreover, if Peapack-Gladstone redeems all of the senior preferred shares or if the Treasury no longer owns any such shares, the company will have the right to repurchase the warrants from the Treasury at fair market value.

Within 30 days following closing of the Treasury's investment, Peapack-Gladstone must file with the SEC a shelf registration statement registering the possible resale of all of the senior preferred shares, the warrants and the shares to be received on exercise of the warrants. We must also use reasonable best efforts to cause the registration statement to be continuously effective until there are no registrable securities remaining.

To the extent that a shelf registration statement is not available and Peapack-Gladstone proposes to file a registration statement for an equity offering, holders of the senior preferred shares, the warrants and warrant exercise shares will have piggyback rights to include their securities in such registration statement.

We must apply for listing with the exchange on which our common stock is listed (i.e. Nasdaq) for the listing of the shares issuable pursuant to the warrants. If requested by the Treasury, we must also use our reasonable best efforts to list the senior preferred stock.

#### Pro Forma Financial Information

The unaudited pro forma condensed consolidated financial data set forth below have been derived by the application of pro forma adjustments to our historical financial statements for the year ended December 31, 2007 and the nine months ended September 30, 2008. The unaudited pro forma consolidated financial data give effect to the events discussed below as if they had occurred on January 1, 2007 in the case of the statement of income data and September 30, 2008 in the case of the balance sheet data:

- The issuance of \$28,685,000 of senior preferred stock to the U.S. Department of Treasury under the Troubled Asset Relief Program Capital Purchase Program; and
- The issuance of warrants to purchase 143,158 shares of Peapack-Gladstone common stock assuming a purchase price of \$30.06 per share (based on a trailing 20-day average share price).

We present unaudited pro forma consolidated balance sheet data, including selected line items from our balance sheet and selected capital ratios, as of September 30, 2008. We also present unaudited pro forma condensed income statements for the year ended December 31, 2007 and the nine months ended September 30, 2008. The pro forma financial data may change materially based on the timing and utilization of the proceeds as well as certain other factors including the strike price of the warrants, any subsequent changes in Peapack-Gladstone's common stock price, and the discount rate used to determine the fair value of the senior preferred stock.

The information should be read in conjunction with our audited financial statements and the related notes filed as part of our Annual Report on Form 10-K for the year ended December 31, 2007, and our unaudited consolidated financial statements and the related notes filed as part of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

The following unaudited pro forma consolidated financial data are not necessarily indicative of our financial position or results of operations that actually would have been attained had proceeds from the Capital Purchase Program been received, or the issuance of the warrants pursuant to the Capital Purchase Program been made, at the dates indicated, and are not necessarily indicative of our financial position or results of operations that will be achieved in the future.

We have included the following unaudited pro forma consolidated financial data solely for the purpose of providing shareholders with information that may be useful for purposes of considering and evaluating the proposal to amend our certificate of incorporation. Our future results are subject to prevailing economic and industry specific conditions and financial, business and other known and unknown risks and uncertainties, certain of which are beyond our control. These factors include, without limitation, those described in this proxy statement and those described in our Annual Report on Form 10-K for the year ended December 31, 2007 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.

Peapack-Gladstone Financial Corporation  
Pro Forma Consolidated Balance Sheet Data and Capital Ratios  
(In Thousands)  
(Unaudited)

September 30, 2008

	Historical	Adjustments	As Adjusted
<b>Balance Sheet:</b>			
Total Liabilities (1)	\$ 1,263,046	\$ (28,685)	\$ 1,234,361
Common Stock	7,187	1,024	8,211
Preferred Stock	-	27,661	27,661
Surplus	92,034	-	