

PEAPACK GLADSTONE FINANCIAL CORP  
Form DEF 14A  
March 23, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C. 20549**

**SCHEDULE 14A**

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  S

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

**PEAPACK-GLADSTONE FINANCIAL CORPORATION**

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required  
 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:

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(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):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4)Date Filed:

**PEAPACK-GLADSTONE FINANCIAL CORPORATION**

**500 HILLS DRIVE**

**BEDMINSTER, NEW JERSEY 07921**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON TUESDAY, APRIL 24, 2012**

**To Our Shareholders:**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Peapack-Gladstone Financial Corporation will be held at Fiddler's Elbow Country Club, 811 Rattlesnake Bridge Road, Bedminster, New Jersey, on Tuesday, April 24, 2012, at 2:00 p.m. local time for the purpose of considering and voting upon the following matters:

1. Election of the twelve directors named herein to serve until the expiration of their terms and thereafter until their successors shall have been duly elected and qualified.
2. To approve, on a non-binding basis, the compensation of the Corporation's named executive officers as determined by the Compensation Committee.
3. To hold an advisory vote on the frequency of the advisory vote on the compensation of the Corporation's named executive officers.
4. The approval of the Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan, which generally provides the Board of Directors the authority to grant stock options, stock appreciation rights and restricted stock for a maximum of 200,000 shares of common stock to selected officers, key employees, independent contractors and non-employee directors of Peapack-Gladstone and any subsidiary of Peapack-Gladstone.
5. The ratification of the appointment of Crowe Horwath LLP as the Corporation's independent registered public accounting firm for the year ending December 31, 2012.
6. Such other business as may properly come before the meeting or any adjournment thereof.

Only shareholders of record at the close of business on March 14, 2012, 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**

Bedminster, New Jersey

March 23, 2012

**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 APRIL 24, 2012**

**This Proxy Statement and our Annual Report are available at  
<http://phx.corporate-ir.net/phoenix.zhtml?c=100168&p=proxy>**

**PEAPACK-GLADSTONE FINANCIAL CORPORATION**

**500 HILLS DRIVE**

**BEDMINSTER, NEW JERSEY 07921**

**PROXY STATEMENT**

**DATED MARCH 23, 2012**

**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 the Annual Meeting of Shareholders to be held at Fiddler’s Elbow Country Club, Bedminster, New Jersey on Tuesday, April 24, 2012 at 2:00 p.m. local time. This proxy statement is first being mailed to shareholders on approximately March 23, 2012.

**VOTING INFORMATION**

**Outstanding Securities and Voting Rights**

The record date for determining shareholders entitled to notice of, and to vote at, the meeting is March 14, 2012. 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 8,872,334 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 election of directors requires the affirmative vote of a plurality 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 have no impact on the election of directors.

The approval, on a non-binding basis, of the compensation of the Corporation’s named executive officers as determined by the Compensation Committee requires the affirmative vote of a majority of the votes cast at the meeting, whether voted in person or by proxy. Abstentions and broker non-votes will have no impact on the approval of this advisory proposal.

For the proposal regarding the frequency of the advisory vote on executive compensation, the choice (i.e., every year, every two years or every three years) receiving the highest number of votes cast by shareholders will be considered by the Board as the expressed preference of shareholders. Abstentions and broker non-votes will have no effect on the outcome of the vote.

The approval of Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan requires the affirmative vote of a majority of Peapack-Gladstone’s common stock voted at the meeting, whether voted in person or by proxy. Abstentions and broker non-votes will have no effect on the approval of the 2012 Long-Term Stock Incentive Plan.

The ratification of the appointment of Crowe Horwath LLP requires the affirmative vote of a majority of the votes cast at the meeting, whether voted in person or by proxy. Abstentions and broker non-votes will have no impact on the ratification of Crowe Horwath LLP.

All shares represented by valid proxies received pursuant to this solicitation will be voted FOR the election of the 12 nominees for director who are named in this proxy statement, FOR the approval, on a non-binding basis, of the compensation of the Corporation's named executive officers as determined by the Compensation Committee, FOR every year on the proposal regarding the frequency of the advisory vote on executive compensation, FOR the approval of Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan, and FOR ratification of the appointment of Crowe Horwath LLP as the Corporation's independent registered public accounting firm for the year ending December 31, 2012, unless the shareholder specifies a different choice by means of the proxy or 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 Corporate Secretary of Peapack-Gladstone, Antoinette Rosell, at 500 Hills Drive, Suite 300, PO Box 700, Bedminster, New Jersey, 07921, 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 Phoenix Advisory Partners 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 Phoenix Advisory Partners. Directors, officers and employees, will not be specially compensated for such solicitation activities. The amount Peapack-Gladstone will pay Phoenix Advisory Partners 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.

## PROPOSAL 1 - ELECTION OF DIRECTORS

### DIRECTOR INFORMATION

Peapack-Gladstone's certificate of incorporation and by-laws authorize a minimum of 5 and a maximum of 25 directors, but leave the exact number to be fixed by resolution of Peapack-Gladstone's Board of Directors. The Board has currently fixed the number of directors at 12 and the Board is presently comprised of 11 members. Directors are elected annually by the shareholders for one-year terms. Peapack-Gladstone's Nominating Committee has recommended to the Board the 11 current directors for reelection and Mr. Finn M. W. Caspersen, Jr. to serve for one-year terms expiring at Peapack-Gladstone's 2013 Annual Meeting of Shareholders or until their successors shall have been duly elected and qualified. If, for any reason, any of the nominees become unavailable for election, the proxy solicited by the Board will be voted for a substitute nominee selected by the Board. The Board has no reason to believe that any of the named nominees is not available or will not serve if elected.

Unless a shareholder indicates otherwise on the proxy, the proxy will be voted for the persons named in the table below to serve until the expiration of their terms, and thereafter until their successors have been duly elected and qualified.

The following table sets forth the names and ages of the Board's nominees for election, the nominees' positions with Peapack-Gladstone (if any), the principal occupation or employment of each nominee for the past five years and the period during which each nominee has served as a director of Peapack-Gladstone. The nominee's prior service as a director includes prior service as a director of Peapack-Gladstone Bank (the "Bank") prior to the formation of the holding company. In addition, described below are each director nominee's particular experience, qualifications, attributes or skills that have led the Board to conclude that the person should serve as a director.

### NOMINEES FOR ELECTION AS DIRECTORS

Name and Position With Peapack-Gladstone	Age	Director Since	Principal Occupation or Employment for the Past Five Years; Other Company Directorships
Finn M. W. Caspersen, Jr. Executive Vice President and General Counsel	42	N/A	Executive Vice President and General Counsel of Peapack-Gladstone and the Bank. Mr. Caspersen, who began his career with Peapack-Gladstone in 2004, is qualified to serve on the Board of Directors because of his combined business and legal skills, his judgment, and his proven leadership.
Anthony J. Consi, II	66	2000	Retired; previously Senior Vice President of Finance and Operations, Weichert Realtors. Mr. Consi is qualified to serve on the Board of Directors because of his 15 years of public accounting experience at Coopers &



			Lybrand and his 22 years of finance and operations leadership at Weichert Realtors, both of which are invaluable to his role as Audit Committee Chairman.
Pamela Hill	74	1991	Vice President of Ferris Corp., a commercial real estate management company. Ms. Hill is qualified to serve on the Board of Directors because of her 23 years of experience in managing commercial real estate, which is invaluable to the Board's oversight of the Corporation's real estate loan portfolio.
Frank A. Kissel Chairman and CEO	61	1989	Chairman and CEO of Peapack-Gladstone and the Bank. Mr. Kissel, who began his career in banking 1973, is qualified to serve on the Board of Directors because of his 39 years of banking experience, demonstrated business leadership, judgment and vision.
John D. Kissel	59	1987	Real Estate Broker, Turpin Real Estate, Inc. Mr. Kissel is qualified to serve on the Board of Directors because of his 22 years of experience in the residential real estate market, which is invaluable to the Board's oversight of the Corporation's real estate loan portfolio.

Name and Position With Peapack-Gladstone	Director Age	Principal Occupation or Employment for the Past Five Years; Since	Other Company Directorships
James R. Lamb	69	1993	Principal of James R. Lamb, P.C., Attorney at Law. Mr. Lamb is qualified to serve on the Board of Directors because of his 45 years of legal experience, which is invaluable to the Board's corporate governance program and the Board's oversight of the Bank's legal and regulatory affairs.
Edward A. Merton	71	1981	Retired; previously president of Merton Excavating and Paving Co. Mr. Merton is qualified to serve on the Board of Directors because of his 51 years of experience in managing a successful New Jersey business, which is invaluable to the Board's oversight of the Corporation's small business lending. Partner of Carl Marks Advisory Group, LLC; President, Meyercord Advisors, Inc.; Director of Wayside Technology Group, Inc. (formerly Programmer's Paradise, Inc.). Mr. Meyercord is qualified to serve on the Board of Directors because of his 37 years of experience in directing strategic projects and providing operational advisory services to numerous businesses, which is invaluable to the Board's oversight of corporate strategy.
F. Duffield Meyercord	65	1991	Retired; previously President and CEO of Mulcahy Realty and Construction Co. Mr. Mulcahy is qualified to serve on the Board of Directors because of his 32 of experience in residential real estate construction, which is invaluable to the Board's oversight of the Corporation's real estate loan portfolio as well as facilities development and management.
Robert M. Rogers, President and COO	53	2002	President and COO of Peapack-Gladstone and the Bank. Mr. Rogers, who began his career in banking in 1981, is qualified to serve on the Board of Directors because of his 31 years of banking experience, proven leadership and operational expertise.
Philip W. Smith, III	56	1995	President, Phillary Management, Inc., a real estate management company. Mr. Smith is qualified to serve on the Board of Directors because of his 25 years of experience in commercial real estate agency and management, which is invaluable to the Board's oversight of the Corporation's real estate loan portfolio.
Craig C. Spengeman, President, PGB Trust and Investments	56	2002	President, PGB Trust and Investments, a division of the Bank and Executive Vice President of Peapack-Gladstone. Mr. Spengeman, who began his career in trust and investments in 1977, is qualified to serve on the Board of Directors because of his 35 years of experience in financial services, demonstrated leadership and trust and investments expertise.

Other than Mr. Meyercord, none of our directors hold, or have held in the past five years, any directorships with respect to a public company or registered investment company.

Frank A. Kissel and John D. Kissel are brothers.

The members of our Board of Directors are persons who as a group we believe have demonstrated appropriate leadership skills, experience and judgment in areas that are relevant to our business. We believe that their collective ability to challenge and stimulate management and their dedication to the affairs of the Company serve the interests of the Company and its shareholders. In accordance with its charter, the Nominating Committee has established director qualifications and standards, and identifies and evaluates each candidate on a case-by-case basis including an assessment of the requisite skills and characteristics of new board members as well as the composition of the Board as a whole. This assessment includes consideration of the independence, diversity, skills, experience and other elements

relevant to the success of our Company in today's business environment. In selecting director nominees for our Board, we consider the collective experience, attributes and skills of the entire Board, as well as the ability of the individuals to work together with other members of the Board.

RECOMMENDATION AND VOTE REQUIRED ON PROPOSAL 1

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE 'FOR' THE NOMINATED SLATE OF DIRECTORS INCLUDED IN PROPOSAL 1. Directors will be elected by a plurality of the votes cast at the meeting. Abstentions and broker non votes will have no impact on the election of directors.

## CORPORATE GOVERNANCE

### General

The business and affairs of Peapack-Gladstone are managed under the direction of the Board of Directors. Members of the Board are kept informed of Peapack-Gladstone's business through discussions with the Chairman and Peapack-Gladstone's other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. All members of the Board also served as directors of Peapack-Gladstone's subsidiary bank, Peapack-Gladstone Bank, during 2011. The Board of Directors of Peapack-Gladstone and Peapack-Gladstone Bank held 12 meetings during 2011. During 2011, each director of Peapack-Gladstone attended no fewer than 84% of the total number of meetings of Peapack-Gladstone's Board and meetings of committees on which such director served. It is Peapack-Gladstone's policy to encourage director attendance at the Annual Meeting absent a compelling reason such as illness. Last year, all but three directors attended the Annual Meeting.

Our Board of Directors believes that the purpose of corporate governance is to maximize shareholder value in a manner consistent with legal requirements. The Board has adopted corporate governance principles, which the Board and senior management believe promote this purpose. We periodically review these governance principles, the rules and listing standards of the National Association of Securities Dealers Automated Quotations (NASDAQ) and Securities and Exchange Commission (the "SEC") regulations.

### Board Leadership Structure and Role in Risk Oversight

Our company is led by Mr. Frank A. Kissel, who has served as Chairman of the Board of Directors and Chief Executive Officer of the Company and the Bank since 2001. Our board of directors is comprised of Mr. Kissel and 10 other directors, a majority of which are independent directors. The board has three primary committees – Audit, Compensation, and Nominating. Each of the Audit, Compensation and Nominating committees is comprised solely of independent directors, under applicable NASDAQ rules with each of the three committees having a separate independent chair. Our full Board of Directors is responsible for overseeing risk management, and our full Board receives and reviews a company-wide risk assessment annually. While the Board oversees the Company's risk management, management is responsible for day-to-day risk management processes. We believe this division of responsibilities is an appropriate approach for addressing the risks facing our Company at this time. Our independent directors conduct separate executive sessions to discuss Company affairs on a semi-annual basis. Our Board of Directors has chosen to rotate the presiding director for each of these independent director sessions among the independent directors serving as chairs of the Audit, Compensation and Nominating Committees.

We believe that having a combined chairman/CEO, independent chairs and membership for each of our Audit, Compensation and Nominating Committees and a rotating independent presiding director for each of the independent director sessions provides the right form of leadership for our Company. Having a combined chairman/CEO allows us to present a single, uniform voice to our customers, business partners and shareholders while our experienced independent director majority, which has appointed independent chairs of our Audit, Compensation and Nominating Committees, provides oversight of Company operations.

### Director Independence

The Board has determined that a majority of the directors and all current members of the Nominating, Compensation, and Audit Committees are "independent" for purposes of the NASDAQ rules, and that the members of the Audit Committee are also "independent" for purposes of the NASDAQ rules and Rule 10A-3 of the Securities Exchange Act of 1934. The Board based these determinations on a review by the Nominating Committee and on a review by management of the responses of the directors and executive officers to questions regarding employment and transaction history, affiliations and family and other relationships. The independent directors are Anthony J. Consi, II,

Pamela Hill, James R. Lamb, Edward A. Merton, F. Duffield Meyercord, John R. Mulcahy, and Philip W. Smith, III.

To assist it in making determinations of independence, the Board has concluded that the following relationships are immaterial and that a director whose only relationships with Peapack-Gladstone fall within these categories is independent:

- A loan made by the Bank to a director, his or her immediate family member or an entity affiliated with a director or his or her immediate family member, or a loan personally guaranteed by such persons, if such loan (i) complies with state and federal regulations on insider loans, where applicable; and (ii) is not classified by the Bank's credit committee or by any bank regulatory agency which supervised the Bank as substandard, doubtful or loss.
- A deposit, trust, insurance brokerage, securities brokerage or similar customer relationship between Peapack-Gladstone or its subsidiaries and a director, his or her immediate family member or an affiliate of his or her immediate family member if such relationship is on customary and usual market terms and conditions.
- The employment by Peapack-Gladstone or its subsidiaries of any immediate family member of the director if the employee serves below the level of a senior vice president.

- Annual contributions by Peapack-Gladstone or its subsidiaries to any charity or non-profit corporation with which a director is affiliated if the contributions do not exceed an aggregate of \$20,000 in any calendar year and the contribution is made in the name of Peapack-Gladstone.
- Purchases of goods or services by Peapack-Gladstone or any of its subsidiaries from a business in which a director or his or her immediate family member is a partner, shareholder or officer, if the director or his or her immediate family member owns five percent or less of the equity interests of that business and does not serve as an executive officer of the business.
- Purchases of goods or services by Peapack-Gladstone, or any of its subsidiaries, from a director or a business in which the director or his or her immediate family member is a partner, shareholder or officer if the annual aggregate purchases of goods or services from the director, his or her immediate family member or such business in the last calendar year does not exceed the greater of \$60,000 or two percent of the gross revenues of the business.
- Fixed retirement benefits paid or payable to a director either currently or on retirement.

The following categories or types of transactions, relationships or arrangements were considered by the Board in determining that each listed director is independent in accordance with the NASDAQ listing standards and Peapack-Gladstone's Corporate Governance Principles.

Independent Director	Category or Type
Mr. Consi	Deposits, Trust
Ms. Hill	Deposits, Trust
Mr. Lamb	Loans, Deposits, Trust
Mr. Merton	Loans, Deposits, Trust
Mr. Meyercord	Loans, Deposits, Trust
Mr. Mulcahy	Loans, Deposits, Trust
Mr. Smith	Loans, Deposits, Trust, Employment of Immediate Family Member below level of Senior Vice President

#### **Executive Sessions of Non-Management Directors**

Our Corporate Governance Principles require the Board to provide for at least semi-annual executive sessions to include non-management directors. Twice a year the Board holds an executive session including only independent directors. Peapack-Gladstone's Board has chosen to rotate the presiding director for each meeting among the Chairperson of the Audit, Compensation, and Nominating Committees.

#### **Shareholder Communication with Directors**

The Board of Directors has established the following procedures for shareholder communications with the Board of Directors:

- Shareholders wishing to communicate with the Board of Directors should send any communication to the Board of Directors, Peapack-Gladstone Financial Corporation, c/o Corporate Secretary of Peapack-Gladstone, Antoinette Rosell, at 500 Hills Drive, Suite 300, PO Box 700, Bedminster, New Jersey, 07921. Any such communication should state the number of shares owned by the shareholder.

- The Corporate Secretary will forward such communication to the Board of Directors or as appropriate to the particular Committee Chairman, unless the communication is a personal or similar grievance, an abusive or inappropriate communication, or a communication not related to the duties or responsibilities of the Board of Directors, in which case the Corporate Secretary has the authority to disregard the communication. All such communications will be kept confidential to the extent possible.
- The Corporate Secretary will maintain a log of, and copies of, all communications, for inspection and review by any Board member, and shall regularly review all such communications with the Board or the appropriate Committee Chairman.

The Board of Directors has also established the following procedures for shareholder communications with the rotating chairman of the executive sessions of the non-management directors of the Board:

- Shareholders wishing to communicate with the presiding director of executive sessions should send any communication to the Presiding Director of Executive Sessions, Peapack-Gladstone Financial Corporation, c/o Corporate Secretary of Peapack-Gladstone, Antoinette Rosell, at 500 Hills Drive, Suite 300, P.O. Box 700, Bedminster, New Jersey, 07921. Any such communication should state the number of shares owned by the shareholder.
- The Corporate Secretary will forward such communication to the then presiding director, unless the communication is a personal or similar grievance, an abusive or inappropriate communication, or a communication not related to the duties or responsibilities of the non-management directors, in which case the Corporate Secretary has the authority to disregard the communication. All such communications will be kept confidential to the extent possible.
- The Corporate Secretary will maintain a log of, and copies of, all communications, for inspection and review by the presiding director of executive sessions, and shall regularly review all such communications with the presiding director at the next meeting.

### **Committees of the Board of Directors**

In 2011, the Board of Directors maintained an Audit Committee, a Nominating Committee and a Compensation Committee.

#### Audit Committee

Mr. Consi serves as Chair of the Audit Committee. Other members of the Audit Committee are Messrs. Lamb, Mulcahy, Smith and Ms. Hill. The Audit Committee met nine times during 2011.

The Board of Directors has determined that at least one member of the Audit Committee meets the NASDAQ standard of being financially sophisticated. The Board of Directors has also determined that Mr. Consi meets the SEC criteria of an “audit committee financial expert.”

The Audit Committee operates pursuant to a charter. The charter can be viewed at the Investor Relations link on our website [www.pgbank.com](http://www.pgbank.com). The charter gives the Audit Committee the authority and responsibility for the appointment, retention, compensation and oversight of our independent auditors, including pre-approval of all audit and non-audit services to be performed by our independent auditors. Other responsibilities of the Audit Committee pursuant to the charter include: reviewing the scope and results of the audit with our independent auditors; reviewing with management and our independent auditors Peapack-Gladstone’s interim and year-end operating results including press releases; considering the appropriateness of the internal accounting and auditing procedures of Peapack-Gladstone; considering our outside auditors’ independence; reviewing examination reports by bank regulatory agencies; reviewing audit reports prepared by the Internal Audit Department of Peapack-Gladstone, reviewing audit reports prepared by any outside firm which may conduct some internal audit functions for Peapack-Gladstone; and reviewing the response of management to those reports. The Audit Committee reports to the full Board concerning pertinent matters coming before it.

#### Compensation Committee



Peapack-Gladstone's Compensation Committee consists of Messrs. Meyercord (Chair), Merton and Consi. During 2011 the Compensation Committee met five times.

The Compensation Committee operates under a written charter setting out the functions and responsibilities of this committee. The charter can be viewed at the Investor Relations link on our website [www.pgbank.com](http://www.pgbank.com). The Compensation Committee recommends to the independent members of the Board the CEO's compensation, sets general compensation levels for all officers and employees and sets specific compensation for executive officers. It also administers our stock option plans and makes awards under those plans. The Board has approved its charter, which delegates to the Compensation Committee the responsibility to recommend Board compensation.

The Compensation Committee annually reviews, considers, and recommends to the independent members of the Board all compensation and awards to executive officers, including the CEO, the President, Executive Vice Presidents, Senior Vice Presidents and First Vice Presidents. Included in this process is a thorough analysis and consideration of overall Bank performance, individual job performance, the overall need of the Bank to attract, retain and incent executive talent, and the total cost of the compensation programs.

The Compensation Committee has the authority to hire, fire, and seek the services of compensation consulting and advisory firms as it deems appropriate to its role. In 2011, the Committee engaged the services of Pearl Meyer & Partners (PM&P), an independent compensation consulting firm specializing in executive compensation. Services were related to providing an updated competitive market analysis. PM&P reports directly to the Committee and carries out its responsibilities to the Committee in coordination with the Human Resources department as requested by the Committee. As a matter of policy the Committee does not prohibit its advisors from providing services to Management, but any such engagement must be requested or approved by the Committee.

### Nominating Committee

Peapack-Gladstone's Nominating Committee consists of Messrs. Smith (Chair), Consi, Lamb, Merton, Meyercord, Mulcahy and Ms. Hill. The Nominating Committee met three times during 2011.

The Nominating Committee operates under a written charter setting out the functions and responsibilities of this committee. The charter can be viewed at the Investor Relations link on our website [www.pgbank.com](http://www.pgbank.com). The Nominating Committee reviews qualifications of and recommends to the Board candidates for election as director of Peapack-Gladstone and the Bank, considers the composition of the Board, recommends committee assignments, and discusses management succession for the Chairman and the CEO positions. The Nominating Committee develops corporate governance principles which include director qualifications and standards; director responsibilities; director orientation and continuing education; limitations concerning service on other boards and director access to management and records. The committee is also charged with reviewing the Board's adherence to the Corporate Governance Principles and the Code of Business Conduct and Ethics. The Nominating Committee reviews recommendations from shareholders regarding corporate governance and director candidates. The procedure for submitting recommendations of director candidates is set forth below under the caption "Nomination of Directors."

### **Nomination of Directors**

Nominations for director may be made only by the Board of Directors or a committee of the Board or by a shareholder of record entitled to vote. The Board of Directors has established minimum criteria for members of the Board.

These include:

- Directors are encouraged to live and/or work in the communities served by Peapack-Gladstone's subsidiary bank.
- Directors shall beneficially own or agree to acquire at least \$25,000 (market value) of Peapack-Gladstone stock.
- Directors shall be experienced in business, shall be financially literate and shall be respected members of their communities.
- Directors shall be of high ethical and moral standards and have sound personal finances.
- A Director may not serve on the board of directors of any other bank that serves the same market area as Peapack-Gladstone.
- If there is a vacancy, the Nominating Committee shall evaluate the qualifications of persons who may be recommended to it as potential candidates based on information the Committee may deem relevant.

The Nominating Committee has not adopted a formal diversity policy with regard to the selection of director nominees. The Nominating Committee considers diversity of experience, both of the individual under consideration and of the Board as a whole, as a factor in identifying nominees for director. In accordance with the Company's Corporate Governance Principles, in assessing candidates for nomination, the Nominating Committee considers, among other factors, the candidate's independence, diversity, skills and experience in the context of the needs of the Board.

The Nominating Committee has adopted a policy regarding consideration of director candidates recommended by shareholders. The Nominating Committee will consider nominations made by shareholders. In order for a shareholder

to make a nomination, the shareholder must provide a notice along with the additional information and supporting materials to our Corporate Secretary not less than 120 days or more than 150 days prior to the first anniversary of the date of the preceding year's annual meeting. The shareholder wishing to propose a candidate for consideration by the Nominating Committee must have a significant stake in Peapack-Gladstone. To qualify for consideration by the Nominating Committee, the shareholder submitting the candidate must demonstrate that he or she has been the beneficial owner of at least one percent of Peapack-Gladstone's outstanding shares for a minimum of one year prior to the submission of the request. In addition, the Nominating Committee has the right to require any additional background or other information from any director candidate or the recommending shareholder, as it may deem appropriate. For our annual meeting in the year 2013, we must receive this notice on or after November 25, 2012, and on or before December 25, 2012.

The following factors, at a minimum, are considered by the Nominating Committee as part of its review of all director candidates and in recommending potential director candidates to the Board:

- appropriate mix of educational background, professional background and business experience to make a significant contribution to the overall composition of the Board;
- if the Committee deems it applicable, whether the candidate would be able to read and understand fundamental financial statements and considered to be financially sophisticated as described in the NASDAQ rules, or considered to be an audit committee financial expert as defined pursuant to the Sarbanes-Oxley Act of 2002;

- if the Committee deems it applicable, whether the candidate would be considered independent under the NASDAQ rules and the Board's additional independence guidelines set forth in Peapack-Gladstone's Corporate Governance Principles;
- demonstrated character and reputation, both personal and professional, consistent with that required for a bank director;
- willingness to apply sound and independent business judgment;
- ability to work productively with the other members of the Board;
- availability for the substantial duties and responsibilities of a Peapack-Gladstone director; and
- meets the additional criteria set forth in the Peapack-Gladstone's Corporate Governance Principles.

You can obtain a copy of the full text of our policy regarding shareholder nominations by writing to Antoinette Rosell, Corporate Secretary, Peapack-Gladstone Financial Corporation, 500 Hills Drive, Suite 300, P.O. Box 700, Bedminster, New Jersey 07921.

#### **Code of Business Conduct and Conflict of Interest Policy and Corporate Governance Principles**

Peapack-Gladstone has adopted a Code of Business Conduct and Conflict of Interest Policy, which applies to Peapack-Gladstone's chief executive officer, principal financial officer, principal accounting officer and to all other Peapack-Gladstone directors, officers and employees. The Code of Business Conduct and Conflict of Interest Policy is available in the Investor Relations section of Peapack-Gladstone's website located at [www.pgbank.com](http://www.pgbank.com). The Code of Business Conduct and Conflict of Interest Policy is also available in print to any shareholder who requests it from Antoinette Rosell, Corporate Secretary, Peapack-Gladstone Financial Corporation, 500 Hills Drive, Suite 300, P.O. Box 700, Bedminster, New Jersey, 07921. Peapack-Gladstone will disclose any substantive amendments to or waiver from provisions of the Code of Business Conduct and Conflict of Interest Policy made with respect to a director or executive officer on our website and to the extent required by NASDAQ and SEC rules, in a Current Report on Form 8-K.

We have also adopted Corporate Governance Principles, which are intended to provide guidelines for the governance of Peapack-Gladstone by the Board and its committees. The Corporate Governance Principles are available at the Investor Relations section of Peapack-Gladstone's website located at [www.pgbank.com](http://www.pgbank.com).

#### **DIRECTOR COMPENSATION**

The following table summarizes the compensation of the non-employee directors of Peapack-Gladstone in 2011.

Name	Fees Earned or Paid in Cash (1)	Option Awards Nonqualified Deferred Compensation			Total
		(2)	Earnings (3)	(4) (5)	
Anthony J. Consi, II	\$ 43,450	33,825	\$ 6,500		\$ 83,775
Pamela Hill	29,350	33,825	15,375		78,550
John D. Kissel	29,600	33,825	4,300		67,725

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James R. Lamb, Esq.	29,300	33,825	5,700	68,825
Edward A. Merton	20,100	33,825	4,750	58,675
F. Duffield Meyercord	30,150	33,825	4,070	68,045
John R. Mulcahy	44,400	33,825	4,825	83,050
Philip W. Smith, III	42,150	33,825	4,520	80,495

In 2011, Peapack-Gladstone paid its directors an \$8,000 annual retainer for service on the Board, \$600 for each regular Bank Board meeting they attend and \$450 for each committee meeting they attend. The Nominating Committee Chair, Audit Committee members and the Chair for other Board Committees received an additional (1)\$2,000 annual retainer. The Audit Committee Chair received an additional \$16,000 annual retainer. The Compensation Committee Chair received an additional \$10,000 annual retainer and the Compensation Committee members received an additional \$1,000 annual retainer. Frank A. Kissel, Robert M. Rogers and Craig C. Spengeman, as full-time employees, were not compensated for services rendered as directors.

The following table represents the shares awarded during 2011, the grant date fair market value of the underlying (2) stock completed in accordance with ASC 718 and the aggregate number of options outstanding at December 31, 2011, for each of the following participants:

Name	Number of Shares Awarded 2011	Grant Date Fair Market Value of Options Awarded (a)	Aggregate Number of Stock Awards Outstanding at 12/31/2011
Anthony J. Consi, II	2,500	\$ 33,825	23,670
Pamela Hill	2,500	33,825	29,443
John D. Kissel	2,500	33,825	23,670
James R. Lamb, Esq.	2,500	33,825	23,668
Edward A. Merton	2,500	33,825	23,670
F. Duffield Meyercord	2,500	33,825	23,670
John R. Mulcahy	2,500	33,825	23,670
Philip W. Smith, III	2,500	33,825	23,670

(a) Represents the aggregate grant date fair value of stock option grants in accordance with ASC 718, see Note 13 – Stock-Based Compensation of Peapack-Gladstone’s Annual Report on Form 10-K for the year ended December 31, 2011 for additional information on the valuation methodology. The 1998 and 2002 Stock Option Plans provide for the award of incentive stock options to each named executive officer. The 2006 Long-Term Stock Incentive Plan provides for the award of non-qualified stock options, stock appreciation rights or restricted stock to each named executive officer. If approved by shareholders, the 2012 Long-Term Stock Incentive Plan will provide for the award of non-qualified stock options, stock appreciation rights or restricted stock to each named executive officer. The plans provide that grants are made based upon recommendations from the Compensation Committee to the Board and a vote from the full Board.

Under each of the plans, the exercise price for the option shares may not be less than the fair market value of the common stock on the date of grant of the option. The options granted under these plans are, in general, exercisable not earlier than one year after the date of grant, at a price equal to the fair market value of the common stock on the date of grant, and expire not more than ten years after the date of grant.

Peapack-Gladstone has a retirement plan for eligible non-employee directors of Peapack-Gladstone and/or its Subsidiaries. The plan provides 5 years of annual benefits to directors with 10 or more years of service, which commence after a director has retired from the Board. The annual benefit is equal to 25 percent of the director's final compensation and increases by 5 percent for each year of service in excess of 10. The maximum benefit is limited to 50 percent of final compensation. No director was credited with more than 10 years of service when the plan became effective, regardless of how long the person had served as director as of the effective date. If a director with 10 years of service ceases to be a director as a result of death or disability, or a director with 5 years of service ceases to be a director following a change in control, the director will be credited with a total of 15 years of service for plan purposes. In the event that the director dies prior to receipt of all benefits, the payments continue to the director's beneficiary or estate.

(4) Peapack-Gladstone has a nonqualified deferred compensation plan for non-employee directors covering retainer fees and the aggregate of all fees for service and attendance at Board and committee meetings. Participation is optional. As of January 1, 2005, the plan was frozen and no further contributions may be made. Interest is paid on the deferred fees equal to that which would have been credited if such deferred fees were invested in the Peapack-Gladstone Money Market Account, which yields 0.20 percent as of February 29, 2012. The provisions of the deferred compensation plan are designed to comply with certain rulings of the Internal Revenue Service under

which the deferred amounts are not taxed until received. Under the deferred compensation plan, the directors who elect to defer their fees receive the fees either (i) in a lump sum on the first day of the calendar quarter following termination of service as director, or on the first day of a calendar quarter that is at least 5 years following the date of the original deferral election, or (ii) in substantially equal annual installments over a period of between 2 to 10 years, commencing in January of the calendar year following the calendar year during which the director ceases serving as director. In the event the director dies, within a reasonable period of time following his or her death, the amount credited to the director's deferred compensation account shall be paid in a lump sum to the director's beneficiary or estate.

(5) The amount in this column represents the change in pension value. There were no above-market, nonqualified deferred compensation earnings.

## BENEFICIAL OWNERSHIP OF COMMON STOCK

**Certain Beneficial Owners**

The following table sets forth as of February 29, 2012 certain information as to beneficial ownership of each person known to Peapack-Gladstone to own beneficially more than 5 percent of the outstanding common stock of Peapack-Gladstone.

Name and Address of Beneficial Owner	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
James M. Weichert (1) 1625 State Highway 10 Morris Plains, NJ 07950 Royce & Associates, LLC (2)	841,507	9.48%
1414 Avenue of the Americas New York, NY 10019	725,130	8.17%

(1) Based on a Schedule 13-D filed with the SEC on March 9, 2007 by James M. Weichert. The filing discloses that as of March 9, 2007, James M. Weichert has sole voting and dispositive power with respect to 801,435 shares of our common stock. This amount has been adjusted for subsequent stock dividends.

(2) Based on a Schedule 13-G/A filed with the SEC on January 19, 2012 by Royce & Associates, LLC. The filing discloses that as of January 19, 2012, Royce & Associates, LLC has sole voting and dispositive power with respect to 725,130 shares of our common stock.



**Stock Ownership of Directors and Executive Officers**

The following table sets forth as of February 29, 2012 the number of shares of Peapack-Gladstone's common stock, beneficially owned by each of the directors/nominees, the executive officers of Peapack-Gladstone for whom individual information is required to be set forth in this proxy statement (the "named executive officers") pursuant to the regulations of the SEC, and by all directors and executive officers as a group.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (1)	Percent of Class (2)
Jeffrey J. Carfora	27,691 (3)	*
Finn M. W. Caspersen, Jr.	37,959 (4)	*
Anthony J. Consi, II	80,861 (5)	*
Pamela Hill	121,804 (6)	1.33%
Frank A. Kissel	168,459 (7)	1.84%
John D. Kissel	61,973 (8)	*
James R. Lamb	38,471 (9)	*
Edward A. Merton	47,723 (10)	*
F. Duffield Meyercord	49,065 (11)	*
John R. Mulcahy	38,678 (12)	*
Robert M. Rogers	64,281 (13)	*
Philip W. Smith, III	58,896 (14)	*
Craig C. Spengeman	73,118 (15)	*

**All directors and executive officers**

<b>as a group (14 persons)</b>	903,018	9.85%
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**NOTES:**

\*

Less than one percent

(1) Beneficially owned shares include shares over which the named person exercises either sole or shared voting power or sole or shared investment power. It also includes shares owned (i) by a spouse, minor children or by relatives sharing the same home, (ii) by entities owned or controlled by the named person and (iii) by other persons if the named person has the right to acquire such shares within 60 days by