PEAPACK GLADSTONE FINANCIAL CORP
Form DEF 14A
March 17, 2016

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 x

Filed by a Party other than the Registrant

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 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):

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:

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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 26, 2016

To Our Shareholders:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Peapack-Gladstone Financial Corporation will be held on the first floor of our headquarters building at 500 Hills Drive, Bedminster, New Jersey, on Tuesday, April 26, 2016, at 2:00 p.m. local time for the purpose of considering and voting upon the following matters:

1. Election of the eleven 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. The approval of the amended Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan, which includes an increase in the share reserve by 500,000 shares and certain other amendments described herein.

4. The ratification of the appointment of Crowe Horwath LLP as the Corporation's independent registered public accounting firm for the year ending December 31, 2016.

5. 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 7, 2016, 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 exercise your right to vote as promptly as possible.

By Order of the Board of Directors

MARY M. RUSSELL,

CORPORATE SECRETARY

Bedminster, New Jersey

March 17, 2016

YOUR VOTE IS IMPORTANT.

PLEASE SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED

OR VOTE BY TELEPHONE OR INTERNET.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR

THE SHAREHOLDER MEETING TO BE HELD ON APRIL 26, 2016

This Proxy Statement and our Annual Report on Form 10-K are available at

http://www.edocumentview.com/PGC

PEAPACK-GLADSTONE FINANCIAL CORPORATION

500 HILLS DRIVE

BEDMINSTER, NEW JERSEY 07921

PROXY STATEMENT

DATED MARCH 17, 2016

GENERAL PROXY STATEMENT INFORMATION

This proxy statement is furnished to the shareholders of Peapack-Gladstone Financial Corporation (“Peapack-Gladstone” or the “Company”) 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 on the first floor of our headquarters building at 500 Hills Drive, Bedminster, New Jersey, on Tuesday, April 26, 2016 at 2:00 p.m. local time. This proxy statement is first being made available to shareholders on approximately March 17, 2016.

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 7, 2016. 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 16,347,750 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

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 the purpose of establishing a quorum.

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. Abstentions and broker non-votes will have no impact on the election of directors.

The approval, on a non-binding basis, of the compensation of the Company'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.

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's appointment.

The approval of the amended Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan 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 effect in the approval of the amended 2012 Long-Term Stock Incentive Plan.

All shares represented by valid proxies received pursuant to this solicitation will be voted FOR the election of the 11 nominees for director who are named in this proxy statement, FOR the approval, on a non-binding basis, of the compensation of the Company's named executive officers as determined by the Compensation Committee, FOR the approval of the amended Peapack-Gladstone Financial Corporation 2012 Long-Term Stock Incentive Plan and FOR ratification of the appointment of Crowe Horwath LLP as the Company's independent registered public accounting firm for the year ending December 31, 2016, 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, Mary M.

Russell, 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 or by voting in person at the meeting.

Solicitation of Proxies

This proxy solicitation is being made by the Board of Peapack-Gladstone 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 Advisory Group LLC. Directors, officers and employees will not be specially compensated for such solicitation activities. The amount Peapack-Gladstone will pay Laurel Hill Advisory Group LLC for its proxy solicitation services is $6,000 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 will reimburse them for their reasonable expenses incurred in forwarding the materials.

PROPOSAL 1

ELECTION OF DIRECTORS

DIRECTOR INFORMATION

Peapack-Gladstone's by-laws authorize a minimum of five and a maximum of 25 directors; currently, the Board has 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 for one-year terms expiring at Peapack-Gladstone’s 2017 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 unavailable for election 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 is 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. Senior Executive Vice President, Chief Operating Officer and General Counsel	46	2012	Senior Executive Vice President, Chief Operating Officer and General Counsel of Peapack-Gladstone and the Bank. Mr. Caspersen began his career with Peapack-Gladstone in 2004 and is qualified to serve on the Board of Directors because of his business skills, his judgment, and his proven leadership.
Dr. Susan A. Cole	73	2014	President of Montclair State University. Dr. Cole, named to the Board in February 2014, is qualified to serve on the Board of Directors because of her 18 years as President of Montclair State University, the second largest university in New Jersey, with approximately 20,000 students, which is invaluable in the oversight of Bank operations.
Anthony J. Consi, II	70	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.
Richard Daingerfield	62	2014	Retired; previously Executive Vice President and General Counsel of Citizens Financial Group, Inc., Boston, Massachusetts from 2010 to 2014. Mr.

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			Daingerfield is qualified to serve on the Board of Directors because of his expertise in corporate governance, executive management, risk management, corporate banking and commercial banking. His broad legal experience in all aspects of commercial and retail banking, including international and domestic private banking, are invaluable to his role as Risk Committee Chairman.
Edward A. Gramigna, Jr.	55	2012	Partner of Drinker Biddle & Reath LLP. Mr. Gramigna is qualified to serve on the Board of Directors because of his 27 years of experience in trust, estate planning and estate administration, which is invaluable in the oversight of our wealth management division.
Douglas L. Kennedy CEO	59	2012	President & CEO of Peapack-Gladstone and the Bank since 2012. Prior to joining the Company, Mr. Kennedy served as Executive Vice President and Market President at Capital One Bank/North Fork and held key executive level positions with Summit Bank and Bank of American/Fleet Bank. Mr. Kennedy, who began his career in commercial banking in 1978, is qualified to serve on the Board of Directors because of his 38 years of commercial banking experience, demonstrated business leadership, judgment and vision.
John D. Kissel	63	1987	Real Estate Broker, Turpin Real Estate, Inc. Mr. Kissel is qualified to serve on the Board of Directors because of his 26 years of experience in the residential real estate market, which is invaluable to the Board's oversight of the Company's real estate loan portfolio.
James R. Lamb	73	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 49 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.
F. Duffield Meyercord Chairman	69	1991	Chairman of the Board of Peapack-Gladstone and the Bank; 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 41 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.
Philip W. Smith, III	60	1995	President, Phillary Management, Inc., a real estate management company. Mr. Smith is qualified to serve on the Board of Directors because of his 29 years of experience in commercial real estate agency and management, which is invaluable to the Board's oversight of the Company's real estate loan portfolio.
Beth Welsh	57	2012	General Manager of Bassett Associates. Ms. Welsh is qualified to serve on the Board of Directors because of her 21 years of experience in the commercial real estate market as well as her past banking experience, which is invaluable to the Board's oversight of the Company's real estate lending and small business banking.

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

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 ON PROPOSAL 1

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE ‘FOR’ THE NOMINATED SLATE OF DIRECTORS INCLUDED IN PROPOSAL 1.

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 our President and CEO 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 2015. The Board of Directors of Peapack-Gladstone and Peapack-Gladstone Bank held 7 meetings during 2015. During 2015, each director of Peapack-Gladstone attended no fewer than 91% 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 two directors attended the Annual Meeting.

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 NASDAQ Stock Market (“NASDAQ”) and Securities and Exchange Commission (the “SEC”) regulations.

Board Leadership Structure and Role in Risk Oversight

Our Board of Directors is comprised of 11 directors, a majority of which are independent directors. F. Duffield Meyercord serves as our Chairman and Douglas L. Kennedy is our Chief Executive Office and is also a member of our Board of Directors. The board has three primary committees composed solely of independent directors – Audit, Compensation, and Nominating – under applicable NASDAQ rules, and each of the three committees has a separate independent chair. In addition to these three committees, the Company also has a Risk Committee, which, along with our Board of Directors, is responsible for overseeing the Company’s risk management. Our full Board receives and reviews a company-wide risk assessment annually. While the Risk Committee and the full Board oversee 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. The

Chairman of the Board, who is independent, presides over these sessions. In the event that in the future our Board Chairman is not independent, our By-Laws provide for the appointment of an independent lead director.

We believe that having a separate chairman and CEO, independent chairs and membership for each of our Audit, Compensation and Nominating Committees and independent director sessions provides the right form of leadership for our Company. Separating the chairman and CEO positions allowed us to expand our management structure to position the Company for future growth, while our experienced independent director majority provides oversight of Company operations and provides different perspectives based on the directors' experience, oversight and expertise from outside our Company.

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 heightened standards of independence under NASDAQ rules and Rule 10A-3 of the Securities Exchange Act of 1934, as amended, and members of the Compensation Committee are also "independent" for purposes of the heightened standard of independence under the NASDAQ rules. 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 Dr. Susan A. Cole, Anthony J. Consi, II, Richard Daingerfield, Edward A. Gramigna, Jr., James R. Lamb, F. Duffield Meyercord, Philip W. Smith, III and Beth Welsh.

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 absent any other relationship which would interfere with the exercise of the director's exercise of independent judgment in carrying out the responsibilities of a director:

- 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
Dr. Cole	Trust
Mr. Consi	Loans, Deposits, Trust
Mr. Daingerfield	Loans, Deposits, Trust
Mr. Gramigna	Deposits
Mr. Lamb	Loans, Deposits, Trust
Mr. Meyercord	Loans, Deposits, Trust
Mr. Smith	Deposits, Trust, Employment of Immediate Family Member below level of Senior Vice President
Ms. Welsh	Loans, Deposits

Independent Director Sessions

Our Corporate Governance Principles require that executive sessions including only independent directors be held at least semi-annually. The Chairman of the Board, who is independent, presides over these independent director sessions.

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, Mary M. Russell, 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

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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 Chairman, who presides over the independent director sessions:

- Shareholders wishing to communicate with the Chairman should send any communication to the Presiding Director of Independent Director Sessions, Peapack-Gladstone Financial Corporation, c/o Corporate Secretary of Peapack-Gladstone, Mary M. Russell, 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 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 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 Chairman, and shall regularly review all such communications with the Chairman at the next meeting.

Committees of the Board of Directors

In 2015, the Board of Directors maintained an Audit Committee, a Compensation Committee, a Nominating Committee, a Risk Committee, and a CEO Advisory Committee. The Audit Committee, Compensation Committee and Nominating Committee are each solely comprised of independent directors; a description of each of these three committees follows.

<u>Audit Committee</u>

Mr. Consi serves as Chair of the Audit Committee. Other members of the Audit Committee currently are Messrs. Daingerfield, Gramigna and Lamb and Ms. Welsh. The Audit Committee met eight times during 2015.

The Board of Directors has determined that at least one member of the Audit Committee, Mr. Consi, 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. 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 pertinent matters coming before it.

Compensation Committee

Peapack-Gladstone's Compensation Committee currently consists of Messrs. Meyercord (Chair), Consi and Smith. Mr. Merton served as a member of the Compensation Committee during 2015 until he retired from the Board on December 31, 2015. During 2015, the Compensation Committee met four 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. The Compensation Committee recommends to the independent members of the Board the CEO's compensation, sets specific compensation for executive officers (other than the CEO) and ratifies general compensation levels for all other officers and employees. It also administers our long-term stock incentive 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. Included in this process is a thorough analysis and consideration of overall Company performance, individual job performance, the overall need of the Company 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 2015, the Compensation Committee engaged the services of McLagan, an Aon Hewitt Company ("McLagan"), an independent compensation consulting firm specializing in executive compensation. Services were related to providing an updated competitive market analysis. McLagan reports directly to the Compensation Committee and carries out its responsibilities to the Compensation Committee in coordination with the Human Resources Department as requested by the Compensation Committee. As a matter of policy the Compensation Committee does not prohibit its advisors from providing services to management, but any such engagement must be requested or approved by the Compensation Committee.

Nominating Committee

Peapack-Gladstone's Nominating Committee currently consists of Messrs. Gramigna (Chair), Smith, Meyercord and Ms. Cole**.** Mr. Merton served as a member of the Nominating Committee during 2015 until he retired from the Board on December 31, 2015. The Nominating Committee met two times during 2015.

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. 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 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 maintain stock ownership in compliance with the Company's stock ownership guidelines.
- 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.

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. Shareholders wishing to submit a director candidate for consideration by the Committee must submit such director candidate recommendations to the Committee, c/o the Corporate Secretary, 500 Hills Drive, Bedminster, NJ 07921, in writing, not less than 120 nor more than 150 days prior to the date of the prior year's annual meeting. In order to ensure that a shareholder wishing to propose a candidate for consideration by the Committee has a significant stake in the Company, to qualify for consideration by the Committee, the shareholder submitting the candidate must demonstrate that he or she has been the beneficial owner of at least 1% of the Company's outstanding shares for a minimum of one year prior to the submission of the request. In addition, the 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 2017, we must receive this notice on or after November 27, 2016, and on or before December 27, 2016.

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 Mary M. Russell, 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 chairman, 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. The Code of Business Conduct and Conflict of Interest Policy is also available in print to any shareholder who requests it from Mary M. Russell, 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 on our website as may be required and within the time period specified under applicable SEC and NASDAQ rules.

As noted above, 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.

DIRECTOR COMPENSATION

The following table summarizes the compensation of the non-employee directors of Peapack-Gladstone in 2015.

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3) (4)	Total
Susan A. Cole	$ 31,300	$6,189	$ —	$37,489
Anthony J. Consi, II	77,800	27,715	—	105,515
Richard Daingerfield	64,300	3,084	1,438	68,822
Edward A. Gramigna, Jr.	53,600	16,218	1,257	71,075
John D. Kissel	29,500	9,021	—	38,521
James R. Lamb, Esq.	39,700	9,315	12,522	61,537

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Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (3) (4)	Total
Edward A. Merton	31,500	7,868	18,619	57,987
F. Duffield Meyercord	105,000	61,933	—	166,933
Philip W. Smith, III	32,400	12,441	—	44,841
Beth Welsh	37,900	9,986	1,250	49,136

(1) In 2015, Peapack-Gladstone paid its directors a $10,000 annual retainer for service on the Board, $1,200 for each regular Board or CEO Advisory Committee meeting they attend and $900 each for all other committee meetings they attend. The Chairman received an additional $50,000 annual retainer. The Audit Committee Chair received an additional $25,000 annual retainer, while the Compensation Committee and Risk Committee Chairs each received an additional $15,000 annual retainer. The Nominating Committee Chairman received an additional $7,000 annual retainer. Audit Committee members received an additional $3,000 annual retainer and Compensation Committee members received an additional $2,000 annual retainer. Douglas L. Kennedy, Frank A. Kissel and Finn M.W. Caspersen, Jr., as full-time employees, were not compensated for services rendered as directors. In 2015, Frank A. Kissel received $200,000 in compensation for his services as an employee, $27,060 for auto allowance and $2,939 for BOLI premiums.

(2) Each director also received an annual equity award for service on the Board in the form of restricted stock. The following table represents the number of restricted shares awarded to each director during 2015, the grant date fair market value of these awards computed in accordance with ASC 718 and the aggregate number of options or restricted stock outstanding at December 31, 2015, for each of the following directors:

Name	Number of Shares of Restricted Stock Awarded in 2015	Grant Date Fair Market Value of Stock Awarded (a)	Aggregate Number of Options Outstanding at 12/31/2015	Aggregate Number of Restricted Stock Awards Outstanding at 12/31/2015
Susan A. Cole	295	$6,189	—	295
Anthony J. Consi, II	1,321	27,715	17,120	2,822
Richard Daingerfield	147	3,084	—	147
Edward A. Gramigna, Jr.	773	16,218	2,500	1,664
John D. Kissel	430	9,021	17,120	870
James R. Lamb, Esq.	444	9,315	17,120	1,004
Edward A. Merton	375	7,868	17,120	945
F. Duffield Meyercord	2,952	61,933	17,120	5,510
Philip W. Smith, III	593	12,441	17,120	1,389
Beth Welsh	476	9,986	2,500	1,076

(a) Represents the aggregate grant date fair value of restricted stock awards in accordance with ASC 718, see Note 12 – Stock-Based Compensation of Peapack-Gladstone's Annual Report on Form 10-K for the year ended December 31, 2015 for additional information on the valuation methodology. The 1998 and 2002 Stock Option Plans for Outside Directors provide for the award of non-qualified stock options to non-employee directors. The 2006 and 2012 Long-Term Stock Incentive Plan provides for the award of non-qualified stock options, stock appreciation rights or restricted stock to non-employee directors. The plans provide that grants are made based upon recommendations from the Compensation Committee to the 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.

Shares awarded vest in three equal annual installments commencing with the first anniversary of the grant date.

(3) Peapack-Gladstone has a retirement plan for eligible non-employee directors of Peapack-Gladstone and/or its subsidiaries. The amended plan provides five years of annual benefits to directors with ten or more years of service, which commence after a director has retired from the Board. The annual benefit is equal to $40,000, with an additional $10,000 paid to the chairs of the Audit and Compensation Committees and an additional $10,000 paid to the Chairman. No director was credited with more

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than ten 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 ten years of service ceases to be a director as a result of death or disability, or a director with five 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) 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, 2016 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	**Amount and Nature of Beneficial Ownership**	**Percent of Class**
Entities affiliated with The Banc Funds Company LLC (1) 20 North Wacker Drive Chicago, IL 60606	1,324,019	8.10%
Wellington Management Company LLP (2) 280 Congress Street Boston, MA 02210	1,362,275	8.33%
Basswood Capital Management, L.L.C. (3) 645 Madison Avenue, 10th Floor New York, NY 10022	832,879	5.09%
BlackRock Inc. (4) 55 East 52d Street New York, NY 10055	830,461	5.08%
James M. Weichert (5)	1,070,480	6.55%

1625 State Highway 10

Morris Plains, NJ 07950

(1) Based on a Schedule 13G/A filed with the SEC on February 9, 2016 by The Banc Funds Company, LLC. The filing discloses that as of December 31, 2015, The Banc Funds Company, LLC has sole voting and sole dispositive power with respect to 1,324,019 shares of our common stock.

(2) Based on a Schedule 13G/A filed with the SEC on February 11, 2016 by Wellington Management Company, LLP ("Wellington Management"). The filing discloses that as of December 31, 2015, Wellington Management, has shared voting power with respect to 1,333,355 and shared dispositive power with respect to 1,362,275 shares of our common stock.

(3) Based on a Schedule 13G/A filed with the SEC on February 11, 2016 by Basswood Capital Management, L.L.C. The filing discloses that as of December 31, 2015, Basswood Capital Management, L.L.C. has shared voting and shared dispositive power with respect to 832,879 shares of our common stock.

(4) Based on a Schedule 13G/A filed with the SEC on January 27, 2016 by BlackRock Inc. The filing discloses that as of December 31, 2015, BlackRock Inc. has sole voting power with respect to 814,716 shares of our common stock and sole dispositive power with respect to 830,461 shares of our common stock.

(5) Based on a Schedule 13D/A filed with the SEC on April 30, 2014 by James M. Weichert. The filing discloses that as of March 12, 2014, James M. Weichert has sole voting and sole dispositive power with respect to 1,070,480 shares of our common stock.

Stock Ownership of Directors and Executive Officers

The following table sets forth as of March 2, 2016 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)**
John P. Babcock	80,352	(3)	*
Jeffrey J. Carfora	92,984	(4)	*
Finn M. W. Caspersen, Jr.	90,122	(5)	*
Dr. Susan A. Cole	835	(6)	*
Anthony J. Consi, II	103,547	(7)	*
Richard Daingerfield	3,954	(8)	*
Edward A. Gramigna, Jr.	6,990	(9)	*
Douglas L. Kennedy	156,714	(10)	*
John D. Kissel	62,981	(11)	*
James R. Lamb	38,734	(12)	*
F. Duffield Meyercord	60,587	(13)	*
Philip W. Smith, III	65,706	(14)	*
Eric H. Waser	14,499	(15)	*
Beth Welsh	4,864	(16)	*
All directors and executive officers as a group (18 persons)	885,968	(17)	5.42%

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 the exercise of any right or option. Unless otherwise noted, all shares are owned of record or beneficially by the named person.

(2) The number of shares of common stock used in calculating the percentage of the class owned includes shares of common stock outstanding as of March 2, 2016, and 98,720 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(3) This total includes 69,426 shares of restricted stock.

(4) This total includes 634 shares allocated to Mr. Carfora under Peapack-Gladstone's Profit Sharing Plan, 1,769 shares purchased for the Employee Stock Purchase Plan and 38,882 shares of restricted stock.

(5)

This total includes 1,333 shares allocated to Mr. Caspersen under Peapack-Gladstone's Profit Sharing Plan, 1,834 shares purchased for the Employee Stock Purchase Plan, 45,018 shares of restricted stock and 5,250 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(6) This total includes 295 shares of restricted stock.

(7) This total includes 2,822 shares of restricted stock and 16,620 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(8) This total includes 147 shares of restricted stock.

(9) This total includes 1,664 shares of restricted stock and 2,500 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(10) This total includes 109,478 shares of restricted stock and 1,738 shares purchased for the Employee Stock Purchase Plan.

(11) This total includes 1,789 shares owned by Mr. John D. Kissel's wife, 4,224 shares owned by Mr. Kissel's children, 870 shares of restricted stock and 16,620 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

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(12) This total includes 1,684 shares owned by Mr. Lamb's wife, 1,004 shares of restricted stock and 16,620 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(13) This total includes 5,510 shares of restricted stock and 16,620 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(14) This total includes 8,243 shares owned by Mr. Smith's wife, 1,335 shares owned by Mr. Smith's management company, 1,389 shares of restricted stock and 16,620 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(15) This total includes 9,532 shares of restricted stock and 833 shares purchased for the Employee Stock Purchase Plan.

(16) This total includes 1,076 shares of restricted stock and 2,500 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016.

(17) This total includes 326,685 shares of restricted stock, 98,720 shares purchasable pursuant to options exercisable within 60 days of March 2, 2016 and 25,032 shares held in a margin account.

Stock Ownership Guidelines

In 2015, the Board of Directors updated the Company's Stock Ownership Guidelines. The Stock Ownership Guidelines apply to the Board of Directors, the Chief Executive Officer and the executive officers of the Company and impose the following requirements:

- All new members elected to the Board must own a minimum of $10,000 in Company stock at the time of his or her appointment;
- Directors must maintain five times the amount of the Company annual equity award for service on the Board;
- The Chief Executive Officer must maintain three times his or her base salary in Company stock; and
- Executive officers must maintain one time his or her base salary in Company stock.

Individuals can count shares owned in a Company benefit plan towards the stock ownership requirement. There is no set compliance period to meet the guidelines, with the exception of the minimum ownership requirement applicable to new Board members. However, until the guidelines are achieved, individuals will be required to retain 100% of any net shares received through a Company grant under the 2012 Long Term Incentive Plan.

PROPOSAL 2

ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

We believe that our compensation policies and procedures are competitive, are focused on pay-for-performance principles and are strongly aligned with the long-term interests of our shareholders. We also believe that both the

Company and our shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. The proposal described below, commonly known as a “Say on Pay” proposal, gives you, as shareholder of Peapack-Gladstone the opportunity to endorse or not endorse the compensation for our named executive officers by voting to approve or not approve such compensation as described in this proxy statement. We currently hold our “Say on Pay” vote on an annual basis.

As part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), Congress adopted Section 14A of the Securities Exchange Act of 1934, pursuant to which the Board is giving our shareholders this opportunity to approve on an advisory, or non-binding basis, the compensation of our named executive officers as disclosed pursuant to Item 402 of Regulation S-K. Accordingly, we are asking you to approve the compensation of Peapack-Gladstone’s named executive officers as described under “Compensation Discussion and Analysis” and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this proxy statement. Your vote is advisory and will not be binding upon the Board. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

The following summarizes the backgrounds of the named executive officers.

- Mr. Kennedy joined the Bank in October 2012 as Chief Executive Officer. He is a career banker with over 38 years of commercial banking experience. Previously, Mr. Kennedy served as Executive Vice President and Market President at Capital One Bank/North Fork and held key executive level positions with Summit Bank and Bank of American/Fleet Bank. Mr. Kennedy has a Bachelor’s Degree in Economics and a MBA from Sacred Heart University in Fairfield, Connecticut.

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- Mr. Carfora joined the Bank in April 2009 as Chief Financial Officer having previously served as a Transitional Officer with New York Community Bank from April 2007 until January 2008 as a result of a merger with PennFed Financial Services Inc. and Penn Federal Savings Bank (collectively referred to as "PennFed"). Prior to the merger, Mr. Carfora served as Chief Operating Officer of PennFed from October 2001 until April 2007 and Chief Financial Officer from December 1993 to October 2001. Mr. Carfora has nearly 36 years of experience, including 33 years in the banking industry. Mr. Carfora has a Bachelor's degree in Accounting and a MBA in Finance, both from Fairleigh Dickinson University and is a Certified Public Accountant.

- Mr. Caspersen has nearly 21 years of experience, including 12 years in the banking industry. Mr. Caspersen joined the Bank as Chief Risk Officer in March 2004 and was promoted to General Counsel in May 2006. He was elected to the Board of Directors in April 2012. Mr. Caspersen was named Senior Executive Vice President, Chief Operating Officer and General Counsel in 2013. Prior to joining the Bank, Mr. Caspersen worked in the fields of venture capital, investment banking and corporate law. Mr. Caspersen is a graduate of Harvard Law School and Harvard College.

- Mr. Babcock joined the Bank in March 2014 as Senior Executive Vice President of the Bank and President of Private Wealth Management. Mr. Babcock has 35 years of experience in commercial and wealth management/private bank businesses in New York City and regional markets through mergers, expansions, rapid growth and periods of significant organizational change. Prior to joining the Bank, Mr. Babcock was the managing director in charge of the Northeast Mid-Atlantic region for the HSBC Private Bank. Mr. Babcock graduated from Tulane University's A.B. Freeman School of Business and has an M.B.A. from Fairleigh Dickinson University. Mr. Babcock holds FINRA Series 7, 63 and 24 securities licenses.

- Eric H. Waser joined the bank in 2015 as Executive Vice President and Head of Commercial Banking at Peapack-Gladstone Bank. He is responsible for the oversight and growth of the Bank's commercial and industrial lending business. Eric has more than 25 years of experience in financial services and private banking, most recently serving as managing director for Citibank's East Business Banking Division, which achieved superior growth and risk adjusted returns through his direction. Throughout his career, as president of Mid Atlantic Corporate Banking, CEO-NJ and managing director at Sovereign Bank and executive vice president at Fleet Boston Financial/Nat West Bank, Eric focused on all aspects of Retail and Commercial Banking Segments including: business banking, middle market, large corporate, leveraged lending, and professional services, healthcare and not for profit specialty segments. Mr. Waser holds a Bachelor of Science degree from Indiana University, Kelly School of Business and has taught extensively on advanced credit, sales and leadership training topics and programs.

RECOMMENDATION ON PROPOSAL 2

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" THE NON-BINDING APPROVAL OF THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS DETERMINED BY THE COMPENSATION COMMITTEE AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS AND TABULAR AND RELATED NARRATIVE DISCLOSURE INCLUDED IN THIS PROXY STATEMENT.

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion and analysis of our compensation programs as they apply to our Chief Executive Officer ("CEO"), our Chief Financial Officer ("CFO") and the three other most highly compensated individuals who were serving as executive officers at the end of fiscal 2015 (collectively, the "named executive officers").

Executive Summary

2015 Financial Highlights and Company Performance

The Compensation Committee of the Board of Directors ("Committee") believes that the Company, under the leadership and guidance of its CEO and other named executive officers, has been successful in executing its Strategic Plan – "Expanding Our Reach." The Strategic Plan focuses on the client experience and aggressively building and maintaining a private banking platform.

In particular, the Committee noted the following factors, which it believes demonstrated the success of the Company and of the CEO and other named executive officers individually in 2015:

- For the year ended December 31, 2015, the Company reflected year over year improvement in revenue, earnings, returns, and efficiency, as shown in the table below:

(Dollars in millions, except EPS)	2015 As Reported		2015 Adjusted(A)		2014		Improvement 2015 Adjusted vs 2014	
Pretax income	$ 32.14		$ 34.64		$24.29		$ 10.35	43 %
Net income	$ 19.97		$ 21.53		$14.89		$ 6.64	45 %
Diluted earnings per share (EPS)	$ 1.29		$ 1.39		$1.22		$ 0.17	14 %
Total revenue	$ 108.17		$ 108.17		$88.70		$ 19.47	22 %
Return on average assets	0.64	%	0.69	%	0.63	%	0.06	
Return on average equity	7.71	%	8.31	%	7.96	%	0.35	
Efficiency ratio	63.80	%	61.71	%	67.45	%	(5.74)	

(A) 2015 adjusted excludes $2.5 million of charges related to the closure of two branch offices, as previously announced. Exclusion of these charges increases pretax income by $2.5 million, net income by $1.6 million, earnings per share by $0.10 per share, ROAA by 0.05%, and ROAE by 0.60%, and decreases the efficiency ratio by 2.09%.

- At December 31, 2015, the market value of assets under administration (AUA) at the Private Wealth Management Division of Peapack-Gladstone Bank ("the Bank") was $3.32 billion, including the acquisition of Wealth Management Consultants, which occurred in May 2015. Year over year growth in AUA totaled 11 percent for 2015.
- Fee income from the Private Wealth Management Division totaled $17.0 million for 2015, growing from $15.2 million for 2014. Year over year growth in wealth management fee income was 12 percent, despite a relatively flat stock market in 2015.
- Loans (including Loans Held for Sale) at December 31, 2015 totaled $3.0 billion. This reflected growth of $745 million, net of participations sold, when compared to $2.3 billion at December 31, 2014. Year over year net loan growth was 33 percent.
  - Multifamily loan participations sold in 2015 totaled approximately $200 million.
- Commercial & Industrial (C&I) loans at December 31, 2015 totaled $513 million. This reflected growth of $204 million when compared to the $309 million at December 31, 2014. Year over year C&I loan growth was 66 percent.
- Total "customer" deposit balances (defined as deposits excluding brokered CDs and brokered "overnight" interest-bearing demand deposits) grew $663 million to $2.64 billion at December 31, 2015 from $1.98 billion at December 31, 2014. Year over year customer deposit growth totaled 33 percent.
- Asset quality metrics continued to be strong at December 31, 2015. Nonperforming assets at December 31, 2015 were just $7.3 million or 0.22 percent of total assets. Total loans past due 30 through 89 days and still accruing were only $2.1 million at December 31, 2015.
- The Company's net interest income for 2015 was $84.5 million. This reflected improvement when compared to $67.9 million for 2014. Year over year growth in net interest income was 24 percent.
- The book value per share at December 31, 2015 of $17.61 reflected improvement when compared to $16.36 at December 31, 2014. Year over year growth in book value per share totaled 8 percent.
- For 2015, overall results were better than our budget/plan for 2015 ("2015 Budget") as shown in the table below.

(Dollars in millions, except EPS)	2015 As Reported	2015 Adjusted(A)	2015 Budget	Achievement 2015 As Adjusted Vs 2015 Budget

Pretax income	$ 32.14	$ 34.64	$ 31.70	$ 2.94	9 %
Net income	$ 19.97	$ 21.53	$ 19.02	$ 2.51	13 %
Diluted EPS	$ 1.29	$ 1.39	$ 1.23	$ 0.16	13 %
Total revenue	$ 108.17	$ 108.17	$ 104.65	$ 3.52	

Return on average assets	0.64 %	0.69 %	0.62 %	0.07	11%
Return on average equity	7.71 %	8.31 %	7.42 %	0.89	12%
Efficiency ratio	63.80%	61.71%	63.02%	(1.31)	

(A) 2015 adjusted excludes $2.5 million of charges related to the closure of two branch offices, as previously announced. Exclusion of these charges increases pretax income by $2.5 million, net income by $1.6 million, earnings per share by $0.10 per share, ROAA by 0.05%, and ROAE by 0.60%, and decreases the efficiency ratio by 2.09%.

Budget achievement is based on pretax income and net income, with consideration given to earnings per share (“EPS”), return on average assets (“ROAA”), return on average equity (“ROAE”), revenue growth and asset quality. After consideration of 2015’s results compared to budget, we determined 2015 Company performance to be rated at maximum under the Executive Performance Plan, based on the following guidelines:

- Threshold – 85% to 99% of budget achievement;
- Target – 100% to 109% of budget achievement;
- Maximum – 110% and greater of budget achievement;

Compensation Philosophy and Program Objectives

The fundamental objective of the Company’s executive compensation program, the elements of which are summarized in the table below, is to fairly compensate our named executive officers at levels appropriate in our market and grant equity compensation to align the interests of our named executive officers with those of our shareholders. Our compensation program is designed to retain and attract qualified executives and motivate such executives to achieve short-term and long-term strategic and operational goals that strengthen our franchise value and ultimately deliver shareholder value. We believe in a pay-for-performance philosophy that appropriately aligns our executives’ total compensation with the performance and value of their contributions and the Company’s ultimate success. In 2015, the Committee continued the Executive Performance Plan (EPP) that was adopted in 2013, which links the named executive officers’ short-term and long-term incentive compensation directly to Company and individual performance. The Executive Performance Plan is the performance-based portion of our compensation package and includes the annual cash bonus, annual equity award, and the Strategic Plan Award (SPA).

Element	**Purpose**	**Link to Performance**	**Fixed/Performance Based**
Salary	Helps attract and retain executives through market-competitive base pay	Changes based on individual and corporate performance	Fixed
Annual Cash Bonus	Encourages achievement of short-term strategic and financial performance metrics that create long-term shareholder	Based on achievement of short-term, pre-defined corporate performance objectives and an assessment of individual	Performance Based

(STI)	value	performance	
Annual Equity (LTI)	Encourages achievement of short-term strategic and financial performance metrics that create long-term shareholder value	Based on achievement of short-term, pre-defined corporate performance objectives and an assessment of individual performance	Performance Based
Strategic Plan Award (SPA)	Motivate executives to focus on the achievement of the Company's high performing long-term strategic planning goals	50% of the awards to the CEO, CFO, COO, and President of Private Wealth Management vest if high performance targets are met by year end 2017	Performance Based
Benefits and Perquisites	Establishes limited perquisites in line with market practice, as well as health and welfare benefits on the same basis as our general employee population	--	Fixed

2015 CEO Compensation Decisions

Mr. Kennedy joined the Company in October 2012 at a base salary of $500,000. He did not receive a base salary increase in 2013, 2014, or 2015.

Mr. Kennedy received a short-term incentive award (cash) under the EPP of $309,375. This award was based on 2015 Company performance (75% weighting) and 2015 individual performance (25% weighting). As fully described previously, Company performance for 2015 was achieved at maximum. Individual performance for 2015 was rated at target level. The calculated amount ($412,500) was then discounted 25% in the discretion of the compensation committee.

The following includes the more significant objectives considered in determining Mr. Kennedy's performance, all of which were met or exceeded: continue to expand our wealth business; continue to expand our C&I lending business; continue building a referral and sales culture; continue to enhance communications internally with employees and externally with shareholders; review and rationalize our branch network; deliver financial results.

In March 2015, Mr. Kennedy was granted a long-term incentive award (restricted stock) under the EPP of $449,979. This award was based on 2014 Company performance (75% weighting) and 2014 individual performance (25% weighting). Company performance for 2014 was set at the maximum level as results were in excess of 10 percent ahead of the 2014 Budget/Plan. Individual performance for 2014 was also set at the maximum level. This grant vests in equal increments over three years.

Summary of Key Compensation Compliance Policies

Policy	**Description**
Stock Ownership	Our directors and NEOs have ownership guidelines
Clawback	All awards made under the EPP are subject to clawback based on inaccurate financial statements.
No Excise Tax Gross-Ups	During 2013, we eliminated 280G tax gross-up provisions from our executive's agreements.
Double Trigger CIC Severance	Cash severance is not automatically triggered upon a change-in-control without a corresponding termination.
Double Trigger Equity in CIC	On a go forward basis, the Committee intends to grant equity which will require a change-in-control along with a corresponding termination in order to trigger an acceleration of equity in the case of a change-in-control.
Anti-Hedging Policy	During 2016, the Committee adopted a prospective policy prohibiting our executives and directors in the future from hedging Peapack shares, including buying or selling puts or calls, short sales, or engaging in any other transaction designed to hedge or offset any decrease in the market value of Peapack's stock.
Anti-Pledging Policy	During 2016, the Committee adopted a prospective policy prohibiting our executives and directors in the future from holding Peapack shares in a margin account as collateral for a margin loan or otherwise pledging Peapack shares as collateral for a loan.

Roles and Decision Process

The Compensation Committee of the Board of Directors ("the Committee") is responsible for establishing and overseeing policies governing annual and long-term compensation programs for our executives, and for determining executive compensation levels in line with our philosophy. Details of the Committee's functions are more fully described in its charter, which has been approved by the Board of Directors and is available on our website. The Chair of the Committee regularly reports on Committee actions at the Company's Board of Directors meetings.

The Committee reviews all compensation components for the Company's CEO and other named executive officers, including base salary, annual cash and equity incentives, benefits and contracts/arrangements.

Although the Committee makes independent determinations on all matters related to compensation of the named executive officers, certain members of management may be requested to attend or provide input to the Committee. The CEO provides advice to the Committee relative to the compensation of the other named executive officers. The Chief Executive Officer is not present for the discussion by the Committee of his compensation. Other senior officers, such as the Head of Human Capital, COO/General Counsel, the CFO, and/or the Comptroller may provide information and perspective to the Committee as appropriate and/or as requested. The Committee's independent compensation consultant (McLagan) also provides benchmarking information and advice as appropriate. The Committee makes all of its determinations based on its holistic assessment of the Company's performance and individual performance and on data provided by management and its independent compensation consultant.

The Committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its independent compensation consultant. The Committee has determined that it has the funding it needs to retain the advisors necessary to carry out its duties effectively. In 2013 the Committee first retained McLagan, an Aon Hewitt Company, as an independent outside compensation consultant. McLagan was retained again for 2015. McLagan's 2013, 2014, and 2015 services included peer group development and market benchmarking studies, assisting with the design and subsequent review of the incentive program, and providing insight and best practices with respect to the compensation of our named executive officers as well as the Employment Agreement and Change in Control Agreement for Mr. Kennedy and the Amended Change in Control Agreements for other Executive Officers.

While the Committee seeks independent external perspective, the Committee makes all decisions regarding the compensation of Peapack-Gladstone's named executive officers.

The Committee reviewed its relationship with McLagan and considered McLagan's independence in light of all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Securities Exchange Act of 1934 and under the applicable Nasdaq listing rules. The Compensation Committee received a report from McLagan addressing its independence, including the following factors: (1) there were no services provided to the Company, other than compensation related consulting by McLagan; (2) fees paid by the Company as a percentage of McLagan's total revenue; (3) policies or procedures maintained by McLagan that are designed to prevent a conflict of interest; (4) any business or personal relationships between the senior advisors and a member of the Compensation Committee; (5) any Company stock owned by the senior advisors; and (6) any business or personal relationships between the executives and the senior advisors. The Compensation Committee discussed these considerations and concluded that the work performed by McLagan and McLagan's senior advisors involved in the engagements did not raise any conflict of interest.

Compensation Review

Understanding the competitive landscape is a key element the Committee considers in making compensation decisions. Each year, the Committee commissions a compensation review by its independent compensation consultant. The purpose of this review is to provide an independent and objective analysis of our total compensation relative to a peer group and industry practices. The Committee utilizes the benchmarking data and best practices information for ongoing monitoring of executive pay relative to market practices and to determine executive compensation.

The foundation for the review is data from a peer group of banks. In late 2014, the committee reviewed benchmarking information provided by McLagan which the Committee used to set 2015 compensation. The peer group for this study was selected by the Committee after considering recommendations from McLagan. The peer group used for executive compensation comparisons consisted of 19 commercial banks. The selection criteria generally included: eastern U.S. commercial banks in metro areas; total assets $1.1 billion to $4.7 billion; non-interest income to total revenue greater than 12.5% or trust and investment revenue greater than $2 million; and non-performing assets to total assets of less than or equal to 2%. This peer group of 19 banks had median total assets of $2.2 billion (comparable to the Company's $2.7 billion at December 31, 2014) and median revenue of $89 million (comparable to the Company's $89 million for 2014).

The peer group consisted of the following 19 banks:

- American National Bankshares
- Arrow Financial Corp.
- Bancorp Inc.
- Bridge Bancorp Inc.
- Bryn Mawr Bank Corp.
- Cardinal Financial Corp.
- Century Bancorp Inc.
- Chemung Financial Corp.
- Enterprise Bancorp Inc.
- Hudson Valley Holding Corp
- Lakeland Bancorp
- Merchants Bancshares Inc.
- Metro Bancorp Inc.
- Middleburg Financial Corp
- National Bankshares Inc.
- Sandy Spring Bancorp Inc.
- Suffolk Bancorp
- Univest Corp. of Pennsylvania
- Washington Trust Bancorp Inc.

We utilized the 2014 study to set 2015 target compensation for our NEOs The following salary and estimated total compensation (at target) comparisons were considered by the Committee in determining salaries and total compensation for the named executive officers:

- The 2014 salaries for the Company's five named executive officers were 3.4% above the 50^{th} percentile and 12.0% below the 75^{th} percentile of the peer group.

The salaries for the CEO, COO, CFO and EVP, Commercial Banking were 4.8% below the 50th percentile and 19.0% below the 75th percentile of the peer group. The salary for the President of Private Wealth Management was 35.5% above the 50th percentile and 14.9% above the 75th percentile of the peer group.

- The 2014 estimated total compensation at target for the Company's five named executive officers were 3.6% above the 50th percentile and 13.4% below the 75th percentile of the peer group.

The estimated total compensation at target for the CEO, COO, CFO and EVP, Commercial Banking were 4.3% above the 50th percentile and 15.0% below the 75th percentile of the peer group. The estimated total compensation at target for the President of Private Wealth Management was 1.1% above the 50th percentile and 7.0% below the 75th percentile of the peer group.

- The salary and total compensation for the President of Private Wealth Management is generally above peer group levels as he joined the Company in 2014 with significant experience with much larger financial institutions and the Committee set his salary and total compensation at levels commensurate with this experience and competitive with the larger institutions.

Say on Pay Consideration

The Committee also considers feedback from our shareholders in making compensation determinations. At the 2015 Annual Meeting, over 88% of votes cast were in favor of the say-on-pay proposal. We view this as a positive endorsement of pay practice. Even in light of this strong support, we continue to monitor our pay alignment and seek ways to improve our compensation program, such as the addition of double trigger, anti-hedging, and anti-pledging policies in 2016.

Elements of Compensation and Decisions

We target our total compensation in a way that is fair and appropriate considering market conditions, peer group comparisons, Company performance, individual performance, as well as our long-term strategic goals. We believe our compensation policies and practices appropriately balance risk against our desire to award competitive compensation and are unlikely to have an adverse effect on our Company. The elements of our compensation include base salary and short-term incentive awards, long-term incentive awards and long-term strategic plan awards under our EPP as highlighted below.

<u>Base Salary</u>

Our named executive officers' base salaries are set to reflect a combination of factors, including but not limited to, level of responsibility, competitive market, experience, skill-set, and individual performance, as well as the Company's compensation philosophy and overall performance. We design our base salaries in significant part to retain and attract talented executives who can help drive long-term shareholder value. We believe we must keep our base salaries competitive, within the context of our conservative compensation culture, or risk losing executive talent because the markets in which we operate present current and potential executives with higher-paying alternatives.

The following summarizes the 2014 and 2015 salaries for the Company's named executive officers:

Named Executive Officer	**2014 Base Salary Rate**	**2015 Base Salary Rate**	**% Increase**
Douglas L. Kennedy President and Chief Executive Officer	$500,000	$500,000	0%
Jeffrey J. Carfora Senior EVP and Chief Financial Officer	$256,376	$281,376	10%
Finn M.W. Caspersen, Jr. Senior EVP, COO and General Counsel	$300,000	$320,000	7%
John P. Babcock President- Private Wealth Management	$500,000	$500,000	0%
Eric H. Waser EVP, Head of Commercial Banking	(A)	$290,000	(A)

(A) Mr. Waser joined the Company in February 2015

Mr. Caspersen's increase brought his salary to just under the 50th percentile for the peer group. Mr. Carfora's increase brought his salary to halfway between the 50th and the 75th percentile for the peer group.

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Executive Performance Plans

As noted earlier, in 2015 the Committee continued the EPP which was put in place in 2013. The EPP consists of the following three components, as previously described:

- Short term incentive awards ("STI Awards") that provide an annual cash incentive opportunity based on achievement of pre-defined Company and individual performance goals;
- Long term incentive awards ("LTI Awards") that provide annual restricted stock awards, with three year vesting, based on achievement of pre-defined Company and individual performance goals; and
- Long term Strategic Plan Award grants ("SPA Grants") provide restricted stock awards, with five year vesting, that are intended to motivate executives to focus on the achievement of the Company's high performing long-term strategic planning goals.

The amount of STI Awards, LTI Awards and SPA Grants earned by each named executive officer is dependent on the achievement of both Company goals and individual goals. The following chart depicts the potential for awards granted to each named executive officer under the EPP. The percentages referenced in the chart with respect to the STI Awards (Cash), LTI Awards (Restricted Stock) and the SPA Grants (Restricted Stock) refer to percentages of base salary. The SPA Grants in 2013 for the CEO, CFO and COO and, in 2014 for the President of Private Wealth Management were one-time, intended to cover multiple periods of up to and including the year ended December 31, 2017, as discussed above. The EVP, Commercial Banking is eligible to receive an annual SPA Grant, in the percentage noted below.

Goals & Objectives		**STI Awards (Cash)**			**LTI Awards (Stock)**			**SPA Grants**
Company	**Individual**	**Threshold**	**Target**	**Max**	**Threshold**	**Target**	**Max**	