PEAPACK GLADSTONE FINANCIAL CORP
Form 424B2
June 08, 2016

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-198299

Subject to Completion. Dated June 8, 2016.

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated August 22, 2014)

$

% Fixed-to-Floating Subordinated Notes due , 20

We are offering $ aggregate principal amount of our % Fixed-to-Floating Subordinated Notes due 20 , which we refer to as the Notes. The Notes will bear interest at a rate of % per annum, from and including , 2016, to but excluding , 20 . From and including , 20 through maturity or earlier redemption, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus basis points, payable quarterly in arrears. We will pay interest on the Notes on each and , commencing on , 2016 through , 20 , and thereafter on each , , and . The Notes will mature on , 20 .

Subject to the prior approval of the Board of Governors of the Federal Reserve System, to the extent that such approval is required, we may, at our option, beginning , 20 and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption (an Optional Redemption). Other than in the case of an Optional Redemption, subject to the prior approval of the Federal Reserve Board, to the extent that such approval is required, the Notes will not be redeemable prior to maturity unless certain events occur as described under Description of Notes in this prospectus supplement. There is no sinking fund for the Notes.

The Notes will be unsecured and subordinated in right of payment to the payment of our existing and future senior indebtedness, including all of our general creditors, and they will be structurally subordinated to all of our subsidiaries existing and future indebtedness and other obligations, including the bank deposits of our subsidiary bank. In the event of our bankruptcy or insolvency, the holders of the Notes will not be entitled to receive any payment with respect to the Notes until all holders of senior indebtedness are paid in full. The Notes are obligations of Peapack-Gladstone Financial Corporation only and are not obligations of, and are not guaranteed by, any of our subsidiaries, including our bank subsidiary, Peapack-Gladstone Bank (the Bank).

There is no public trading market for the Notes and we do not intend to list the Notes on any securities exchange or to have the Notes quoted on a quotation system.

	Price to Public[(1)]	Underwriting Discounts	Proceeds to Us (Before Expenses)
Per Note due 20	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from the original issue date.

Investing in the Notes involves risks. See Risk Factors beginning on page S-8 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The Notes will not be savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. The Notes are not guaranteed under the FDIC s Temporary Liquidity Guarantee Program.

The underwriters expect to deliver the Notes to purchasers in book-entry form through the facilities of The Depository Trust Company, on or about , 2016.

Book-Running Manager

Sandler O Neill + Partners, L.P.

Co-Manager

Keefe, Bruyette & Woods
A Stifel Company

Prospectus Supplement dated , 2016

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Prospectus Supplement

Prospectus

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You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not authorized anyone to provide you with different information. If you receive any other information, you should not rely on it.

We are not making an offer of the Notes covered by this prospectus supplement in any jurisdiction where the offer is not permitted.

You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus or any free writing prospectus prepared by us is accurate as of any date other than the respective dates thereof.

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ABOUT THIS PROSPECTUS SUPPLEMENT

References in this prospectus supplement and the accompanying prospectus to Peapack, we, us and our are to Peapack-Gladstone Financial Corporation.

We have not authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. The information contained in this prospectus supplement is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of the securities offered pursuant to this prospectus supplement.

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters. The prospectus supplement also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which describes more general information about us, some of which may not apply to the offering. You should read both this prospectus supplement and the accompanying prospectus, together with the additional information described below under the heading Where You Can Find More Information . Generally, when we refer to the prospectus, we are referring to both parts of this document combined.

We are offering to sell, and seeking offers to buy, the Notes only in jurisdictions where offers and sales are permitted. The distribution of this prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. This prospectus does not constitute, and may not be used in connection with, an offer to sell, or a solicitation of an offer to buy, any Notes offered by this prospectus by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

When acquiring any securities discussed in this prospectus, you should rely only on the information provided in this prospectus, including the information incorporated by reference. Neither we nor any underwriters or agents have authorized anyone to provide you with different information. You should not assume that the information in this prospectus or any document incorporated by reference is accurate or complete at any date other than the date mentioned on the cover page of these documents.

To the extent the information set forth in this prospectus supplement differs from the information set forth in the accompanying prospectus or any document incorporated by reference filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement.

Currency amounts in this prospectus supplement are stated in U.S. dollars.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or the SEC. Our SEC filings are available over the Internet at the SEC s website at *www.sec.gov* and on our website at *www.pgbank.com.* Except as specifically incorporated by reference in this prospectus supplement, information on those websites is not part of this prospectus supplement. You may also read and copy any document we file by visiting the SEC s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room.

The SEC allows us to incorporate by reference the information we file with them, which means:

- incorporated documents are considered part of this prospectus supplement;
- we can disclose important information to you by referring you to those documents; and
- information that we file with the SEC will automatically update and supersede this prospectus supplement and earlier information incorporated by reference.

In the case of a conflict or inconsistency between information contained in this prospectus supplement and information incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later.

We incorporate by reference the following documents that we have filed with the SEC:

- Annual Report on Form 10-K for the year ended December 31, 2015 (including portions of our Proxy Statement for our 2016 Annual Meeting of Shareholders filed on March 17, 2016 with the SEC to the extent specifically incorporated by reference in such Form 10-K);
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2016;
- Current Reports on Form 8-K filed on the following dates: January 29, 2016, February 2, 2016 (two reports), April 25, 2016, April 26, 2016 and April 29, 2016 (unless stated otherwise in the applicable report, information furnished under Item 2.02 or 7.01 of our Current Reports on Form 8-K is not incorporated herein by reference); and
- The description of our common stock which is contained in our Registration Statement on Form 10 including any amendment or report filed for the purpose of updating such description.

We also incorporate by reference each of the following documents that we will file with the SEC after the date of this prospectus supplement (other than, in each case, documents or information deemed to have been furnished, and not filed in accordance with the SEC rules) until this offering is completed:

- reports filed under Sections 13(a) and (c) of the Exchange Act;
- any document filed under Section 14 of the Exchange Act; and
- any reports filed under Section 15(d) of the Exchange Act.

You should rely only on information contained or incorporated by reference in this prospectus supplement and accompanying prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement is accurate as of the date of this prospectus supplement only. Our business, financial condition and results of operation may have changed since that date.

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To receive a free copy of any of the documents incorporated by reference in this prospectus supplement (other than exhibits, unless they are specifically incorporated by reference in the documents), call or write our Shareholder Relations Department, as follows:

Peapack-Gladstone Financial Corporation
500 Hills Drive, Suite 300
Bedminster, New Jersey 07921
Attention: Jeffrey J. Carfora
Telephone: (908) 234-0700

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document contains and incorporates by reference certain forward-looking statements regarding our financial condition, results of operations and business. These statements are not historical facts and include expressions about management s confidence and strategies and management s expectations about new and existing programs and products, acquisitions, relationships, opportunities, taxation, technology, market conditions and economic expectations.

These statements may be identified by such forward-looking terminology as expect , look , believe , anticipate , m will , or similar statements or variations of such terms. Actual results may differ materially from such forward-looking statements. Factors that may cause actual results to differ materially from those contemplated by such forward-looking statements include, among others, the following:

inability to successfully grow our business and implement our strategic plan, including an inability to generate revenues to offset the increased personnel and other costs related to the strategic plan;
the impact of anticipated higher operating expenses in 2016 and beyond;
inability to manage our growth;
inability to successfully integrate our expanded employee base;
a continued or unexpected decline in the economy, in particular in our New Jersey and New York market areas;
declines in our net interest margin caused by the low interest rate environment and highly competitive market;
declines in value in our investment portfolio;
higher than expected increases in our allowance for loan losses;
higher than expected increases in loan losses or in the level of nonperforming loans;
unexpected changes in interest rates;
a continued or unexpected decline in real estate values within our market areas;
legislative and regulatory actions (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III and related regulations) subject us to additional regulatory oversight which may result in increased compliance costs;
successful cyber attacks against our IT infrastructure and that of our IT providers;
higher than expected FDIC insurance premiums;
adverse weather conditions;
inability to successfully generate new business in new geographic markets;
inability to execute upon new business initiatives;
lack of liquidity to fund our various cash obligations;
reduction in our lower-cost funding sources;
our inability to adapt to technological changes;
claims and litigation pertaining to fiduciary responsibility, environmental laws and other matters; and
other unexpected material adverse changes in our operations or earnings.

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We assume no responsibility to update such forward-looking statements in the future, even if experience shows that the indicated results or events will not be realized. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. When considering these forward-looking statements, you should keep in mind these risks, uncertainties and other cautionary statements made in this prospectus supplement and the accompanying prospectus. You should not place undue reliance on any forward-looking statement, which speaks only as of the date made. You should refer to our periodic and current reports filed with the SEC for specific risks that could cause actual results to be significantly different from those expressed or implied by these forward-looking statements. See Where You Can Find More Information above and Risk Factors below.

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SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere or incorporated by reference into this prospectus supplement or the accompanying prospectus. Because this is a summary, it may not contain all of the information that is important to you. You should read this entire prospectus supplement and the accompanying prospectus, including the section entitled Risk Factors and the documents incorporated by reference herein, including our financial statements and the notes to those financial statements contained in such documents, before making an investment decision.

About Peapack

Peapack-Gladstone Financial Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. The Company was organized under the laws of New Jersey in August 1997, by the Board of Directors of Peapack-Gladstone Bank (the Bank), its principal subsidiary, to become a holding company for the Bank. The Bank is a state chartered commercial bank founded in 1921 under the laws of the State of New Jersey. The Bank is a member of the Federal Reserve System. The Bank provides innovative private banking services to businesses, non-profits and consumers through its private banking locations in Bedminster, Morristown, Princeton and Teaneck, New Jersey, its wealth management division and its branch network in Somerset, Morris, Hunterdon and Union Counties.

Our private wealth management division is one of the largest New Jersey-based trust and investment businesses with $3.31 billion of assets under administration as of March 31, 2016. It is headquartered in Bedminster, New Jersey with additional private banking locations in Morristown, Princeton and Teaneck, New Jersey, as well as at the Bank s subsidiary, PGB Trust & Investments of Delaware, in Greenville, Delaware. Our wealth management clients include individuals, families, foundations, endowments, trusts and estates. Our commercial loan clients are business people, including business owners, professionals, retailers and real estate investors. Most forms of commercial lending are offered, including working capital lines of credit, term loans for fixed asset acquisitions, commercial mortgages, multi-family mortgages and other forms of asset-based financing. Treasury management services are also offered.

In addition to commercial banking activities, we offer a wide range of consumer banking services, including: checking and savings accounts, money market and interest-bearing checking accounts, certificates of deposit, and individual retirement accounts held in certificates of deposit. We also offer residential and construction mortgages, home equity lines of credit and other second mortgage loans. Automated teller machines are available at 22 locations. Internet banking, including an online bill payment option and mobile phone banking, is available to customers.

We believe our wealth management business differentiates us from our competition and adds significant value. We intend to grow this business further both in and around our market areas through our Delaware trust subsidiary; through our existing wealth, loan and depository client base; and through our innovative private banking service model, which utilizes private bankers working together to provide fully integrated client solutions. Throughout the wealth management division and all other business lines, we will continue to provide the unparalleled personalized, high-touch service our valued clients have come to expect.

Our principal executive offices are located at 500 Hills Drive, Suite 300, Bedminster, New Jersey 07921, and our telephone number is (908) 234-0700. Our website is *www.pgbank.com.* Information on or accessible through our website shall not be deemed part of this prospectus supplement or the accompanying prospectus.

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Summary Financial Information

The following table sets forth summary financial data of the Company as of and for the three months ended March 31, 2016 and 2015 and as of and for each of the five years ended December 31, 2015, 2014, 2013, 2012 and 2011. The data for the Company as of March 31, 2016 and 2015 and for the three months ended March 31, 2016 and 2015 were derived from the Company s unaudited consolidated financial statements. The data for the Company as of and for each of the five years ended December 31, 2015, 2014, 2013, 2012 and 2011 were derived from the Company s audited consolidated financial statements. You should read the selected financial data in conjunction with the Company s unaudited consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2016 and 2015 and the related Management s Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016, which is incorporated herein by reference, as well as the Company s audited consolidated financial statements as of and for each of the five years ended December 31, 2015, 2014, 2013, 2012 and 2011 and the related Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2015, which is also incorporated herein by reference.

The consolidated financial statements as of and for the three months ended March 31, 2016 and 2015 are unaudited and include adjustments management considers necessary for a fair presentation under generally accepted accounting principles. The results of operations for any interim period are not necessarily indicative of results for the full year.

	At or For the Three Months Ended March 31,		At or For the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(dollars in thousands)						
Summary Earnings:							
Interest Income	$27,898	$22,361	$99,142	$75,575	$57,053	$56,090	$56,051
Interest Expense	4,488	2,778	14,690	7,681	4,277	4,687	7,136
Net Interest Income	23,410	19,583	84,452	67,894	52,776	51,403	48,915
Provision for Loan Losses	1,700	1,350	7,100	4,875	3,425	8,275	7,250
Net Interest Income After Provision For Loan Losses	21,710	18,233	77,352	63,019	49,351	43,128	41,665
Other Income, Exclusive of Securities Gains, Net	6,162	5,614	23,187	20,547	19,755	17,493	15,679
Securities Gains, Net	101	268	527	260	840	3,810	1,037
Other Expenses	19,206	15,768	68,926	59,540	55,183	48,330	44,399
Income Before Income Tax Expense	8,767	8,347	32,140	24,286	14,763	16,101	13,982
Income Tax Expense	3,278	3,339	12,168	9,396	5,502	6,405	1,814
Net Income	5,489	5,008	19,972	14,890	9,261	9,696	12,168
Dividends on Preferred Stock and Accretion						474	1,228
Net Income Available to Common Shareholders	5,489	5,008	19,972	14,890	9,261	9,222	10,940

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	At or For the Three Months Ended March 31,		At or For the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(dollars in thousands except per share data)						
r Share Data:							
rnings Per Share-Basic	$0.35	$0.34	$1.31	$1.23	$1.02	$1.05	$1.25
rnings Per are-Diluted	0.34	0.33	1.29	1.22	1.01	1.05	1.25
sh Dividends Declared	0.05	0.05	0.20	0.20	0.20	0.20	0.20
ok Value d-of-Period	17.71	16.61	17.61	16.36	14.79	13.90	12.47
sic Weighted Average ares Outstanding	15,858,278	14,909,722	15,187,637	12,065,615	9,094,111	8,780,973	8,741,209
mmon Stock uivalents (Dilutive)	158,694	160,630	247,359	106,492	82,688	47,501	1,061
lance Sheet Data : Period End):							
tal Assets	$3,465,997	$2,879,457	$3,364,659	$2,702,397	$1,966,948	$1,667,836	$1,600,335
estment Securities ld to Maturity							100,719
curities Available for e	214,050	276,119	195,630	332,652	268,447	304,479	319,520
LB and FRB Stock, cost	13,254	10,598	13,984	11,593	10,032	4,639	4,569
tal Loans (excluding ans held for sale)	3,027,701	2,442,300	2,913,242	2,250,267	1,574,201	1,132,584	1,038,345
owance for Loan sses	27,321	20,816	25,856	19,480	15,373	12,735	13,233
tal Deposits	3,043,578	2,522,332	2,935,470	2,298,693	1,647,250	1,516,427	1,443,892
tal Shareholders Equity	283,505	249,353	275,676	242,267	170,657	122,057	122,971
ealth Division Assets der Administration arket Value)	3,307,799	3,053,110	3,321,624	2,986,623	2,690,601	2,303,397	1,957,146
sh Dividends:							
mmon	803	757	3,100	2,414	1,802	1,774	1,765
eferred						112	823
ected Performance tios:							
turn on Average Total sets	0.64 %	0.71 %	0.64 %	0.63 %	0.54 %	0.61 %	0.79
turn on Average mmon Shareholders uity	7.83 %	8.13 %	7.71 %	7.96 %	7.37 %	8.03 %	10.74
vidend Payout Ratio	14.63 %	15.12 %	15.52 %	16.21 %	19.46 %	19.24 %	16.13
erage Equity to erage Assets Ratio	8.11 %	8.75 %	8.30 %	7.94 %	7.26 %	7.25 %	7.64

t Interest Margin	2.82	%	2.88	%	2.80	%	3.01	%	3.26	%	3.50	%	3.47
n-Interest Expenses to erage Assets	2.22	%	2.24	%	2.21	%	2.53	%	3.19	%	3.04	%	2.90
n-Interest Income to erage Assets	0.72	%	0.84	%	0.76	%	0.88	%	1.19	%	1.34	%	1.09

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	At or For the Three Months Ended March 31,		At or For the Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
	(dollars in thousands)						
Asset Quality Ratios (At Period End):							
Non-Performing Loans to Total Loans	0.24 %	0.26 %	0.23 %	0.30 %	0.42 %	1.04 %	1.85 %
Non-Performing Assets to Total Assets	0.23 %	0.26 %	0.22 %	0.30 %	0.44 %	0.91 %	1.65 %
Allowance for Loan Losses to Non-Performing Loans	375.39 %	328.59 %	383.22 %	284.38 %	231.87 %	108.55 %	68.83 %
Allowance for Loan Losses to Total Loans	0.90 %	0.85 %	0.89 %	0.87 %	0.98 %	1.12 %	1.27 %
Net Charge-Offs to Average Loans Plus Other Real Estate Owned	0.01 %	0.00 %	0.03 %	0.04 %	0.06 %	0.80 %	0.86 %
Liquidity and Capital Ratios (At Period End):							
Average Loans to Average Deposits	102.02 %	95.50 %	98.26 %	92.55 %	83.05 %	76.39 %	70.15 %
Total Shareholders Equity to Total Assets	8.18 %	8.66 %	8.19 %	8.96 %	8.68 %	7.32 %	7.68 %
Average Common Shareholders Equity to Average Assets	8.11 %	8.75 %	8.30 %	7.94 %	7.26 %	7.22 %	6.66 %
Total Capital to Risk-Weighted Assets	11.57 %	12.50 %	11.40 %	15.55 %	15.33 %	13.08 %	13.76 %
Tier 1 Capital to Risk-Weighted Assets	10.56 %	11.53 %	10.42 %	14.38 %	14.07 %	11.83 %	12.51 %
Tier 1 Leverage Ratio	8.19 %	8.80 %	8.10 %	9.11 %	9.00 %	7.27 %	7.73 %

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The Offering

The following summary of this offering contains basic information about this offering and the terms of the Notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the Notes, please refer to the section of this prospectus supplement entitled Description of the Notes.

Issuer:
Peapack-Gladstone Financial Corporation, a New Jersey corporation

Securities Offered:
% Fixed-to-Floating Subordinated Notes due 20

Aggregate Principal Amount:
$

Maturity:
, 20

Issue Price:
% plus accrued interest, if any, from and including , 2016

Interest Rate:
% annually from the date of original issuance to, but excluding, , 20 . From and including , 20 , the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus basis points (%).

Interest Payment Dates:
We will pay interest on the Notes on and of each year through , 20 , and thereafter on , , and of each year through the maturity date or earlier redemption. The first interest payment will be made on .

Record Dates:
Interest on each Note will be payable to the person in whose name such Note is registered on or (whether or not a business day) immediately preceding the applicable interest payment date through , 20 , and thereafter on , , and (whether or not a business day) immediately preceding the applicable interest payment date.

Ranking:
The Notes will be unsecured, subordinated and:

will rank junior in right of payment and upon our liquidation to any existing and all future senior indebtedness (as defined in the Indenture and described under Description of the Notes in this prospectus supplement);

will rank junior in right of payment and upon our liquidation to any of our existing and all of our future general creditors;

will rank equal in right of payment and upon our liquidation with any future indebtedness the terms of which provide that such indebtedness ranks equally with the Notes;

will rank senior in right of payment and upon our liquidation to any indebtedness the terms of which provide that such indebtedness ranks junior to the Notes; and

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will be effectively subordinated to all of the existing and future indebtedness, deposits and other liabilities of the Bank and our other current and future subsidiaries, including without limitation the Bank s depositors, liabilities to general creditors and liabilities arising during the ordinary course or otherwise.

As of March 31, 2016, we (at the holding company level) had no indebtedness ranking senior to the Notes, other than liabilities of approximately $300,000 to general creditors and trade creditors, we had no indebtedness ranking equally with the Notes, and we had no indebtedness ranking junior to the Notes. As of March 31, 2016, the Bank and our other subsidiaries had outstanding indebtedness, total deposits and other liabilities of $3.2 billion, excluding intercompany liabilities, all of which ranks structurally senior to the Notes. As adjusted to give effect to this offering and our anticipated use of the proceeds from this offering, as of March 31, 2016, we (at the holding company level), the Bank and our other subsidiaries had $ billion of indebtedness. For more information, see Description of the Notes Subordination of the Notes in this prospectus supplement.

The Indenture, as defined herein, governing the Notes does not contain any limitation on the amount of debt or other obligations ranking senior to or equally with the indebtedness evidenced by the Notes that we may incur hereafter.

Redemption:

We may, at our option, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required under the rules of the Federal Reserve, beginning , 20 and on any scheduled interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption (an Optional Redemption).

Other than in the case of an Optional Redemption, the Notes may not be redeemed, called or repurchased by us prior to maturity except we may, at our option, subject to obtaining the prior approval of the Federal Reserve to the extent such approval is then required under the rules of the Federal Reserve, redeem the Notes prior to maturity, in whole, at any time, but not in part, after the date on which we sell the Notes to investors, if (i) a change or prospective change in law occurs which could prevent us from deducting interest payable on the Notes for U.S. federal income tax purposes, (ii) a subsequent event occurs which precludes the Notes from being recognized as Tier 2 capital for regulatory capital purposes, or (iii) we are required to register as an investment company under the Investment Company Act of 1940, as amended, in each case, at a redemption price equal to 100% of the principal of the Notes plus any accrued and unpaid interest through, but excluding, the redemption date. For more information, see Description of the Notes Redemption in this prospectus supplement.

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Form:

The Notes will be issued only in book-entry form. The Notes will be evidenced by a global note deposited with the trustee for the Notes, as custodian for The Depository Trust Company (DTC). Beneficial interests in the Notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants of DTC. See Description of the Notes General and Description of the Notes Clearance and Settlement in this prospectus supplement.

Denominations:

$1,000 and integral multiples of $1,000 in excess thereof

Further Issuances:

We may reopen the Notes and issue an unlimited principal amount of additional Notes in the future without the consent of the Note holders.

Use of Proceeds:

We estimate that the net proceeds from this offering will be approximately $ million, after deducting estimated expenses and underwriting discounts and commissions. We intend to use the net proceeds from this offering for general corporate purposes, potential strategic acquisitions and investments in the Bank as regulatory capital to fund future growth. See Use of Proceeds.

The Subordinated Indenture and the Trustee:

The Notes will be issued pursuant to the subordinated indenture between us and U.S. Bank National Association, herein referred to from time to time as U.S. Bank, as trustee, as amended and supplemented by a first supplemental indenture to be dated the original issue date of the Notes. We refer to the indenture, as amended and supplemented by the first supplemental indenture, as the Indenture.

Listing and Trading Markets:

We do not intend to list the Notes on any securities exchange or to have the Notes quoted on a quotation system. Currently there is no public market for the Notes and there can be no assurances that any public market for the Notes will develop.

Risk Factors:

Investing in the Notes involves risks. Please refer to Risk Factors beginning on page S-8 and other information included or incorporated by reference in this prospectus supplement or the accompanying prospectus for a discussion of factors you should carefully consider before investing in the Notes.

Governing Law:

The Notes and the Indenture will be governed by New York law.

Ratio of Earnings to Fixed Charges:

Our ratio of earnings to fixed charges for the three months ended March 31, 2016, and for each of the years in the five-year period ended December 31, 2015 is set forth on page S-17 of this prospectus supplement.

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RISK FACTORS

An investment in the Notes is subject to certain risks. Before you decide to invest in the Notes, you should consider the risk factors below relating to the offering as well as the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as may be supplemented by other documents incorporated by reference into this prospectus supplement or the accompanying prospectus. Please refer to Where You Can Find More Information in this prospectus supplement and the accompanying prospectus for discussions of these other filings. If any of the risks and uncertainties actually occurs, our business, financial condition, and results of operations could be materially adversely affected. If this were to happen, our ability to pay principal and interest on the Notes, and the value of the Notes, could decline significantly, and you could lose all or part of your investment. The prospectus is qualified in its entirety by those risk factors.

Risks Relating to Ownership of the Notes

Our obligations under the Notes will be unsecured and subordinated to our existing and future senior indebtedness and general creditors.

Our obligations under the Notes will be unsecured and subordinated in right of payment to all of our existing and future senior indebtedness (as defined in the Indenture and described under Description of the Notes in this prospectus supplement). This means that we may not be permitted to make any payments of principal or interest on the Notes if we default on a payment obligation under any senior indebtedness. Our obligations under the Notes will also be subordinate and junior in right of payment to our and our subsidiaries general creditors. In addition, the Notes will effectively be subordinated to all of the existing and future indebtedness, deposits and other liabilities of our current and future subsidiaries, including our principal subsidiary, the Bank.

As of March 31, 2016, we (at the holding company level) had no indebtedness ranking senior to the Notes, other than liabilities of approximately $300,000 to general creditors and trade creditors, we had no indebtedness ranking equally with the Notes, and we had no indebtedness ranking junior to the Notes. As of March 31, 2016, the Bank and our other subsidiaries had outstanding indebtedness, total deposits and other liabilities of $3.2 billion, excluding intercompany liabilities, all of which ranks structurally senior to the Notes. As adjusted to give effect to this offering and our anticipated use of the proceeds from this offering, as of March 31, 2016, we (at the holding company level), the Bank and our other subsidiaries had $ billion of indebtedness, on a consolidated basis. In the future, we may incur substantial other indebtedness, including senior indebtedness and indebtedness ranking equally with the Notes. The Indenture governing the Notes does not contain any limitation on the amount of debt or other obligations ranking senior to or equally with the indebtedness evidenced by the Notes that we may incur hereafter.

Due to the subordination of the Notes described in Description of the Notes Subordination of the Notes , in the event of our insolvency, funds that we would otherwise use to pay to the holders of the Notes would be used to pay the holders of any senior debt outstanding at that time to the extent necessary to pay such senior indebtedness in full. In addition, the holders of any senior indebtedness could restrict or prohibit us from making payments on the Notes.

The Notes will be the obligations of Peapack-Gladstone Financial Corporation and not obligations of the Bank or any of our other subsidiaries, and will be structurally subordinated to the debt and other liabilities of the Bank and our other subsidiaries, which will not guarantee the Notes.

Because we are a holding company, our rights and the rights of our creditors, including the holders of the Notes, to participate in the assets of any subsidiary during its liquidation or reorganization will be subject to the prior claims of the subsidiary s creditors unless we are ourselves a creditor with recognized claims against the subsidiary. Any loans that we make to the Bank would be subordinate in right of payment to deposits and to other indebtedness of the Bank. Claims from creditors (other than us) against the subsidiaries may include long-term and medium-term debt and substantial obligations related to deposit liabilities, federal funds purchased, securities sold under repurchase agreements, and other short-term borrowings, as well as liabilities to general creditors. The Notes are not obligations of, nor guaranteed by, the Bank or our other subsidiaries,

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and our subsidiaries have no obligation to pay any amounts due on the Notes. The Indenture governing the Notes does not contain any limitation on the amount of debt or other obligations that the Bank or our other subsidiaries may incur hereafter.

We are a holding company and depend on our subsidiaries for payments of principal and interest; our ability to pay dividends is subject to regulatory and supervisory limitations.

We are a separate and distinct legal entity from the Bank and our other subsidiaries. Our principal source of funds to make payments on the Notes and our other securities is dividends and other distributions from the Bank. Our ability to receive dividends and other distributions from the Bank as a source of funds is contingent on a number of factors, including the Bank s ability to meet applicable regulatory capital requirements and the Bank s profitability and earnings and strength of its balance sheet. As a New Jersey chartered commercial bank, the Bank is subject to the restrictions on the payment of dividends contained in the New Jersey Banking Act of 1948, as amended (the Banking Act). Under the Banking Act, the Bank may pay dividends only out of retained earnings, and out of surplus to the extent that surplus exceeds 50% of stated capital. Under the foregoing dividend restrictions, as of March 31, 2016, the Bank could pay dividends totaling approximately $40 million to us without obtaining the approval of the New Jersey Department of Banking and Insurance.

Beginning in 2016, banks and bank holding companies are required to maintain a capital conservation buffer on top of minimum risk-weighted asset ratios. When fully phased in on January 1, 2019, the capital conservation buffer will be 2.5%. The current capital conservation buffer is 0.625%. Banking institutions which do not maintain capital in excess of the capital conservation buffer will face constraints on dividends, equity repurchases and executive compensation based on the amount of the shortfall. Accordingly, if the Bank fails to maintain the applicable minimum capital ratios and the capital conservation buffer, distributions to us (at the holding company level) may be prohibited or limited and we may not have funds to make principal and interest payments on the Notes.

In addition, under the Financial Institutions Supervisory Act, the Federal Deposit Insurance Corporation (FDIC) has the authority to prohibit a state-chartered bank from engaging in conduct that, in the FDIC s opinion, constitutes an unsafe or unsound banking practice. Under certain circumstances, the FDIC could claim that the payment of a dividend or other distribution to us by the Bank constitutes an unsafe or unsound practice.

We are also subject to regulation and supervision by the Federal Reserve Bank (FRB), which has issued a policy statement generally requiring bank holding companies to pay dividends only out of current operating earnings. The FRB policies require, among other things, that a bank holding company maintain a minimum capital base and serve as a source of strength to its subsidiary bank. The FRB by supervisory letters has advised holding corporations that it has supervisory concerns when the level of dividends is too high and would seek to prevent dividends if the dividend paid by the holding company exceeded its earnings. The FRB would most likely seek to prohibit any dividend payment that would reduce a holding company s capital below these minimum amounts.

Holders of the Notes will have limited rights if there is an event of default.

Payment of principal on the Notes may be accelerated only in the case of certain events of bankruptcy or insolvency involving us. There is no automatic acceleration or right of acceleration in the case of default in the payment of interest on the Notes or in the performance of any of our other obligations under the Notes or the Indenture governing the Notes.

The Notes do not restrict our ability to incur additional debt, to repurchase our securities or to take other actions that could negatively impact holders of the Notes, and the Indenture governing the Notes does not contain any financial covenants.

We are not restricted by the terms of the Indenture from incurring additional debt at the holding company level, including secured or unsecured debt, that ranks senior or equal to the Notes, or from repurchasing our securities. In addition, the Indenture does not contain any financial covenants that would require us to achieve or maintain any minimum financial results relating to our financial position or results of operations. Our

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ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the Notes could have the effect of diminishing our ability to make payments on the Notes when due.

Our credit ratings may not reflect all risks of an investment in the Notes and may adversely affect your investment in the Notes.

Our credit ratings are an assessment of our ability to pay our obligations as they become due. Consequently, real or anticipated changes in our credit ratings will generally affect the trading value of the Notes. Our credit ratings, however, may not reflect the potential risks related to the market or other factors on the value of the Notes. Furthermore, because your return on the Notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not reduce the other investment risks related to the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

The Notes are not insured or guaranteed by the Federal Deposit Insurance Corporation.

The Notes will not be savings accounts, deposits or other obligations of the Bank and will not be insured or guaranteed by the FDIC or any other governmental agency or instrumentality.

We cannot assure you that an active trading market will develop for the Notes.

There is currently no trading market for the Notes, and we do not intend to apply for listing of the Notes on any national securities exchange or to have the Notes quoted on an automated dealer quotation system. Although we have been informed by the underwriters that they intend to make a market in the Notes after the offering is completed, the underwriters may cease market-making at any time without notice. In addition, the liquidity of the trading market in the Notes and the market price quoted for the Notes may be adversely affected by changes in the overall market for this type of security and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, we cannot assure you that an active trading market will develop or continue for the Notes. If an active trading market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. In that case you may not be able to sell your Notes at a particular time or you may not be able to sell your Notes at a favorable price.

Risks Relating to the Company

We may not be able to continue to grow our business, which may adversely impact our results of operations.

Our business strategy calls for continued expansion. Our ability to continue to grow depends, in part, upon our ability to successfully attract deposits and identify favorable loan and investment opportunities. We expect to add personnel to assist in this growth. In the event that we do not continue to grow, or the new personnel do not produce sufficient new revenues, our results of operations could be adversely impacted.

We may not be able to manage our growth, which may adversely impact our financial results.

As part of our expansion strategy, we plan to broaden and expand our commercial lending in both existing and new geographic markets. In addition, as part of our expansion strategy, we may add new lines of business or offer new products and services within existing lines of business. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. We may invest significant time and resources to develop and market new lines of business and/or products and services. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved and price and profitability targets may not prove feasible. External factors, such as compliance with regulations, competitive alternatives, and shifting customer preferences may also impact the successful implementation of a new line of business or a new product or service. Additionally, any new line of business and/or new product or service could have a significant impact on the effectiveness of our system of internal controls. Failure to successfully manage these risks could have a material adverse effect on our business, results of operations and financial condition.

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Our ability to implement our expansion strategy will depend upon a variety of factors, including our ability to attract and retain experienced personnel, the continued availability of desirable business opportunities and locations, the competitive responses from other financial institutions in the new market areas and our ability to manage growth. In order to implement our expansion strategy, we plan to hire new personnel in our existing and target markets. However, we may be unable to hire qualified management. In addition, the organizational and overhead costs may be greater than we anticipated. Moreover, we may not be able to obtain the regulatory approvals necessary. New business expansion efforts may take longer than expected to reach profitability, and we cannot assure that they will become profitable. The additional costs of adding new personnel may adversely impact our financial results.

Our ability to manage growth successfully will depend on whether we can continue to fund this growth while maintaining cost controls and asset quality, as well as on factors beyond our control, such as national and regional economic conditions and interest rate trends. If we are not able to control costs and maintain asset quality, such growth could adversely impact our earnings and financial condition.

The Company is required by Federal regulatory authorities to maintain adequate levels of capital to support its operations. The Company may at some point need to raise additional capital to support continued growth. The Company s ability to raise additional capital, if needed, will depend on conditions in the capital markets at that time, which are outside the Company s control, and on its financial performance. Accordingly, the Company cannot assure you of its ability to raise additional capital if needed or on terms acceptable to the Company. If the Company cannot raise additional capital when needed, the ability to further expand its operations could be materially impaired.

The Dodd-Frank Wall Street Reform and Consumer Protection Act may adversely affect our business activities, financial position and profitability by increasing our regulatory compliance burden and associated costs, placing restrictions on certain products and services, and limiting our future capital raising strategies.

On July 21, 2010, the President signed into law the Dodd-Frank Act, which implements significant changes in the financial regulatory landscape and will impact all financial institutions, including the Company and the Bank. The Dodd-Frank Act has and is likely to continue to increase our regulatory compliance burden.

Among the Dodd-Frank Act s significant regulatory changes, it created the CFPB that is empowered to promulgate new consumer protection regulations and revise existing regulations in many areas of consumer protection. The CFPB has exclusive authority to issue regulations, orders and guidance to administer and implement the objectives of federal consumer protection laws. Moreover, the Dodd-Frank Act permits states to adopt stricter consumer protection laws and state attorney generals may enforce consumer protection rules issued by the CFPB. The Dodd-Frank Act also changes the scope of federal deposit insurance coverage, and increases the FDIC assessment payable by the Bank. The CFPB and these other changes have increased, and will continue to increase, our regulatory compliance burden and costs and may restrict the financial products and services we offer to our clients.

The Dodd-Frank Act also imposed more stringent capital requirements on bank holding companies by, among other things, imposing leverage ratios on bank holding companies and prohibiting new trust preferred issuances from counting as Tier I capital. These restrictions may limit our future capital strategies. The Dodd-Frank Act also increases regulation of derivatives and hedging transactions, which could limit our ability to enter into, or increase the costs associated with, interest rate and other hedging transactions.

Although certain provisions of the Dodd-Frank Act, such as required direct supervision by the CFPB, will not apply to banking organizations with less than $10 billion of assets, such as the Company and the Bank, the changes resulting from the legislation will impact our business. New consumer protection rules issued by the CFPB will apply to us. These changes will require us to invest significant management attention and resources to evaluate and make necessary changes.

Negative developments in the financial services industry and U.S. and global credit markets may adversely impact our operations and results.

Our businesses and operations, which primarily consist of lending money to clients in the form of loans, borrowing money from clients in the form of deposits and investing in securities, are sensitive to general

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business and economic conditions in the United States. If the U.S. economy weakens, our growth and profitability from our lending, deposit and investment operations could be constrained. Uncertainty about the federal fiscal policymaking process, the medium and long-term fiscal outlook of the federal government and future tax rates is a concern for businesses, consumers and investors in the United States. In addition, economic conditions in foreign countries could affect the stability of global financial markets, which could hinder U.S. economic growth. Weak economic conditions are often characterized by deflation, fluctuations in debt and equity capital markets, a lack of liquidity and/or depressed prices in the secondary market for mortgage loans, increased delinquencies on mortgage, consumer and commercial loans, residential and commercial real estate price declines and lower home sales and commercial activity.

The current economic environment is also characterized by interest rates at historically low levels, which impacts our ability to attract deposits and to generate attractive earnings through our investment portfolio. All of these factors are detrimental to our business, and the interplay between these factors can be complex and unpredictable. Our business is also significantly affected by monetary and related policies of the U.S. federal government and its agencies. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control. Adverse economic conditions and government policy responses to such conditions could have a material adverse effect on our business, financial condition, results of operations and prospects.

Uncertainty in the financial markets in general continued during 2015. Loan portfolio performances have deteriorated at many institutions resulting from, amongst other factors, a weak economy and a decline in the value of the collateral supporting their loans. The competition for our deposits has increased significantly due to liquidity concerns at many of these same institutions. Stock prices of bank holding companies, like ours, have been negatively affected by the current condition of the financial markets, as has our ability, if needed, to raise capital or borrow in the debt markets compared to recent years. As a result, there is potential for new federal or state laws and regulations regarding lending and funding practices and liquidity standards, and financial institution regulatory agencies are expected to be very aggressive in responding to concerns and trends identified in examinations, including the expected issuance of many formal enforcement actions. Negative developments in the financial services industry and the impact of new legislation in response to those developments could negatively impact our operations by restricting our business operations, including our ability to originate or sell loans, and adversely impact our financial performance.

We are more sensitive than our more geographically diversified competitors to adverse changes in the local economy.

Much of our business is with clients located within Central and Northern New Jersey, as well as New York City. Our business loans are generally made to small to mid-sized businesses, most of whose success depends on the regional economy. These businesses generally have fewer financial resources in terms of capital or borrowing capacity than larger entities. Adverse economic and business conditions in our market area could reduce our growth rate, affect our borrowers' ability to repay their loans and, consequently, adversely affect our financial condition and performance. Further, we place substantial reliance on real estate as collateral for our loan portfolio. A sharp downturn in real estate values in our market area could leave many of our loans under-secured, which could adversely affect our earnings.

If our allowance for loan losses were not sufficient to cover actual loan losses, our earnings would decrease.

We maintain an allowance for loan losses based on, among other things, the level of non-performing loans, loan growth, national and regional economic conditions, historical loss experience, delinquency trends among loan types and various qualitative factors. However, we cannot predict loan losses with certainty and we cannot assure you that charge-offs in future periods will not exceed the allowance for loan losses. In addition, regulatory agencies, as an integral part of their examination process, review our allowance for loan losses and may require additions to the allowance based on their judgment about information available to them at the time of their examination. Factors that require an increase in our allowance for loan losses could reduce our earnings.

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Changes in interest rates may adversely affect our earnings and financial condition.

Our net income depends primarily upon our net interest income. Net interest income is the difference between interest income earned on loans, investments and other interest-earning assets and the interest expense incurred on deposits and borrowed funds.

Different types of assets and liabilities may react differently, and at different times, to changes in market interest rates. We expect that we will periodically experience gaps in the interest rate sensitivities of our assets and liabilities. That means either our interest-bearing liabilities will be more sensitive to changes in market interest rates than our interest-earning assets, or vice versa. When interest-bearing liabilities mature or reprice more quickly than interest-earning assets, an increase in market rates of interest could reduce our net interest income. Likewise, when interest-earning assets mature or reprice more quickly than interest-bearing liabilities, falling interest rates could reduce our net interest income. We are unable to predict changes in market interest rates, which are affected by many factors beyond our control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets.

Our exposure to credit risk could adversely affect our earnings and financial condition.

There are certain risks inherent in making loans, including risks that the principal of or interest on the loan will not be repaid timely or at all or that the value of any collateral supporting the loan will be insufficient to cover our outstanding exposure. These risks may be affected by the strength of the borrower s business sector and local, regional and national market and economic conditions. Our risk management practices, such as monitoring the concentration of our loans within specific industries and our credit approval practices, may not adequately reduce credit risk, and our credit administration personnel, policies and procedures may not adequately adapt to changes in economic or any other conditions affecting clients and the quality of the loan portfolio. Finally, many of our loans are made to small and medium-sized businesses that are less able to withstand competitive, economic and financial pressures than larger borrowers. A failure to effectively measure and limit the credit risk associated with our loan portfolio could have a material adverse effect on our business, financial condition, results of operations and prospects.

Competition from other financial institutions in originating loans and attracting deposits may adversely affect our profitability.

We face substantial competition in originating loans. This competition comes principally from other banks, savings institutions, mortgage banking companies and other lenders. Many of our competitors enjoy advantages, including greater financial resources and higher lending limits, a wider geographic presence, and more accessible branch office locations.

In attracting deposits, we face substantial competition from other insured depository institutions such as banks, savings institutions and credit unions, as well as institutions offering uninsured investment alternatives, including money market funds. Many of our competitors enjoy advantages, including greater financial resources, more aggressive marketing campaigns, better brand recognition and more branch locations. These competitors may offer higher interest rates than we do, which could decrease the deposits that we attract or require us to increase our rates to retain existing deposits or attract new deposits. Increased deposit competition could adversely affect our ability to generate the funds necessary for lending operations and increase our cost of funds.

We also compete with non-bank providers of financial services, such as brokerage firms, consumer finance companies, insurance companies and governmental organizations, which may offer more favorable terms. Some of our non-bank competitors are not subject to the same extensive regulations that govern our operations. As a result, such non-bank competitors may have advantages over us in providing certain products and services. This competition may reduce or limit our margins on banking services, reduce our market share and adversely affect our earnings and financial condition.

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Limits on our ability to use brokered deposits as part of our funding strategy may adversely affect our ability to grow.

A brokered deposit is any deposit that is obtained from or through the mediation or assistance of a deposit broker, which includes larger correspondent banks and securities brokerage firms. These deposit brokers attract deposits from individuals and companies throughout the country and internationally whose deposit decisions are based almost exclusively on obtaining the highest interest rates. At March 31, 2016, brokered deposits represented approximately 23.6% of our total deposits and equaled $719.1 million, comprised of the following: interest bearing demand brokered of $200.0 million, brokered certificates of deposits of $93.6 million and reciprocal deposits of $425.5 million. There are risks associated with using brokered deposits. In order to continue to maintain our level of brokered deposits, we may be forced to pay higher interest rates than contemplated by our asset-liability pricing strategy. In addition, banks that become less than well capitalized under applicable regulatory capital requirements may be restricted in their ability to accept or prohibited from accepting brokered deposits. If this funding source becomes more difficult to access, we will have to seek alternative funding sources in order to continue to fund our growth. This may include increasing our reliance on Federal Home Loan Bank borrowings, attempting to attract non-brokered deposits, reducing our available for sale securities portfolio and selling loans. There can be no assurance that brokered deposits will be available, or if available, sufficient to support our continued growth.

Our commercial real estate loan portfolio exposes us to risks that may be greater than the risks related to our other mortgage loans.

Our loan portfolio includes non-owner-occupied commercial real estate loans for individuals and businesses for various purposes, which are secured by commercial properties. These loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service. This may be adversely affected by changes in the economy or local market conditions. These loans expose a lender to greater credit risk than loans secured by residential real estate because the collateral securing these loans typically cannot be liquidated as easily as residential real estate. If we foreclose on these loans, our holding period for the collateral typically is longer than for a single or multifamily residential property because there are fewer potential purchasers of the collateral. Additionally, non-owner-occupied commercial real estate loans generally involve relatively large balances to single borrowers or related groups of borrowers. Accordingly, charge-offs on non-owner-occupied commercial real estate loans may be larger on a per loan basis than those incurred with our residential or consumer loan portfolios. Unexpected deterioration in the credit quality of our commercial real estate loan portfolio would require us to increase our provision for loan losses, which would reduce our profitability and could materially adversely affect our business, financial condition, results of operations and prospects.

Our loan portfolio consists of a high percentage of loans secured by commercial real estate, largely consisting of rent controlled multi-family real estate. The concentration requires that we have heightened risk management practices to ensure the safety and soundness of the bank and may expose us to risks that may be greater than non-multi-family concentrated financial institutions.

At March 31, 2016, $1.94 billion, or approximately 63% of our loan portfolio (including loans held for sale) consisted of commercial ($414 million) and multi-family ($1.528 billion) real estate loans. Our plan includes expansion of our

Commercial and Industrial lending and our relationship based Residential Mortgage portfolio, as well as continued multi-family loan participations and sales, which will help to reduce the level of our CRE concentration. CRE loans typically involve repayment dependent upon income generated, or expected to be generated, by the property securing the loan in amounts sufficient to cover operating expenses and debt service.

During the recent economic downturn, financial institutions with high commercial real estate loan concentrations were more susceptible to failure and regulatory action to limit the growth of the financial institution s commercial real estate portfolio. The Bank s commercial real estate concentration is in a class of assets (multi-family) which did not experience the severity of losses of other CRE loans at other financial institutions. If we cannot effectively manage the risk associated with our high concentration of commercial real estate loans, our financial condition and results of operations may be adversely affected.

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We are subject to environmental liability risk associated with our lending activities.

In the course of our business, we may purchase real estate, or we may foreclose on and take title to real estate. As a result, we could be subject to environmental liabilities with respect to these properties. We may be held liable to a governmental entity or to third parties for property damage, personal injury, investigation and clean-up costs incurred by these parties in connection with environmental contamination or may be required to investigate or clean up hazardous or toxic substances or chemical releases at a property. The costs associated with investigation or remediation activities could be substantial. In addition, if we are the owner or former owner of a contaminated site, we may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from the property. Any significant environmental liabilities could cause a material adverse effect on our business, financial condition, results of operations and prospects.

Lack of seasoning of our loan portfolio could increase risk of credit defaults in the future.

A large portion of loans in our loan portfolio and of our lending relationships are of relatively recent origin. In general, loans do not begin to show signs of credit deterioration or default until they have been outstanding for some period of time, a process referred to as seasoning. As a result, a portfolio of older loans will usually behave more predictably than a newer portfolio. Because a large portion of our portfolio is relatively new, the current level of delinquencies and defaults may not represent the level that may prevail as the portfolio becomes more seasoned. If delinquencies and defaults increase, we may be required to increase our provision for loan losses, which could materially adversely affect our business, financial condition, results of operations and prospects.

Deterioration in the fiscal position of the U.S. federal government could adversely affect us and our banking operations.

The fiscal position of the U.S. federal government may become uncertain. In addition to causing economic and financial market disruptions, any deterioration in the fiscal outlook of the U.S. federal government, could, among other things, materially adversely affect the market value of the U.S. and other government and governmental agency securities that we hold, the availability of those securities as collateral for borrowing, and our ability to access capital markets on favorable terms. In particular, it could increase interest rates and disrupt payment systems, money markets, and long-term or short-term fixed income markets, adversely affecting the cost and availability of funding, which could negatively affect our profitability. Any of these developments could materially adversely affect our business, financial condition, results of operations and prospects.

Government regulation significantly affects our business.

The banking industry is extensively regulated. Banking regulations are intended primarily to protect depositors, and the FDIC deposit insurance funds, not the shareholders of the Company. We are subject to regulation and supervision by the New Jersey Department of Banking and Insurance and the Federal Reserve Bank. Regulatory requirements affect our lending practices, capital structure, investment practices, dividend policy and growth. The bank regulatory agencies possess broad authority to prevent or remedy unsafe or unsound practices or violations of law. We are subject to various regulatory capital requirements, which involve both quantitative measures of our assets and liabilities and qualitative judgments by regulators regarding risks and other factors. Failure to meet minimum capital requirements or comply with other regulations could result in actions by regulators that could adversely affect our ability to pay dividends or otherwise adversely impact operations. In addition, changes in laws, regulations and regulatory practices affecting the banking industry may limit the manner in which we conduct our business. Such changes may adversely affect us, including our ability to offer new products and services, obtain financing, attract deposits, make loans and achieve satisfactory spreads and may impose additional costs on us.

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The Bank is also subject to a number of Federal laws, which, among other things, require it to lend to various sectors of the economy and population, and establish and maintain comprehensive programs relating to anti-money laundering and customer identification. The Bank's compliance with these laws will be considered by the Federal banking regulators when reviewing bank merger and bank holding company acquisitions or commencing new activities or making new investments in reliance on the Gramm-Leach-Bliley Act. As a public company, we are also subject to the corporate governance standards set forth in the Sarbanes-Oxley Act, as well as any rules or regulations promulgated by the SEC or the NASDAQ Stock Market.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth certain information concerning our consolidated ratio of earnings to fixed charges for each of the periods indicated. The information presented below is not adjusted for the Notes offered hereby.

	Three Months Ended March 31, 2016	Years ended December 31,				
		2015	2014	2013	2012	2011
Consolidated Ratios of Earnings to Fixed Charges						
Excluding interest on deposits	15.6x	16.3x	13.0x	15.4x	17.4x	14.2x
Including interest on deposits	3.0x	3.2x	4.2x	4.5x	4.4x	3.0x

Earnings have been calculated by adding income before taxes plus fixed charges and dividing that sum by fixed charges. Fixed charges, excluding interest on deposits, consist of interest expense, amortization of deferred financing costs, that portion of rental expense considered to be representative of an interest factor.

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CAPITALIZATION

The following table sets forth, on a consolidated basis, our capitalization as of March 31, 2016 on (i) an actual basis and (ii) as adjusted to give effect to this offering. You should read the following table together with our consolidated financial statements and notes thereto incorporated by reference into this prospectus supplement and the accompanying prospectus.

($ in thousands)	As of March 31, 2016 Actual	As Adjusted for Debt Issuance
	(Unaudited)	
Liabilities		
Total deposits	$3,043,578	$
Overnight borrowings with Federal Home Loan Bank	21,100	
Federal Home Loan Bank advances	83,692	
Subordinated debt		
Capital lease obligations	10,092	
Accrued expenses and other liabilities	24,030	
Total Liabilities	$3,182,492	$
Shareholders Equity		
Preferred stock (no par value; authorized 500,000 shares; liquidation preference of $1,000 per share)	$	$
Common stock (no par value; stated value $0.83 per share; authorized 21,000,000 shares; issued shares, 16,735,018 at March 31, 2016; outstanding shares, 16,326,840 at March 31, 2016)	13,932	
Surplus	217,766	
Treasury Stock, at cost (408,178 shares at March 31, 2016)	(8,988)	
Retained earnings	62,809	
Accumulated other comprehensive loss, net of income tax	(2,014)	
Total Shareholders Equity	283,505	
Total Liabilities and Shareholders Equity	$3,465,997	$
Capital Adequacy		
Tangible equity to tangible assets(1)	8.09 %	%
Total capital (to risk-weighted assets)	11.57	
Tier 1 capital (to risk-weighted assets)	10.56	
Common equity tier 1 (to risk-weighted assets)	10.56	
Tier 1 capital (to average assets)	8.19	

(1) Tangible equity as a percentage of tangible assets at period end is a non-GAAP financial measures derived from GAAP-based amounts. We calculate tangible equity and tangible assets by excluding the balance of intangible assets from shareholders equity and total assets, respectively. We calculate tangible equity as a percentage of tangible assets at period end by dividing tangible equity by tangible assets at period end. We believe that this is consistent with the treatment by bank regulatory agencies, which exclude intangible assets from the calculation of risk-based capital ratios.

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We believe that these non-GAAP financial measures provide information that is important to investors and that is useful in understanding our financial position, results and ratios. Our management internally assesses our performance based, in part, on these measures. However, these non-GAAP financial measures are supplemental and are not a substitute for an analysis based on GAAP measures. As other companies may use different calculations for these measures, this presentation may not be comparable to other similarly titles measures reported by other companies. A reconciliation of the non-GAAP measures of tangible common equity and tangible book value per share to the underlying GAAP numbers is set forth below.

($ in thousands)	March 31, 2016 Actual	As Adjusted for Debt Issuance
	(Unaudited)	
Tangible equity to tangible assets:		
Shareholders equity	$ 283,505	$
Less: Intangible assets	3,264	
Tangible equity	280,241	
Total Assets	3,465,997	
Less: Intangible assets	3,264	
Tangible assets	3,462,733	
Tangible equity to tangible assets	8.09 %	%
Equity to assets	8.18 %	%

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately $ million, after deducting estimated expenses and underwriting discounts and commissions. We intend to use the net proceeds from this offering for general corporate purposes, potential strategic acquisitions and investments in the Bank as regulatory capital to fund future growth.

Our management will have broad discretion in the application of the net proceeds from this offering, and investors will be relying on the judgment of our management with regard to the use of these net proceeds. Pending the use of the net proceeds from this offering as described above, we may invest the net proceeds in short-term, investment-grade, interest-bearing instruments.

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DESCRIPTION OF THE NOTES

We will issue the Notes under the indenture, to be dated on or about , 2016, between Peapack-Gladstone Financial Corporation (Peapack or the Company), as the issuer, and U.S Bank National Association as the trustee, as amended and supplemented by a first supplemental indenture, to be dated on or about , 2016. We refer to this indenture, as it may be amended or supplemented from time to time, as the indenture, and we refer to U.S Bank, in its capacity as the trustee for the Notes under the indenture, as the trustee. You may request a copy of the indenture from us as described under Where You Can Find More Information in this prospectus supplement. The following summary of certain provisions of the Notes and the summary of certain provisions of the indenture in this prospectus supplement and the accompanying prospectus do not purport to be complete and are subject to, and qualified in their entirety by reference to, all of the provisions of the Notes and the indenture, including the definitions of certain terms used in the Notes and the indenture. We urge you to read each of these documents because they, and not this description or the description set forth in Description of Debt Securities in the accompanying prospectus, define your rights as a holder of the Notes. To the extent that information in this prospectus supplement relating to the indenture or the Notes is inconsistent with any related information contained in the accompanying prospectus, the information in this prospectus supplement shall control with respect to the Notes.

General

The Notes will be our unsecured and subordinated obligations and will mature on , 20 (the stated maturity date), unless redeemed prior to such date in accordance with the provisions set forth under Optional Redemption and Redemption Upon Special Events. Unless previously purchased and cancelled or redeemed prior to the stated maturity date, we will repay the Notes at a price equal to 100% of the outstanding principal amount of the Notes, plus any accrued and unpaid interest, to, but excluding, the stated maturity date. We will pay principal of, and interest on, the Notes in U.S. dollars. The Notes will rank equally among themselves and junior in right of payment to our existing and future Senior Indebtedness, as described below in Subordination of the Notes, and will be effectively subordinated to all existing and future indebtedness, deposits and other liabilities and preferred equity of Peapack-Gladstone Bank (the Bank) and our other current and future subsidiaries, including, without limitation, the Bank s liabilities to its depositors, liabilities to general creditors and liabilities arising during the ordinary course or otherwise. No sinking fund will exist for the Notes, and no sinking fund payments will be made with respect to the Notes. The Notes will not be convertible into or exchangeable for any other securities or property. The Notes will not be subject to defeasance or covenant defeasance.

Except as described below under Clearance and Settlement, the Notes will be issued in book-entry-only form and will be represented by a global note registered in the name of Cede & Co., as the nominee of The Depository Trust Company (DTC). See Clearance and Settlement below.

The Notes will be issued and may be transferred only in denominations of $1,000 or integral multiples of $1,000. The Notes are a part of a series of securities newly established under the indenture and will be initially issued in the aggregate principal amount of $. We may, from time to time, without notice to, or the consent of, the holders of the Notes, issue additional debt securities ranking equally with the Notes and with identical terms to the Notes in all respects (except for issue date, the offering price, the interest commencement date and the first interest payment date) in order that such additional debt securities may be consolidated and form a single series with the Notes; provided that a separate CUSIP number will be issued for any such additional notes unless such additional notes are fungible with the Notes for U.S. federal income tax purposes, subject to the procedures of DTC.

No recourse will be available for the payment of principal of, or interest on, any note, for any claim based thereon, or otherwise in respect thereof, against any director, officer, employee or shareholder, as such, past, present or future, of ours or of any predecessor or successor entity.

Neither the indenture nor the Notes contain any covenants: (1) prohibiting or otherwise restricting the incurrence of indebtedness or other obligations by us or by any of our subsidiaries, including the Bank, or the issuance of preferred equity by any of our subsidiaries; (2) requiring us or any of our subsidiaries to achieve or maintain any minimum financial results relating to our or its financial condition, liquidity or results of

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operations or meet or exceed certain financial ratios as a general matter or to incur additional indebtedness or maintain any reserves; or (3) prohibiting or otherwise restricting us or any of our subsidiaries from granting liens on our or its assets to secure our or its indebtedness or other obligations that are senior or effectively senior in right of payment to the Notes, repurchasing our stock or other securities, including any of the Notes, or paying dividends or make other distributions to our or its shareholders or other equity owners. Accordingly, neither the indenture nor the Notes contain any provisions that would provide protection to the holders of the Notes against a sudden and dramatic decline in our credit quality resulting from a merger, takeover, recapitalization or similar restructuring, any highly leveraged or similar transaction or any other event involving us or any of our subsidiaries that may adversely affect our credit quality.

The indenture and the Notes will be governed by, and construed in accordance with, the laws of the State of New York.

The Notes are not savings accounts or deposits in the Company or the Bank and are not insured or guaranteed by the FDIC or any other governmental agency or instrumentality. The Notes are solely obligations of the Company and are neither obligations of, nor guaranteed by, the Bank or any of our other subsidiaries or affiliates.

Interest Rate and Interest Payment Dates

Fixed Rate Period

From, and including, the date of initial issuance of the Notes to, but excluding, , 20 , unless redeemed prior to such date as contemplated below under Optional Redemption and Redemption Upon Special Events, the Notes will bear interest at the annual rate of %, and we will pay interest on the Notes semi-annually in arrears on each and , commencing on , 20 and ending on , 20 . We refer to each such date as a fixed rate interest payment date, and we refer to the period from, and including, the date of initial issuance of the Notes to, but excluding, the first fixed rate interest payment date and each successive period from, and including, a fixed rate interest payment date to, but excluding, the next fixed rate interest payment date as a fixed rate period. In the event that any scheduled fixed rate interest payment date for the Notes falls on a day that is not a business day (as defined below), then payment of interest payable on such fixed rate interest payment date will be postponed to the next succeeding day that is a business day, and no interest shall accrue on the amount payable for the period from and after such scheduled fixed rate interest payment date to the next succeeding business day. The interest payable on any fixed rate interest payment date will be paid to each holder in whose name a note is registered at the close of business on the and (whether or not a business day) immediately preceding such fixed rate interest payment date.

Interest payable on the Notes for any fixed rate period will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Floating Rate Period

From, and including, , 20 to, but excluding, the stated maturity date, unless redeemed subsequent to , 20 but prior to the stated maturity date as contemplated below under Optional Redemption and Redemption Upon Special Events, the Notes will bear interest at an annual rate equal to Three-month LIBOR, reset quarterly, plus basis points (%), payable quarterly in arrears on each , , and , beginning on , 20 . We refer to each such date as a floating rate interest payment date, and together with the fixed rate interest payment dates, collectively the interest payment dates, and we refer to the period from, and including, , 20 to, but excluding, the first floating rate interest payment date and each successive period from, and including, a floating rate interest payment date to, but excluding, the next floating rate interest payment date as a floating rate period, and together with the fixed rate periods, collectively, the interest rate periods. The interest payable on any floating rate interest payment date will be paid to the holder in whose name a note is registered at the close of business on the , , and (whether or not a business day) immediately preceding such floating rate interest payment date. In the event that any scheduled floating rate interest payment date for the Notes falls on a day that is not a business day, then payment of interest payable on such floating rate interest payment date will be postponed to the next succeeding day that is a business day unless such day falls in the

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next succeeding calendar month, in which case such floating rate interest payment date will be accelerated to the immediately preceding day that is a business day, and, in each such case, the amounts payable on such business day will include interest accrued to, but excluding, such business day.

Interest payable on the Notes for a floating rate period will be computed on the basis of a 360-day year and the actual number of days in such floating rate period. All percentages used in or resulting from any calculation of Three-month LIBOR will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005% rounded up to 0.00001%. The Company shall notify the Trustee in writing of the interest rate for each Floating Rate Period on the applicable determination date.

The term business day means any day other than a Saturday, Sunday or other day on which banking institutions in the City of New York are authorized or obligated by law, regulation or executive order to close; provided that such term shall mean, when used with respect to any payment of principal of, or premium or interest, if any, on, or Additional Amounts with respect to, the Notes to be made at any Place of Payment for the Notes any day other than a Saturday, Sunday or other day on which banking institutions in such Place of Payment are authorized or obligated by law, regulation or executive order to close.

Additional Amounts means any additional amounts which are required by the indenture or the Notes, under circumstances specified by the indenture or the Notes, to be paid by the Company in respect of certain taxes, duties, levies, imposts, assessments or other governmental charges imposed on Holders specified by the indenture or the Notes.

Place of Payment means the place or places where the principal of, or any premium or interest on, or any Additional Amounts with respect to the Notes are payable as provided in or pursuant to the indenture or the Notes.

Three-month LIBOR means, as determined by the Company on the second London Banking Day immediately preceding the commencement of the applicable floating rate period (the determination date) and provided to the trustee in writing, the offered rate for deposits in U.S. dollars having a maturity of three months that appears on the Designated LIBOR Page as of 11:00 a.m., London time, on such determination date. If such rate does not appear on the Designated LIBOR Page at such time, then the Company will request the principal London office of each of four major reference banks in the London interbank market, selected by the Company, to provide such bank s offered quotation to prime banks in the London interbank market for deposits in U.S. dollars with a term of three months as of 11:00 a.m., London time, on such determination date and in a principal amount equal to an amount that, in the judgment of the Company, is representative for a single transaction in U.S. dollars in the relevant market at the relevant time (a representative amount). If at least two such quotations are so provided, Three-month LIBOR for such floating rate period will be the arithmetic mean of such quotations. If fewer than two such quotations are provided, the Company will request each of three major banks in the City of New York to provide such bank s rate for loans in U.S. dollars to leading European banks with a term of three months as of approximately 11:00 a.m., the City of New York time, on such determination date and in a representative amount. If at least two such rates are so provided, Three-month LIBOR for such floating rate period will be the arithmetic mean of such quotations. If fewer than two such rates are so provided, then Three-month LIBOR for such floating rate period will be set to equal the Three-month LIBOR for the then current floating rate period or, in the case of the first floating rate period, %.

Designated LIBOR Page means the display on Reuters or any successor service, on page LIBOR01 or on any other page as may replace that page on the service, for the purpose of displaying the London interbank rates of U.S. dollars.

London Banking Day means any date on which commercial banks are open for business (including dealings in U.S. dollars) in London, England.

Subordination of the Notes

Our obligation to make any payment on account of the principal of, or interest on, the Notes will be subordinated in right of payment and junior to our Senior Indebtedness. At March 31, 2016, we had no Senior Indebtedness outstanding, other than liabilities of approximately $300,000 million to general creditors and trade creditors.

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Senior Indebtedness means

(i) any of the Company s indebtedness for borrowed or purchased money, whether or not evidenced by bonds, debentures, notes, or other written instruments, including any obligations of the Company to general creditors or trade creditors,

(ii) the Company s obligations under letters of credit,

(iii) any of the Company s indebtedness or other obligations with respect to commodity contracts, interest rate and currency swap agreements, cap, floor, and collar agreements, currency spot and forward contracts, and other similar agreements or arrangements designed to protect against fluctuations in currency exchange or interest rates, and

(iv) any guarantees, endorsements (other than by endorsement of negotiable instruments for collection in the ordinary course of business), or other similar contingent obligations in respect of obligations of others of a type described in clauses (i), (ii), and (iii), whether or not such obligation is classified as a liability on a balance sheet prepared in accordance with accounting principles generally accepted in the United States,

in each case whether outstanding on the date of execution of the indenture or incurred later, other than obligations ranking on a parity with the Notes or ranking junior to the Notes. Notwithstanding the foregoing, if the Board of Governors of the Federal Reserve Board (or other competent regulatory agency or authority) promulgates any rule or issues any interpretation that defines general creditor(s), the main purpose of which is to establish a criteria for determining whether the subordinated debt of a bank holding company is to be included in its capital, then the term general creditors as used herein the definition of Senior Indebtedness will have the meaning as described in that rule or interpretation.

Upon any insolvency, bankruptcy, liquidation, dissolution, winding up or similar proceeding, the payment of the principal of and interest on the Notes will be subordinated in right of payment to the prior payment in full in cash or other payment satisfactory to the holders of Senior Indebtedness of all Senior Indebtedness. In the event of any acceleration of the Notes because of an event of default specified in clauses (4) or (5) under Events of Default; Limitation on Suits, the holders of any Senior Indebtedness would be entitled to payment in full in cash or other payment satisfactory to such holders of all Senior Indebtedness obligations before the holders of the Notes are entitled to receive any payment or distribution. The indenture requires us or the trustee to promptly notify holders of Senior Indebtedness if payment of the Notes is accelerated because of an event of default.

In the event of our bankruptcy, dissolution or reorganization, holders of Senior Indebtedness may receive more, ratably, and holders of the Notes may receive less, ratably, than our other creditors (including our trade creditors). This subordination will not prevent the occurrence of any event of default under the indenture.

We may not make any payment on the Notes, including any redemption of the Notes, if:

(a) in the event and during the continuation of any default in the payment of principal, premium, if any, or interest on any Senior Indebtedness beyond any applicable grace period with respect thereto or (b) a default on Senior Indebtedness occurs and is continuing that permits holders of such Senior Indebtedness (or a trustee on their behalf) to accelerate its maturity, or

the default is the subject of judicial proceedings or the Company receives a notice of the default from a person who may give it pursuant to the indenture. If the Company receives any such notice, a similar notice received within nine months thereafter relating to the same default on the same issue of Senior Indebtedness shall not be effective for purposes of this paragraph.

We may resume payments on the Notes and may acquire them when:

the default is cured or waived, or

120 days pass after the notice is given if the default is not the subject of judicial proceedings.
if otherwise permitted by the indenture.

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Subject to the terms of the indenture, if the trustee or any holder of any of the Notes receives any payment or distribution of our assets in contravention of the subordination provisions applicable to the Notes before all Senior Indebtedness is paid in full in cash, property or securities, including by way of set-off or any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Company being subordinated to the payment of the Notes, then such payment or distribution will be held in trust for the benefit of holders of Senior Indebtedness or their representatives to the extent necessary to make payment in full in cash or payment satisfactory to the holders of Senior Indebtedness of all unpaid Senior Indebtedness.

We are obligated to pay compensation to the trustee as shall be agreed in writing between us and the trustee and to indemnify the trustee against certain losses, liabilities or expenses incurred by the trustee in connection with its duties relating to the Notes. The trustee s claims for these payments will generally be senior to those of noteholders in respect of all funds collected or held by the trustee.

As discussed above, neither the Notes nor the indenture contains any limitation on the amount of Senior Indebtedness or other obligations ranking senior to or equally with the indebtedness evidenced by the Notes that we, the Bank or any of our other subsidiaries may incur or any preferred equity that the Bank or our subsidiaries may issue. As of March 31, 2016, the Company had no Senior Indebtedness outstanding, other than liabilities of approximately $300,000 million to general creditors and trade creditors. Indebtedness and other liabilities and any preferred equity of the Bank or our other subsidiaries do not fall within the definition of Senior Indebtedness, but the Notes will be effectively subordinated to all of the existing and future indebtedness and other liabilities, including deposit liabilities, of our subsidiaries, including the Bank, and to preferred equity holders of any such subsidiary. We expect to incur from time to time additional indebtedness constituting Senior Indebtedness, which may include indebtedness that is senior to the Notes but subordinate to our other obligations. As of March 31, 2016, the Bank and our other subsidiaries had outstanding indebtedness, total deposits and other liabilities of $3.2 billion, excluding intercompany liabilities.

Optional Redemption and Redemption Upon Special Events

We may, at our option, beginning with the interest payment date of , 20 and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption, subject to prior approval of the Federal Reserve Board, to the extent that such approval is required. If we elect to redeem the Notes, we will be required to notify the trustee of the aggregate principal amount of Notes to be redeemed and the redemption date. If fewer than all of the Notes are to be redeemed, the trustee is required to select the Notes to be redeemed equally, by lot or in a manner it deems fair and appropriate. The Notes are not subject to repayment at the option of the holders. In addition, we may, at our option and subject to prior approval of the Federal Reserve Board, to the extent that such approval is required, redeem the Notes, in whole but not in part, prior to the stated maturity date, at a redemption price equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of redemption, in the event of:

(1) a Tax Event, which is defined to mean the receipt by us of an opinion of independent tax counsel to the effect that an amendment to, or change (including any announced prospective change) in, the laws or any regulations of the United States or any political subdivision or taxing authority, or as a result of any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, which change or amendment becomes effective or which pronouncement or decision is announced on or after the date of the issuance of the Notes, resulting in more than an insubstantial risk that the interest payable on the Notes is not, or within 90 days of receipt of such opinion of independent tax counsel, will not be, deductible by us, in whole or in part, for U.S. federal income tax purposes;

(2) a Tier 2 Capital Event, which is defined to mean the receipt by us of an opinion of independent bank regulatory counsel to the effect that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws or any regulations thereunder of the United States or any rules, guidelines or policies of an applicable regulatory authority for the Company, or (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or

regulations, which amendment or change is effective or which pronouncement or decision is announced on or after the issue date of the Notes, the Notes do not constitute, or within 90 days of the date of such opinion will not constitute, Tier 2 capital (or its then-equivalent if we were subject to such capital requirement) for purposes of capital adequacy guidelines of the Board of Governors of the Federal Reserve Board (or any successor regulatory authority with jurisdiction over bank holding companies), as then in effect and applicable to us; or

(3) a 1940 Act Event, which is defined to mean an event requiring us to register as an investment company pursuant to the Investment Company Act of 1940, as amended.

Our election to redeem any Notes upon the occurrence of any of the enumerated events above will be provided to the trustee in the form of an Officer s Certificate at least 45 days prior to the redemption date, or such shorter notice as may be acceptable to the trustee. In case of any such election, notice of redemption must be provided to the holders of the Notes not less than 30 nor more than 60 days prior to the redemption date.

Notwithstanding the foregoing, interest payable on any interest payment date on or before any redemption of the Notes will be paid to each holder in whose name a Note is registered as described above in Interest Rate and Interest Payment Dates.

The Notes Are Intended to Qualify as Tier 2 Capital

The Notes are intended to qualify as Tier 2 capital under the capital rules established by the Federal Reserve Board s Regulatory Capital Rules, as the same may be amended or supplemented from time to time. The Regulatory Capital Rules set forth specific criteria for instruments to qualify as Tier 2 capital. Among other things, the Notes must:

be unsecured;

have a minimum original maturity of at least five years;

be subordinated to depositors and general creditors;

unless the Federal Reserve Board authorizes us to do otherwise in writing, not be redeemed unless they are replaced with other Tier 2 capital instruments or unless we can demonstrate to the satisfaction of the Federal Reserve Board that following redemption, we will continue to hold capital commensurate with our risk;

not contain provisions permitting the holders of the Notes to accelerate payment of principal or interest prior to maturity except in the event of dissolution, winding-up, liquidation or reorganization or similar proceeding of the institution; and

only be callable after a minimum of five years following issuance, except upon the occurrence of certain special events, as described above, and, in any case, subject to obtaining the prior approval of the Federal Reserve Board to the extent such approval is then required under the rules of the Federal Reserve Board.

Consolidation, Merger and Sale of Assets

We may not consolidate with or merge into any Person (as defined below), or sell, assign, transfer, lease or otherwise convey all or substantially all of our properties and assets, either in one transaction or a series of transactions, to any other Person, unless:

(1) either:

a) the Company is the continuing Person, or

b) the successor Person, if other than the Company, formed by or resulting from any consolidation or merger, or which has received the transfer of all or substantially all the properties and assets of the Company is a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and expressly by means of a supplemental indenture, assumes payment of the principal of, any premium and interest on, and

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any Additional Amounts with respect to, all of the Company s outstanding debt securities and the due and punctual performance and observation of all of the covenants and conditions of the indenture and such outstanding debt securities; and

(2) immediately after giving effect to the transaction and treating any indebtedness that becomes an obligation of the Company or any of the Company s subsidiaries as a result of that transaction as having been incurred by the Company or any of the Company s subsidiaries at the time of the transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; provided that the conditions described in (1) and (2) above will not apply to the direct or indirect transfer of the stock, assets or liabilities of any of our subsidiaries to the Company or to another of our direct or indirect subsidiaries; and

(3) certain other conditions are met.

Person and person mean any individual, corporation, partnership, association, limited liability company, other company, business trust, joint venture, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Events of Default; Limitation on Suits

Under the indenture, an Event of Default , with respect to the Notes, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest on, or any Additional Amounts payable in respect of any interest on, the Notes when such interest or such Additional Amounts, as the case may be, become due and payable (whether or not such payment is prohibited by the subordination provisions applicable thereto), and continuance of such default for a period of 30 days;

(2) default in the payment of any principal of or premium, if any, on, or any Additional Amounts payable in respect of any principal of or premium, if any, on, any of the Notes when due (whether at maturity or otherwise), whether or not such payment is prohibited by the subordination provisions applicable thereto;

(3) default in the performance, or breach, of any covenant or warranty of the Company in the indenture or the Notes (other than a covenant or warranty for which the consequences of breach or nonperformance are addressed elsewhere under this heading Events of Default; Limitation on Suits), and continuance of such default or breach (without such default or breach having been waived in accordance with the provisions of the indenture) for a period of 90 days after there has been given, by registered or certified mail, to the Company by the trustee or to the Company and the trustee by the holders of at least 25% in principal amount of the outstanding Notes a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default under the indenture;

(4) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company or any Significant Subsidiary of the Company in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company or any Significant Subsidiary of the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary of the Company under any applicable federal or state law, or appointing a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or other similar official of the Company or any Significant Subsidiary of the Company or of any substantial part of the property of the Company or any Significant Subsidiary of the Company, or ordering the winding up or liquidation of the affairs of the Company or any Significant Subsidiary of the Company, and the continuance of any such decree or order for relief unstayed and in effect for a

period of 60 consecutive days; or

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(5) the commencement by the Company or any Significant Subsidiary of the Company of a voluntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Significant Subsidiary of the Company to the entry of a decree or order for relief in respect of the Company or any Significant Subsidiary of the Company in an involuntary case or proceeding under any applicable federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company or any Significant Subsidiary of the Company, or the filing by the Company or any Significant Subsidiary of the Company of a petition or answer or consent seeking reorganization or relief under any applicable federal or state law, or the consent by the Company or any Significant Subsidiary of the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, conservator, liquidator, assignee, trustee, sequestrator or similar official of the Company or any Significant Subsidiary of the Company or of any substantial part of the property of the Company or any Significant Subsidiary of the Company, or the making by the Company or any Significant Subsidiary of the Company of an assignment for the benefit of creditors, or the taking of corporate action by the Company or any Significant Subsidiary of the Company in furtherance of any such action.

For purposes of this section, a Significant Subsidiary means any subsidiary of the Company which is a significant subsidiary as defined in Rule 1-02 of Regulation S-X promulgated by the U.S. Securities and Exchange Commission (as such rule is in effect on the date of the indenture).

If an Event of Default specified in clause (4) or (5) under this heading Events of Default; Limitation of Suits with respect to the Notes occurs (an Insolvency Event of Default), then the principal amount of all of the outstanding Notes, including any accrued and unpaid interest on the Notes and premium, if any, shall become and be immediately due and payable without any declaration or other act on the part of the trustee or the holders of the Notes.

There is no right of acceleration in the case of an Event of Default other than an Insolvency Event of Default.

If we default in our obligation to pay any interest on the Notes when due and payable and such default continues for a period of thirty days, or if we default in our obligation to pay the principal amount due upon maturity, or if we breach any covenant or agreement contained in the indenture, then the trustee may, subject to certain limitations and conditions, seek to enforce its rights and the rights of the holders of Notes of the performance of any covenant or agreement in the indenture.

The indenture will provide that the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of outstanding Notes, unless the trustee receives security indemnity satisfactory to it against any cost, liability or expense. Subject to certain rights of the trustee, the holders of a majority in principal amount of the outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee with respect to the Notes.

No holder of Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to the indenture, or for the appointment of a receiver or trustee, or for any other remedy under the indenture, unless:

such holder has previously given written notice to the trustee of a continuing default with respect to the Notes;
the holders of not less than 25% in principal amount of the Notes shall have made written request to the trustee to institute proceedings in respect of such default in its own name as trustee under the indenture;

such holder or holders have offered to the trustee reasonable indemnity against the costs, expenses, and liabilities to be incurred in complying with such request;

the trustee for 60 days after its receipt of such notice, request, and offer of indemnity has failed to institute any such proceeding; and

no direction inconsistent with such written request has been given to the trustee during such 60 day-period by the holders of a majority in principal amount of the outstanding Notes.

In any event, the indenture shall provide that no one or more of such holders shall have any right under the indenture to affect, disturb or prejudice the rights of any other holder, or to obtain priority or preference over any of the other holders or to enforce any right under the indenture, except in the manner provided in the indenture and for the equal and ratable benefit of all holders of Notes.

Modification and Waiver

We and the trustee may modify and amend the indenture with the consent of the holders of not less than a majority in principal amount of all outstanding Notes issued under that indenture that are affected by the modification or amendment. We may not make any modification or amendment without the consent of the holder of each note then outstanding affected by the modification or amendment, if that modification or amendment will:

change the stated maturity of the principal of, or any installment of interest or any Additional Amounts, or the premium, if any, on the Notes;

reduce the principal amount of, or the rate or amount of interest on, or change the manner of calculating the rate, or any premium payable on redemption of, the Notes;

if the Notes are an original issue discount security, reduce the amount of principal that would be due and payable upon declaration of acceleration of its maturity or would be provable in bankruptcy;

adversely affect any right of repayment of the holder of the Notes;

extend the time of payment of interest on the Notes or any Additional Amounts;

change any of the redemption provisions of the Notes;

change the place of payment, or the coin or currency for payment, of principal, or premium, if any, or any Additional Amounts with respect to, the Notes;

impair the right to institute suit for the enforcement of any payment on or with respect to the Notes;

release any guarantors (if any) from their guarantees of the Notes, or, except as contemplated in any supplemental indenture, make any change in a guarantee of the Notes that would adversely affect the interests of the holders of the Notes; or

modify the ranking or priority of the Notes in a manner adverse to the holders of the Notes.

The holders of not less than a majority in aggregate principal amount of the Notes may on behalf of the holders of all Notes waive any past default of the Notes and its consequences, except:

a default in the payment of the principal of, any premium or interest on, or any Additional Amounts with respect to, the Notes; or

a default in respect of a covenant or provision of the indenture that cannot be modified or amended without the consent of each affected holder of the Notes.

In addition, we and the trustee may modify and amend the indenture without the consent of any holders of Notes for any of the following purposes:

to evidence the succession of another person to the Company as obligor under the indenture or to evidence the addition or release of any guarantor in accordance with the indenture or any supplemental indenture;

to add to the covenants of the Company for the benefit of the holders of the Notes or to surrender any right or power conferred upon the Company in the indenture;

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to add or change any provisions of the indenture to facilitate the issuance of, or to liberalize specific terms of, the Notes in bearer form, or to permit or facilitate the issuance of the Notes in uncertificated form, provided that the action will not adversely affect the interests of the holders of the Notes in any material respect;

to establish the form or terms of the Notes and any related coupons;

to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trust under an indenture by more than one trustee;

to cure any ambiguity or correct any inconsistency in the indenture, provided that the cure or correction does not adversely affect the holders of the Notes;

to add Events of Default for the benefit of the holders of the Notes;

to secure or provide for the guarantee of the Notes;

to change or eliminate any provisions of the indenture, if the change or elimination becomes effective only when there are no debt securities outstanding of any series created prior to the change or elimination that are entitled to the benefit of the changed or eliminated provision;

to add to, delete from or revise the conditions, limitations or restrictions on issue, authentication and delivery of the Notes;

to conform any provision in the indenture to the requirements of the Trust Indenture Act; or

to make any change that does not adversely affect the legal rights under the indenture of any holder of debt securities of any series issued under that indenture.

Clearance and Settlement

DTC, in this capacity, will act as securities depositary for the Notes. The Notes will be issued only as fully registered securities registered in the name of Cede & Co. (DTC s partnership nominee) or such other name as may be requested by an authorized representative of DTC. A fully registered global note, representing the total aggregate principal amount of the Notes issued and sold, will be executed and deposited with DTC and will bear a legend disclosing the restrictions on exchanges and registration of transfer referred to below.

DTC, the world s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve Board System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions in deposited securities, such as transfers and pledges, through electronic computerized book-entry changes in participants accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC is a wholly owned subsidiary of the Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of its direct participants and members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, as well as by the New York Stock Exchange, the American Stock Exchange and the National Association of Securities Dealers, Inc.

Access to the DTC system is also available to indirect participants, such as securities brokers and dealers, and banks and trust companies that clear through or maintain custodial relationships with direct participants, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Purchases of securities under the DTC system must be made by or through direct or indirect participants in DTC, who will receive a credit for the securities on DTC s records. The ownership interest of each beneficial owner of securities will be recorded on the direct or indirect participants records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their

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holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Under a book-entry format, holders may experience some delay in their receipt of payments made with respect to the Notes, as such payments will be forwarded by the paying agent for the Notes to Cede & Co., as nominee for DTC. DTC will forward the payments to its participants, who will then forward them to indirect participants or holders. Beneficial owners of securities other than DTC or its nominees will not be recognized by the relevant registrar, transfer agent, paying agent or trustee as registered holders of the Notes entitled to the benefits of the indenture. Beneficial owners that are not participants will be permitted to exercise their rights only indirectly through and according to the procedures of participants and, if applicable, indirect participants. To facilitate subsequent transfers, all securities deposited by direct participants with DTC are registered in the name of DTC s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership of those securities. DTC does not have, and is not anticipated to have, any knowledge of the actual beneficial owners of the Notes, as DTC s records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of redemption notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices shall be sent to Cede & Co. If less than all of the Notes are being redeemed, DTC s practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

DTC may discontinue providing its services as securities depositary with respect to the Notes at any time by giving reasonable notice to the Company or its agent. Under these circumstances, in the event that a successor securities depositary is not obtained, certificates for the Notes are required to be printed and delivered. We may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor securities depositary). In that event, certificated Notes to be exchanged for beneficial interests in the global Notes will be authenticated and delivered to or at the direction of DTC.

All payments of principal of, and interest on, the Notes represented by the global note and all transfers and deliveries of such global note will be made to DTC or its nominee, as the case may be, as the registered holder of the global note. DTC s practice is to credit its direct participants accounts upon DTC s receipt of funds and corresponding detail information from the Company or its agent, on the payment date in accordance with their respective holdings shown on DTC s records. Payments by participants to beneficial owners of the Notes will be governed by standing instructions and customary practices of those participants, as is the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of that participant and not of DTC, the depositary, the Company, the trustee or any of their respective agents, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal of, or interest on, the Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) will be the responsibility of the Company or its agent, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners of the Notes will be the responsibility of direct and indirect participants.

Ownership of beneficial interests in the global note will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee or through organizations that are participants or indirect participants in such system. The depositaries, in turn, will hold interests in the Notes in customers securities accounts in the depositaries name on the books of DTC. Ownership of beneficial interests in the global note will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee, with respect to participants interests, or any participant, with respect to interests of persons held by the participant on their behalf. Payments, transfers, deliveries, exchanges, redemptions and other matters relating to beneficial interests in the global note may be subject to various policies and procedures adopted by DTC from time to time. None

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of the Company, the trustee or any agent for any of them will have any responsibility or liability for any aspect of DTC s or any direct or indirect participant s records relating to, or for payments made on account of, beneficial interests in the global note, or for maintaining, supervising or reviewing any of DTC s records or any direct or indirect participant s records relating to these beneficial ownership interests.

Because DTC can act only on behalf of direct participants, who in turn act only on behalf of direct or indirect participants, and certain banks, trust companies and other persons approved by it, the ability of a beneficial owner of the Notes to pledge them to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the Notes.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any securities under the indenture only at the direction of one or more participants to whose accounts with DTC the relevant securities are credited.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be accurate, but neither we nor the underwriters assume any responsibility for the accuracy or completeness thereof.

Same-Day Settlement and Payment

Settlement for the Notes will be made in immediately available funds. The Notes will trade in DTC s Same-Day Funds Settlement System until maturity and, therefore, DTC will require secondary trading activity in the Notes to be settled in immediately available funds. Secondary trading in long-term notes of corporate issuers is generally settled in clearing house or next-day funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity of the Notes.

Regarding the Indenture Trustee

U.S Bank will act as trustee for the Notes under the indenture. From time to time, we and some of our subsidiaries may maintain deposit accounts and conduct other banking transactions, including lending transactions, with the trustee in the ordinary course of business.

The trustee is permitted to engage in certain other transactions. However, if the trustee acquires any conflicting interest, and there is a default with respect to the Notes, the trustee must eliminate the conflict or resign. In that event, we would be required to appoint a successor trustee.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax consequences of the acquisition, ownership and disposition of the Notes by U.S. Holders (as defined below) and Non-U.S. Holders (as defined below). This summary does not purport to be a complete analysis of all potential tax considerations. This summary is based upon the United States Internal Revenue Code of 1986, as amended, referred to herein as the Code, the Treasury Regulations promulgated under the Code, referred to herein as the Regulations, and administrative and judicial interpretations of the Code and the Regulations, all as of the date hereof and all of which are subject to change, possibly on a retroactive basis. This summary is limited to the U.S. federal income tax consequences with respect to Notes that are purchased by an initial holder at their original issue price for cash and that are held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This summary does not address the tax consequences to subsequent purchasers of the Notes.

We intend, and by acquiring any Notes each beneficial holder of a Note will agree, to treat the Notes as indebtedness for United States federal income tax purposes, and this summary assumes such treatment.

This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular holders in light of their circumstances or status, nor does it address specific tax consequences that may be relevant to particular holders (including, for example, financial institutions, broker-dealers, traders in securities that elect mark-to-market treatment, insurance companies, partnerships or other pass-through entities, United States expatriates, tax-exempt organizations, U.S. Holders that have a functional currency other than the United States dollar, or persons who hold Notes as part of a straddle, hedge, conversion or other integrated financial transaction).

In addition, this summary does not address United States federal alternative minimum, estate and gift tax consequences or consequences under the tax laws of any state, local or non-U.S. jurisdiction. We have not sought, and will not seek, any ruling from the Internal Revenue Service with respect to the statements made and the conclusions reached in this summary, and we cannot assure you that the IRS will agree with such statements and conclusions.

If a partnership holds Notes, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding Notes, you should consult your own tax advisor.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY. PROSPECTIVE PURCHASERS OF THE NOTES ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE UNITED STATES FEDERAL INCOME TAXATION AND OTHER TAX CONSEQUENCES TO THEM OF ACQUIRING, OWNING AND DISPOSING OF THE NOTES, AS WELL AS THE APPLICATION OF STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS.

For purposes of this summary, a U.S. Holder is a beneficial owner of Notes that is, for United States federal income tax purposes, (i) a citizen or individual resident of the United States; (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia; (iii) an estate, the income of which is subject to United States federal income tax regardless of its source; or (iv) a trust, if a court within the United States is able to exercise primary supervision over the trust s administration and one or more United States persons have the authority to control all of its substantial decisions or if a valid election to be treated as a United States person is in effect with respect to such trust. A Non-U.S. Holder is a beneficial owner of

Notes that is neither a U.S. Holder nor an entity treated as a partnership for United States federal income tax purposes.

United States Federal Income Taxation of U.S. Holders

Payments of stated interest. It is expected and this discussion assumes that either the issue price of the Notes will equal the stated redemption price of the Notes or the Notes will be issued with no more than a de minimis amount of original issue discount. Stated interest on a Note will generally be taxable to a U.S. Holder as ordinary income at the time such interest is received or accrued, depending on the holder s regular method of accounting for United States federal income tax purposes.

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Disposition of the Notes. Upon the sale, exchange or other taxable disposition of a Note, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between (i) the sum of all cash plus the fair market value of all other property received on such disposition (except an amount equal to accrued but unpaid interest not previously included in income, which is treated as interest as described above) and (ii) such holder s adjusted tax basis in the Note. A U.S. Holder s adjusted tax basis in a Note generally will equal the cost of the Note to such holder. Any gain or loss recognized on the disposition of a Note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such disposition, the U.S. Holder s holding period for the Note is more than one year. Long-term capital gain of non-corporate U.S. Holders is generally taxed at preferential rates. The deductibility of capital losses is subject to limitations.

Backup withholding and information reporting. For each calendar year in which the Notes are outstanding, we generally are required to provide the IRS with certain information, including the beneficial owner s name, address and taxpayer identification number, the aggregate amount of interest paid to that beneficial owner during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to payments to certain types of U.S. Holders, including corporations, provided that they establish entitlement to an exemption.

In the event that a U.S. Holder subject to the reporting requirements described above fails to provide its correct taxpayer identification number in the manner required by applicable law, or underreports its tax liability, we, our agent or paying agents, or a broker may be required to backup withhold at the applicable statutory rate on each payment on the Notes and on the proceeds from a sale of the Notes. The backup withholding obligation, however, does not apply with respect to payments to certain types of U.S. Holders, including tax-exempt organizations, provided that they establish entitlement to an exemption.

Backup withholding is not an additional tax and may generally be refunded or credited against the U.S. Holder s United States federal income tax liability, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their own tax advisors regarding their qualifications for an exemption from backup withholding, and the procedure for establishing such exemption, if applicable.

Unearned Income Medicare Contribution Tax. In addition, any payments of interest on or gains earned from the sale, exchange, or other taxable disposition of the Notes may be subject to the 3.8% tax on net investment income for taxpayers whose income exceeds certain thresholds. U.S. Holders should consult their own tax advisors to determine the applicability of this tax.

United States Federal Income Taxation of Non-U.S. Holders

Payments of interest. Subject to the discussion of backup withholding and FATCA below, under the portfolio interest exemption, payments of interest on the Notes to a Non-U.S. Holder will generally not be subject to United States federal withholding tax, provided that:

such payments are not effectively connected with the conduct of a United States trade or business, or in the case of an income tax treaty resident, a United States permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. Holder in the United States;
the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote;
the Non-U.S. Holder is not a controlled foreign corporation (as defined in the Code) that, for United States federal income tax purposes, is related (within the meaning of Section 864(d)(4) of the Code) to us; the Non-U.S. Holder is

not a bank described in Section 881(c)(3)(A) of the Code; and