

VALLEY NATIONAL BANCORP
Form DEF 14A
March 05, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant

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Valley National Bancorp

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1455 Valley Road

Wayne, New Jersey 07470

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held, Tuesday, April 14, 2009

To Our Shareholders:

We invite you to the Annual Meeting of Shareholders of Valley National Bancorp (Valley) to be held at the Crowne Plaza Fairfield, 690 Route 46 East, Fairfield, New Jersey, on Tuesday, April 14, 2009 at 10:00 a.m. to vote on the following proposals:

1. Election of 15 directors.
2. Ratification of the appointment of KPMG LLP as Valley s independent registered public accounting firm for the fiscal year ending December 31, 2009.
3. Approval of Valley s 2009 Long-Term Stock Incentive Plan.
4. Non-binding approval of the compensation of Valley s named executive officers as determined by the Compensation and Human Resources Committee.

Shareholders of record at the close of business on February 20, 2009 are entitled to notice of, and to vote at the meeting. **Your vote is very important.** Whether or not you plan to attend the meeting, please execute and return the enclosed proxy card in the envelope provided or submit your proxy by telephone or the internet as instructed on the enclosed proxy card. The prompt return of your proxy will save the expense of further requests for proxies.

You may attend the meeting **only** if you own shares of common stock at the close of business on February 20, 2009. If your shares are registered with our transfer agent, American Stock Transfer, bring the admission ticket which is the top section of the proxy card. If you hold your shares in street name, you will need to bring evidence of your stock ownership and a valid form of photo identification to the meeting to be allowed access. Evidence of ownership can be in the form of your account statement or a letter from your broker, or other institution reflecting your share ownership as of the record date of February 20, 2009. Please allow ample time for the admission process.

Important notice regarding the availability of proxy materials for the 2009 annual meeting of shareholders: This Proxy Statement for the 2009 Annual Meeting of Shareholders and our 2008 Annual Report to Shareholders are available at:
<http://www.valleynationalbank.com/filings.html>

We appreciate your participation and interest in Valley.

Sincerely,

Alan D. Eskow
Secretary

Gerald H. Lipkin
Chairman, President and Chief Executive Officer

Wayne, New Jersey

March 5, 2009

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VALLEY NATIONAL BANCORP

1455 Valley Road

Wayne, New Jersey 07470

PROXY STATEMENT

GENERAL PROXY STATEMENT INFORMATION

We are providing this proxy statement in connection with the solicitation of proxies by the Board of Directors of Valley National Bancorp (Valley, the Company, we, our and us) for use at Valley's 2009 Annual Meeting of Shareholders and at any adjournment of the meeting. You are cordially invited to attend the meeting, which will be held at the Crowne Plaza Fairfield, 690 Route 46 East, Fairfield, New Jersey, on Tuesday, April 14, 2009 at 10:00 a.m. local time. This proxy statement is first being mailed to shareholders on or about March 5, 2009.

SHAREHOLDERS ENTITLED TO VOTE

The record date for the meeting is February 20, 2009. Only holders of common stock of record at the close of business on that date are entitled to vote at the meeting.

On the record date there were 135,024,030 shares of common stock outstanding. Each share is entitled to one vote on each matter properly brought before the meeting.

MULTIPLE COPIES OF VALLEY'S ANNUAL REPORT AND PROXY STATEMENT

When more than one holder of our common stock shares the same address, we may deliver only one annual report and one proxy statement to that address unless we have received contrary instructions from one or more of those shareholders. Similarly, brokers and other intermediaries holding shares of Valley common stock in street name for more than one beneficial owner with the same address may deliver only one annual report and one proxy statement to that address if they have received consent from the beneficial owners of the stock.

We will deliver promptly upon written or oral request a separate copy of the annual report and proxy statement to any shareholder, including a beneficial owner of stock held in street name, at a shared address to which a single copy of either of those documents was delivered. To receive additional copies of our annual report and proxy statement, you may call or write Dianne M. Grenz, First Senior Vice President, Valley National Bancorp, at 1455 Valley Road, Wayne, New Jersey 07470, telephone (973) 305-3380 or e-mail her at dgrenz@valleynationalbank.com. The proxy statement and the annual report are available at the following weblink: <http://www.valleynationalbank.com/filings.html>

You may also contact Ms. Grenz at the address or telephone number above if you are a shareholder of record of Valley and you wish to receive a separate annual report and proxy statement in the future, or if you are currently receiving multiple copies of our annual report and proxy statement and want to request delivery of a single copy in the future. If your shares are held in street name and you want to increase or decrease the number of copies of our annual report and proxy statement delivered to your household in the future, you should contact the broker or other intermediary who holds the shares on your behalf.

PROXIES AND VOTING PROCEDURES

Your vote is important and you are encouraged to vote your shares promptly.

Each proxy submitted will be voted as directed. However, if a proxy solicited by the Board of Directors does not specify how it is to be voted, it will be voted as the Board recommends that is, FOR the election of the 15 nominees for director named in this proxy statement, FOR the ratification of the appointment of KPMG LLP, FOR the approval of Valley's 2009 Long-Term Stock Incentive Plan and FOR the non-binding

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approval of the compensation of Valley's named executive officers, unless the shareholder specifies a different choice by means of his proxy or revokes the proxy prior to the time it is exercised.

If any other matters are properly presented at the meeting for consideration, the persons named as proxies will have discretion to vote on those matters according to their best judgment. As of the date of this proxy statement we did not anticipate that any other matters would be raised at the meeting.

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We are offering you three alternative ways to vote your shares.

TO VOTE BY MAIL. To vote your proxy by mail, please sign, date, and mail your proxy card in the envelope provided as soon as possible.

TO VOTE BY TELEPHONE (Touch-Tone Phone Only). If you wish to vote by telephone, call toll-free 1-800-776-9437 and follow the instructions. Have your proxy card available when you call.

TO VOTE BY INTERNET. If you wish to vote using the internet, you can access the web page at www.voteproxy.com and follow the on-screen instructions. Have your proxy card available when you access the web page.

Regardless of the method that you use to vote, you will be able to vote in person or revoke your proxy if you follow the instructions provided below in the section entitled **Voting in Person; Revoking Your Proxy.**

If you are a participant in the Company's Dividend Reinvestment Plan, the shares that are held in your dividend reinvestment account will be voted in the same manner as your other shares, whether you vote by mail, by telephone or by internet.

If you are an employee or former employee of the Company, and participate in our Savings and Investment Plan (a 401(k) plan with an employee stock ownership feature (KSOP)), you will receive one proxy card representing the total shares you own through this plan. The proxy card will serve as a voting instruction card for the trustee of the plan where all accounts are registered in the same name. If you own shares through the KSOP and do not vote, the plan trustee will vote the plan shares for which voting instructions are received in the proportion for which instructions for such shares were received under the plan. The plan trustee will also vote the unvoted shares (for which instructions were not received) in the same proportion as shares for which instructions were received under the plan. Therefore, if you are a participant in the KSOP and vote your shares, the trustee will use your vote when determining the proportion.

VOTING IN PERSON; REVOKING YOUR PROXY

The method by which you vote will not limit your right to vote at the meeting if you later decide to attend in person. If your shares are held in the name of a bank, broker or other holder of record, you must obtain a proxy executed in your favor from the holder of record to be able to vote at the meeting. If you submit a proxy and then wish to change your vote or vote in person at the meeting, you will need to revoke the proxy that you have submitted. You can revoke your proxy at any time before it is exercised by delivery of a properly executed, later-dated proxy or a written revocation of your proxy. A later-dated proxy or written revocation must be received before the meeting by the Corporate Secretary of the Company, Alan D. Eskow, Valley National Bancorp, at 1455 Valley Road, Wayne, New Jersey 07470, or it must be delivered to the Corporate Secretary at the meeting before proxies are voted. You may also revoke your proxy by submitting a new proxy via telephone or the internet. You will be able to change your vote as many times as you wish prior to the annual meeting and the last vote received chronologically will supersede any prior votes.

REQUIRED VOTE

The presence, in person or by proxy, of the holders of a majority of the shares entitled to vote generally for the election of directors is necessary to constitute a quorum at the meeting. Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining a quorum. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary power with respect to that item and has not received instructions from the beneficial owner.

Directors will be elected by a plurality of the votes cast at the meeting. Thus, an abstention or a broker non-vote will have no effect on the outcome of the vote on election of directors at the meeting. The ratification of the appointment of KPMG LLP will be approved if a majority of the votes cast are FOR the proposal. Abstentions and broker non-votes will have no impact on the ratification of KPMG LLP. Shareholder approval of the proposed Valley National Bancorp 2009 Long-Term Stock Incentive Plan requires the affirmative vote of a majority of votes cast on the proposal where total votes cast represent over 50% of all shares entitled to vote. Abstentions will be counted in determining whether the votes cast represent 50% of the shares entitled to vote on the proposal, but will have the effect of a negative vote with respect to approval of this proposal. Broker non-votes will be disregarded and will have no effect on the outcome of this proposal. The advisory proposal regarding the

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compensation of our named executive officers will be approved if a majority of the votes cast are FOR the proposal. Abstentions and broker non-votes will have no impact on the approval of this advisory proposal.

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METHOD AND COST OF PROXY SOLICITATION

This proxy solicitation is being made by our Board of Directors and we will pay the cost of soliciting proxies. Proxies may be solicited by officers, directors and employees of the Company in person, by mail, telephone, facsimile or other electronic means. We will not specially compensate those persons for their solicitation activities. In accordance with the regulations of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE), we will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expense incurred in sending proxies and proxy materials to beneficial owners of the Company common stock.

ITEM 1**ELECTION OF DIRECTORS****DIRECTOR INFORMATION**

We are asking you to vote for the election of directors. Under our by-laws, the Board of Directors (the Board) fixes the exact number of directors, with a minimum of 5 and a maximum of 25. The Board has fixed the number of directors at 15.

The persons named on the proxy card intend to vote the proxies FOR the election of the 15 persons named below (unless the shareholder otherwise directs). If, for any reason, any nominee becomes unavailable for election and the Board selects a substitute nominee, the proxies will be voted for the substitute nominee selected by the Board. The Board has no reason to believe that any of the named nominees is not available or will not serve if elected. The Board retains the right to reduce the number of directors to be elected if any nominee is not available to be elected.

Each candidate for director has been nominated to serve a one-year term until our 2010 annual meeting and thereafter until the person's successor has been duly elected and qualified. The following table sets forth the names and ages of the Board's nominees for election, the nominees' position with the Company (if any), the principal occupation or employment of each nominee for the past five years, any other directorships held by the nominee with companies registered pursuant to Section 12 of the Exchange Act or subject to the requirements of Section 15(d) of the Exchange Act and the period during which each nominee has served as our director. The nominees' prior service as directors includes prior service as directors of Valley National Bank (the Bank) prior to the formation of our holding company.

Name	Age	Principal Occupations During		Director Since
		Past Five Years; Other Public Company Directorships		
Andrew B. Abramson	55	President and Chief Executive Officer, Value Companies, Inc. (a real estate development and property management firm)		1994
Pamela R. Bronander	52	Vice President, KMC Mechanical, Inc. (mechanical contractor)		1993
Eric P. Edelstein	59	Retired; Former Executive Vice President and Chief Financial Officer, Griffon Corporation (manufacturer and developer of variety of products); former Managing Partner-Business Consulting Practices of Arthur Andersen LLP		2003
Mary J. Steele Guilfoile	54	Chairman of MG Advisors, Inc. (privately owned financial services merger and acquisition advisory and consulting firm); former Executive Vice President and Chief Administrative Officer of J. P. Morgan Chase & Co.; former Partner, Chief Financial Officer and Chief Operating Officer of The Beacon Group, LLC (private equity, strategic advisory and wealth management partnership); Partner, The Beacon Group, a private investment group; Director, Interpublic Group of Companies (NYSE listed advertising and marketing company); CPA		2003

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Graham O. Jones*	64	Partner and Attorney, at law firm of Jones & Jones	1997
Walter H. Jones, III*	66	Retired; Former Chairman of the Board of Hoke, Inc. (manufacturer of precision fluid control products)	1997
Gerald Korde	65	President, Birch Lumber Company, Inc. (wholesale and retail lumber distribution company)	1989

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Principal Occupations During

Name	Age	Past Five Years; Other Public Company Directorships	Director Since
Michael L. LaRusso	63	Financial Consultant; Former Executive Vice President and Director of Corporate Monitoring Group-Union Bank of California (Bank)	2004
Marc J. Lenner	43	Chief Executive Officer and Chief Financial Officer of Lester M. Entin Associates (a real estate development and management company); formerly employed by Hoverman, Miller, Goldstein & Lesser, P.C.; CPA	2007
Gerald H. Lipkin	68	Chairman of the Board, President and Chief Executive Officer of Valley National Bancorp and Valley National Bank	1986
Chairman of the Board, President and Chief Executive Officer			
Robinson Markel	74	Counsel to the law firm of Katten Muchin Rosenman LLP; former Director of Merchants New York Bancorp, Inc. and The Merchants Bank of New York	2001
Richard S. Miller	74	President of the law firm of Williams, Caliri, Miller & Otley, a Professional Corporation; former director of Ramapo Financial Corporation and The Ramapo Bank	1999
Barnett Rukin	68	Chief Executive Officer, SLX Capital Management (asset manager)	1991
Suresh L. Sani	44	Vice President, First Pioneer Properties, Inc. (a privately-owned commercial real estate management company); former associate at the law firm of Shea & Gould	2007
Robert C. Soldoveri**	55	Owner/Manager, Solan Management LLC (an investment property management firm); former director of Greater Community Bancorp and Greater Community Bank.	2008

* Mr. Graham Jones and Mr. Walter Jones are brothers.

** Mr. Soldoveri was appointed to the Board on June 25, 2008.

RECOMMENDATION AND VOTE REQUIRED ON ITEM 1**THE VALLEY BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE NOMINATED SLATE OF DIRECTORS.****DIRECTORS WILL BE ELECTED BY A PLURALITY OF THE VOTES CAST AT THE MEETING.**

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ITEM 2**RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit and Risk Committee has appointed KPMG LLP to audit Valley's financial statements for 2009. We are asking you to ratify that appointment. On March 5, 2008, Valley, pursuant to the approval of the Company's Audit and Risk Committee, dismissed Ernst & Young LLP (E&Y) as independent registered public accounting firm and engaged KPMG LLP (KPMG) as our independent registered public accounting firm.

The reports of E&Y on our financial statements for the years ended December 31, 2006 and December 31, 2007 did not contain an adverse opinion or a disclaimer of opinion and are not qualified or modified as to uncertainty, audit scope or accounting principles. During the years ended December 31, 2006 and December 31, 2007 and through March 5, 2008, there were no disagreements with E&Y on any matters of accounting principles or practices, financial statement disclosure, or auditing scope of procedure, which disagreements, if not resolved to E&Y's satisfaction, would have caused E&Y to make reference to the subject matter of the disagreement in connection with its audit report on the Company's financial statements for such year, and there were no reportable events as defined in Item 304(a)(1)(v) of Regulation S-K. During the years ended December 31, 2006 and December 31, 2007 and through March 5, 2008, the Company did not consult with KPMG regarding any of the matters or events set forth in Item 304(a)(2)(i) and (ii) of Regulation S-K.

We requested E&Y to furnish a letter addressed to the Securities and Exchange Commission stating whether it agrees with the above statements. A copy of the letter is filed as Exhibit 16 to the Form 8-K filed on March 7, 2008.

KPMG audited our books and records for the year ended December 31, 2008, while E&Y performed the audited services for the year ended December 31, 2007. The fees billed for services rendered to us by our independent accountants for the years ended December 31, 2008 and 2007 were as follows:

	2008*	2007
Audit fees	\$ 627,000	\$ 709,000
Audit-related fees	24,000	48,000
Tax fees	15,000	-
All other fees	-	-
Total	\$ 666,000	\$ 757,000

* Amounts exclude \$333 thousand of unbilled fees for KPMG.

Audit Fees include the fees associated with the effectiveness of our internal control over financial reporting integrated with the audit of our consolidated financial statements. Audit-Related Fees include fees paid for benefit plan audits and other attestation services not directly related to the audit of our consolidated financial statements. Tax Fees include fees paid for tax advice services related to general state and local taxes. There were no All Other Fees during the years of 2008 and 2007.

The Audit and Risk Committee adopted a formal policy concerning the pre-approval of audit and non-audit services to be provided by its independent accountants to Valley. The policy requires that all services to be performed by KPMG, Valley's independent accountants, including audit services, audit-related services and permitted non-audit services, be pre-approved by the Audit and Risk Committee. Specific services being provided by the independent accountants are regularly reviewed in accordance with the pre-approval policy. At each subsequent Audit and

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Risk Committee meeting, the Committee receives updates on the services actually provided by the independent accountants, and management may present additional services for approval. All services rendered by KPMG are permissible under applicable laws and regulations, and the Audit and Risk Committee pre-approved all audit, audit-related and non-audit services performed by KPMG during fiscal 2008. Representatives of KPMG, will be available at the annual meeting and will have the opportunity to make a statement and answer questions from shareholders regarding 2008 financial results.

RECOMMENDATION AND VOTE REQUIRED ON ITEM 2

THE VALLEY BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG AS VALLEY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2009. RATIFICATION OF THE APPOINTMENT OF KPMG REQUIRES THE FAVORABLE VOTE OF A MAJORITY OF THE VOTES CAST.

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REPORT OF THE AUDIT AND RISK COMMITTEE

March 1, 2009

To the Board of Directors of Valley National Bancorp:

Management is responsible for the preparation, presentation and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The Company's independent registered public accounting firm, KPMG, performs an annual independent audit of the financial statements and expresses an opinion on the conformity of those financial statements with generally accepted accounting principles in the United States of America.

The following is the report of the Audit and Risk Committee with respect to the audited financial statements for fiscal 2008. With respect to fiscal 2008, the Audit and Risk Committee has:

reviewed and discussed Valley's audited financial statements with management and KPMG;

discussed with KPMG the scope of its services, including its audit plan;

reviewed Valley's internal control procedures;

discussed with KPMG the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended;

received the written disclosures and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG's communications with the Audit and Risk Committee concerning independence, and discussed with KPMG their independence from management and Valley;

approved the audit and non-audit services provided during fiscal 2008 by KPMG.

Based on the foregoing review and discussions, the Audit and Risk Committee recommended to the Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal 2008.

Pursuant to Section 404 of the Sarbanes-Oxley Act, management is required to prepare as part of the Company's 2008 Annual Report on Form 10-K, a report by management on its assessment of the Company's internal control over financial reporting, including management's assessment of the effectiveness of such internal control. KPMG is also required by Section 404 to prepare and include as part of the Company's 2008 Annual Report on Form 10-K, the auditors' attestation report on management's assessment. During the course of 2008, management regularly discussed the internal control review and assessment process with the Audit and Risk Committee, including the framework used to evaluate the effectiveness of such internal control, and at regular intervals updated the Audit and Risk Committee on the status of this process and actions taken by management to respond to issues identified during this process. The Audit and Risk Committee also discussed this process with KPMG. Management's assessment report and the auditor's attestation report are included as part of the 2008 Annual Report on Form 10-K.

Andrew B. Abramson, Committee Chairman

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Eric P. Edelstein, Vice Chairman

Pamela R. Bronander

Gerald Korde

Michael L. LaRusso

Marc J. Lenner

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ITEM 3

APPROVAL OF VALLEY NATIONAL BANCORP

2009 LONG-TERM STOCK INCENTIVE PLAN

APPROVAL OF THE 2009 LONG-TERM STOCK INCENTIVE PLAN

We are asking you to approve the new 2009 Long-Term Stock Incentive Plan. The Board of Directors has approved for submission to our shareholders the Valley National Bancorp 2009 Long-Term Stock Incentive Plan (the 2009 Plan) set forth in Appendix A to this Proxy Statement. The full text of the 2009 Plan is attached to this Proxy Statement as Appendix A and the following description of the 2009 Plan is qualified in its entirety by reference to Appendix A. The purpose of the 2009 Plan is to provide additional incentive to Company officers and key employees of the Company and its subsidiaries, to motivate such officers and employees to faithfully and diligently perform their responsibilities, to attract and retain competent and dedicated individuals, and to align the interests of those officers and employees more closely with the interests of our shareholders.

TYPES OF OPTIONS AND AWARDS

The 2009 Plan provides that the Compensation and Human Resources Committee (the Committee) may grant eligible employees incentive stock options, non-qualified stock options, restricted stock awards and stock appreciation rights. All options and awards to be granted under the 2009 Plan are options for or awards relating to shares of the Company s common stock. Incentive stock options to be granted under the 2009 Plan are intended to constitute incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986 (the Code), as amended. Non-qualified stock options are those options, which when granted or due to subsequent disqualification, do not qualify as incentive stock options within the meaning of Section 422 of the Code.

SHARES SUBJECT TO THE 2009 PLAN

In approving the 2009 Plan, the Board of Directors provided for the issuance under the 2009 Plan of 6,100,000 shares of which not more than an aggregate of 1,000,000 shares may be issued or transferred pursuant to options and/or awards to any one eligible employee. Subject to the foregoing aggregate limitations, the maximum number of shares that may be issued or transferred pursuant to options or awards for incentive stock options, non-qualified stock options and stock appreciation rights will be 6,100,000 and the maximum number of shares that may be issued or transferred pursuant to awards of restricted stock will be 6,100,000.

The 2009 Plan provides that the Committee shall conclusively determine the appropriate adjustments, if any, to the number of shares available and purchase price for stock options and awards in the case of a change in capitalization (as defined in the 2009 Plan). Any such adjustment to shares subject to outstanding incentive stock options will be made in a manner so as not to constitute a modification as defined by Section 424(h)(3) of the Code and only to the extent otherwise permitted by Sections 422 and 424 of the Code.

TERMINATION AND AMENDMENT

The 2009 Plan will terminate on the day preceding the tenth anniversary of its effective date. However, the Board of Directors has the right to terminate the 2009 Plan at any time. The Board also has the right to amend the 2009 Plan. However, except as provided under the 2009 Plan for changes in capitalization or the effects of certain transactions, without the approval of our shareholders no amendment may be made to the 2009 Plan if the amendment would (a) increase the maximum number of shares as to which options or awards may be granted under the 2009 Plan, (b) change the class of persons eligible to participate, or (c) cause options issued under the 2009 Plan to be repriced or to lower the exercise price of a previously granted option.

The rights under any option or award granted before any amendment to the 2009 Plan may not be adversely affected by such amendment, except with the consent of the optionee or grantee, as the case may be.

ADMINISTRATION

The 2009 Plan will be administered by a committee of two (2) or more directors designated by the Board. Each member of the Committee will be a Non-Employee Director (as defined in Rule 16b-3 of the Exchange Act) and an outside director within the meaning of Section 162(m) of the Code. A majority of the Committee will constitute a quorum and a majority of a quorum may authorize any action. No failure to be so qualified will invalidate any option or award or any action or inaction under the 2009 Plan.

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The Committee will have the power to identify each officer or key employee qualified to receive an option or award (an optionee or grantee, respectively) and determine the number of shares subject to each option or award, the date of grant and the terms and conditions governing the option or award. The Committee will also be charged with the responsibility of interpreting the 2009 Plan and making all administrative determinations.

ELIGIBILITY

All officers and other key employees of the Company or its subsidiaries designated by the Committee will be eligible to receive options or awards under the 2009 Plan, but no person may receive any options or awards unless he/she is an employee of the Company or a subsidiary at the time the option or award is granted.

TERMS AND CONDITIONS OF STOCK OPTIONS

TERM. All options to be granted under the 2009 Plan will be for such term as the Committee determines, provided that (i) all incentive stock options will not be exercisable after the expiration of ten years from the date granted, and (ii) all non-qualified stock options will not be exercisable after the expiration of ten years and one day from the date granted. The Committee may, subsequent to the granting of any option, extend the term thereof but in no event shall the term as so extended exceed the maximum term provided for in the preceding sentence. The 2009 Plan provides that any options which are intended to be incentive stock options and are granted to an optionee who owns more than 10% of Valley common stock must have terms of five years or less.

PURCHASE PRICE. The 2009 Plan provides that the purchase price shall be set forth in the grant agreement between the eligible employee and the Company. The purchase price per share under each incentive stock option must not be less than 100% of the fair market value of a share at the time the option is granted (110% in the case of an incentive stock option granted an optionee who owns more than 10% of Valley common stock) and the purchase price per share under each non-qualified stock option must not be less than 100% of the fair market value of a share at the time the option is granted. The 2009 Plan defines fair market value on any date generally, as the last sale price reported on the New York Stock Exchange. The market value of the Company's common stock underlying the options as of February 20, 2009 was \$10.67.

The 2009 Plan provides that the purchase price and required tax withholding for shares purchased pursuant to the exercise of any option is payable in full at the time of exercise. The purchase price and required tax withholding may be paid (i) in cash, (ii) by check, (iii) at the discretion of the Committee, by transferring shares having a fair market value on the day preceding the date of exercise of the option equal to the aggregate purchase price for the shares being purchased to the Company and satisfying such other terms and conditions as may be imposed by the Committee; provided that such shares have been held by the optionee for no less than six months (or such other period as established from time to time by the Committee or generally accepted accounting principles), (iv) at the discretion of the Committee, subject to such other terms and conditions as may be imposed by the Committee, by having shares that would otherwise have been delivered to the optionee upon exercise of the option withheld by the Company or (v) such other method as approved by the Committee at the discretion of the Committee.

EXERCISE PERIOD. The 2009 Plan provides that if an optionee's employment terminates by reason of death, the right of the optionee, his or her estate, beneficiary or representative to exercise any outstanding, vested options will terminate one year following such termination of employment and shall thereafter terminate, provided that notice is given by the Company no later than six months following termination. If notice is given later than six months after termination, the options will terminate six months from the date of notice, but in no event later than two years after termination. If no notice is given, the options will terminate at the expiration of two years following termination. If the termination of employment is due to the optionee's Retirement (as defined in the 2009 Plan), the option will be exercisable for the remaining term of the Option, and shall be unaffected by the optionee's death. If an optionee's employment terminates by reason of dismissal for Cause (as defined in the 2009 Plan) the right of the optionee to exercise any outstanding, vested options will terminate on the date of such termination of employment. If an optionee's employment terminates for any other reason, the option will be exercisable for a period of 90 days following termination of employment.

Notwithstanding the foregoing, the Committee may provide, either at the time the option is granted or thereafter, that the option may be exercised after periods provided above, but in no event beyond the term of the option to the extent that such extension may be made in accordance with Section 409A of the Code.

Upon death or Retirement, all options become immediately and fully exercisable.

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CHANGE-IN-CONTROL PROVISIONS. In the event of a Change-in-Control (as defined in the 2009 Plan), all options outstanding on the date of such a Change of Control shall become immediately and fully exercisable.

SUBSTITUTION OR MODIFICATION. The 2009 Plan provides that the Committee may modify outstanding options or accept the surrender of outstanding options (to the extent not exercised) and grant new options in substitution for them. Notwithstanding the foregoing, except as stated in the 2009 Plan or an option agreement, no modification of an option may alter or impair any rights or obligations under the option without the optionee's consent. In addition, no amendment or modification of an option may cause an option issued under the 2009 Plan to be repriced or to lower the exercise price of a previously granted option.

TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS

TERM. All stock appreciation rights available for issuance under the 2009 Plan will be for such term as the Committee determines. If granted in connection with an option, such stock appreciation right will cover the same shares covered by the option (or such lesser number of shares as the Committee may determine) and, except as provided below, be subject to the same term as the related option.

EXERCISE. The 2009 Plan provides that a stock appreciation right granted in connection with an option is exercisable only at such time or times and to the extent that the related option is exercisable. If such stock appreciation right is connected to an incentive stock option it will be exercisable only if the fair market value of a share on the date of exercise exceeds the purchase price of the related incentive stock option. The 2009 Plan provides that a stock appreciation right unrelated to an option will contain such terms and conditions as to exercisability, vesting and duration as the Committee will determine, but in no event shall they have a term of greater than ten years. Upon the death or Retirement of a grantee, all stock appreciation rights become immediately exercisable. The 2009 Plan provides that if an optionee's employment terminates by reason of death, the right of the optionee, his or her estate, beneficiary or representative to exercise any stock appreciation right will terminate one year following such termination of employment and shall thereafter terminate. Upon the Retirement of a grantee, the stock appreciation rights held by that grantee will be exercisable for a period of 90 days following such termination of employment. Other exercise terms generally parallel those applicable to options.

PAYMENT. The 2009 Plan provides that upon exercise of a stock appreciation right related to an option the grantee will receive an amount determined by multiplying (A) the excess of fair market value of a share on the date of exercise of such stock appreciation right over the per share purchase price under the related option, by (B) the number of shares as to which such stock appreciation right is being exercised. Notwithstanding the foregoing, the Committee may limit in any manner the amount payable with respect to any stock appreciation right by including such a limit in the Agreement evidencing the stock appreciation right at the time it is granted. The 2009 Plan provides that upon exercise of a stock appreciation right unrelated to an option the grantee will receive an amount determined by multiplying (A) the excess of fair market value of a share on the date of exercise of such stock appreciation right over the per share fair market value of a share on the date of the grant of the stock appreciation right, by (B) the number of shares as to which such stock appreciation right is being exercised. The Committee has discretion to make such payments either solely in shares of the Company's common stock in a number determined at their fair market value on the date of exercise of the stock appreciation right or in cash or in a combination of cash and shares.

RESTRICTIONS. The 2009 Plan provides that no stock appreciation right may be exercised before the date six months after the date it is granted, except in the event of death of the grantee before the expiration of the six-month period or in the event of a Change-in-Control.

CHANGE-IN-CONTROL. In the event of a Change-in-Control, subject to the Restrictions immediately above, all stock appreciation rights shall become immediately and fully exercisable.

TERMS AND CONDITIONS OF RESTRICTED STOCK

TERMS AND CONDITIONS. The 2009 Plan provides that upon granting a restricted stock award an agreement between the grantee and the Company will set forth the restrictions, terms, and conditions of the award. Such agreement may require that an appropriate legend be placed on share certificates. Upon the grant of the restricted stock, the shares will be issued in the name of the grantee as soon as reasonably practicable after the purchase price, if any, is paid, and such shares will be deposited with an escrow agent pending termination of the applicable restrictions. The 2009 Plan provides that, except as provided by the agreement between the grantee and the Company, upon delivery of such shares to the escrow

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agent, the grantee will have all rights of a shareholder with respect to the shares, including the right to vote and the right to receive all dividends paid or made with respect to the shares, unless the Committee, in its discretion, determines that such payment of dividends should be deferred.

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If a grantee receives rights or warrants with respect to any shares which were awarded to him as restricted stock, such rights or warrants or any shares or other securities he acquires by the exercise of such rights or warrants may be held, exercised, sold or otherwise disposed of by the grantee free and clear of the restrictions and obligations provided by the 2009 Plan.

At the time of an award of shares of restricted stock, the Committee may, in its discretion, determine that the payment to the grantee of dividends, or a specified portion thereof, declared or paid on shares of restricted stock by the Company shall be deferred until the earlier to occur of (i) the lapsing of the restrictions imposed upon such shares, in which case such dividends shall be paid over to the grantee, or (ii) the forfeiture of such shares under Section 8(b) hereof, in which case such dividends shall be forfeited to the Company, and such dividends shall be held by the Company for the account of the grantee until such time. In the event of such deferral, interest shall be credited on the amount of such dividends held by the Company for the account of the grantee from time to time at such rate per annum as the Committee, in its discretion, may determine. Payment of deferred dividends, together with interest accrued thereon as aforesaid, shall be made upon the earlier to occur of the events specified in (i) and (ii) of the immediately preceding sentence, in the manner specified therein.

RESTRICTIONS. The 2009 Plan provides that the restrictions upon the shares of restricted stock will lapse at the time or times and on the terms, conditions and satisfaction of performance criteria as the Committee determines as may be set forth in the Agreement. Such restrictions will only lapse if the grantee on the date of the lapse is then and has continuously been an employee of the Company or a subsidiary from the date the award was granted or unless the Committee sets a later date for the lapse of the restrictions. In the event of a Change-in-Control, all restrictions upon any shares of restricted stock lapse immediately and all such shares become fully vested in the grantee. In the event of termination of employment as a result of death or Retirement of a grantee, all restrictions upon shares of restricted stock awarded to such grantee shall thereupon immediately lapse. The Committee may also decide at any time in its absolute discretion and on such terms and conditions as it deems appropriate, to remove or modify the restrictions upon shares of restricted stock awarded. When the restrictions lapse, the Company will deliver to the grantee a certificate for the number of shares of common stock without any legend or restrictions (except those required by federal or state securities laws) equivalent to the number of shares of restricted stock for which the restrictions have terminated. Notwithstanding the foregoing, if requested by the grantee, the Committee, in its discretion, has the right to cancel shares of restricted stock to be delivered to the grantee having a fair market value, on the day preceding the date of vesting of the restricted stock, equal to the aggregate required tax withholding in connection with such vesting, and to apply the value of such shares of restricted stock as payment for the grantee's aggregate required tax withholding for the vesting of any shares of restricted stock.

EFFECT OF CERTAIN TRANSACTIONS. In the event of (i) the liquidation or dissolution of the Company, (ii) a merger or consolidation in which the Company is not the surviving corporation or (iii) the sale or disposition of all or substantially all of the Company's assets, provision will be made for the assumption of the 2009 Plan (and options and awards under the 2009 Plan), or the substitution of new options or awards. Notwithstanding the foregoing, any other provision in the 2009 Plan or in any option or award agreement, in the event of a transaction listed above or a Change-in-Control, the Committee, with the approval of the Board, has the right and authority to cancel and terminate all outstanding options and awards by paying each holder of an option or award in cash the difference between the exercise price, if any, and the fair market value of the shares underlying the option or award on the date of the consummation of the transaction or Change-in-Control.

FEDERAL TAX CONSEQUENCES UNDER THE 2009 PLAN

The following is a summary of the federal income tax consequences of transactions under the 2009 Plan, based on federal income tax laws in effect on January 1, 2009. This summary is not intended to be comprehensive and does not describe state or local income tax consequences.

Pursuant to the 2009 Plan, eligible employees may be granted the following benefits: incentive stock options, non-qualified stock options, stock appreciation rights and restricted stock awards.

INCENTIVE STOCK OPTIONS (ISOs). No income is realized by the optionee upon the grant or exercise of an option that qualifies as an incentive stock option under Section 422 of the Code. If common stock is issued to an optionee upon exercise of an ISO, and if the optionee does not dispose of those shares in a disqualifying disposition within two years after the date of the option grant or within one year after the shares are issued to the optionee, then (1) on the sale of the shares, any amount realized in excess of the option price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss, and (2) no deduction will be allowed to the Company for federal income tax purposes. The exercise of an ISO will give rise to an item of tax preference that may result in alternative tax liability for the optionee.

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If shares of common stock acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, then generally (1) the optionee will realize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of the shares at exercise (or, if less, the amount realized on the disposition of the shares if a sale or exchange) over the option price paid for the shares, and (2) the Company will be entitled to deduct the amount of income taxed to the optionee for federal income tax purposes if the amount represents an ordinary and necessary business expense. Consequently, the Company requires the optionee to notify us if there is a disposition prior to the expiration of either holding period described above. Any further gain (or loss) realized by the optionee will be taxed as short-term or long-term capital gain (or loss), as the case may be, and will not result in any deduction by the Company.

If an ISO is exercised more than three months after termination of employment, the option will be taxed in the same manner as the exercise of a non-qualified stock option, except when termination of employment is due to death. In the case of termination as a result of death, if an ISO is exercised more than one year after termination of employment, the option will be taxed in the same manner as a non-qualified stock option. Different rules may apply if common stock is purchased by an optionee who is also an officer or more than 10% shareholder. See **Special Rules Applicable to Corporate Insiders**, below.

NON-QUALIFIED STOCK OPTIONS. With respect to options that do not qualify as incentive stock options under Section 422 of the Code (1) no income is realized by the optionee at the time the option is granted, (2) generally, at exercise, ordinary income is realized by the optionee in an amount equal to the difference between the option price paid for the shares and the fair market value of the shares, if unrestricted, on the date of exercise, (3) the Company is entitled to a federal income tax deduction equal to the amount of income taxed to the optionee. Prior to the exercise of an option, the optionee shall make an appropriate payment or other provision (which may include the withholding of shares of common stock) with respect to any withholding or similar tax requirement. The Company requires payment by the optionee of the withholding tax at the time of exercise, and (4) upon disposition of the common stock acquired by exercise of the non-qualified option, appreciation (or depreciation) occurring after the date of exercise is treated as either short-term or long-term capital gain (or loss), depending on how long the shares have been held. Different rules may apply if common stock is purchased by an optionee who is also an officer or more than 10% shareholder. See **Special Rules Applicable to Corporate Insiders**, below.

STOCK APPRECIATION RIGHTS. With respect to stock appreciation rights (1) in general, no income is realized by the grantee at the time the stock appreciation right is granted, (2) generally, at exercise, the grantee will be required to include as ordinary income an amount equal to the cash received and the fair market value of any shares of common stock received on the exercise (payment by the grantee of the applicable withholding tax is required), and (3) the Company may be entitled to a federal income tax deduction equal to the amount of income taxed to the grantee. In addition, different income recognition rules may apply if common stock is received on exercise by a grantee who is also an officer or more than 10% shareholder. See **Special Rules Applicable to Corporate Insiders**, below.

RESTRICTED STOCK AWARDS. With respect to restricted stock (1) in general, no income is realized by the grantee at the time the restricted stock is granted and (2) when restrictions on the restricted stock lapse, the grantee will be subject to tax at ordinary income rates on the amount by which the fair market value of the restricted stock at such time exceeds the amount (if any) paid for the stock by the grantee. However, a grantee may elect under Section 83(b) of the Internal Revenue Code within 30 days after the date of receipt of the restricted stock to be taxed differently. In such a case (1) income is realized by the grantee at the time the restricted stock is granted, in an amount equal to the excess of the fair market value of such shares of restricted stock at such time (determined without regard to any restrictions which apply to the shares) over the purchase price, if any, of the shares and (2) when the shares are sold, the grantee will recognize capital gain or loss measured by the difference between the amount realized on the disposition and the basis of the restricted stock, which will equal the sum of the purchase price and the amount included in gross income under Section 83(b).

With respect to a sale or exchange of the shares after the forfeiture period has expired, the holding period to determine whether the grantee has long-term or short-term capital gain or loss generally begins when the restrictions expire and the tax basis for such shares will generally be based on the fair market value of such shares on such date (except that a Section 83(b) election will cause the holding period commencement and the tax basis to be determined as of the date of grant). The Company generally will be entitled to a deduction equal to the amount that is taxable as ordinary income to the grantee.

DIVIDENDS ON RESTRICTED STOCK. Dividends paid on restricted stock still subject to forfeiture will generally be treated as compensation that is taxable as ordinary income to the grantee and may be deductible by the Company. If the grantee elected to pay tax on the stock at the time of the award, however, the dividends paid on the restricted stock are treated as dividend income,

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which generally is taxable at a 15% rate to the grantee and not deductible by the Company. If dividends are deferred with respect to restricted stock awards, then dividends will be taxed as compensation at ordinary income rates when paid to the grantee and will generally be deductible by the Company at that time.

SPECIAL RULES APPLICABLE TO CORPORATE INSIDERS. Generally, individuals subject to Section 16(b) of the Exchange Act (Insiders) are not taxed until six months after exercise of a non-qualified stock option, with the excess of the fair market value of the shares of common stock received upon exercise over the option purchase price, determined as of the end of the six-month period, being taxed as ordinary income, and the holding period for treating any gain (or loss) as long-term capital gain (or loss) beginning at the end of such period. (A similar rule applies with respect to shares received upon the exercise of stock appreciation rights.) However, an Insider who elects to be taxed under Section 83(b) of the Code should be taxed on the excess of the fair market value of the shares at the time of exercise over the option purchase price.

STOCK SWAPS. The 2009 Plan provides that, with the Company s permission, an optionee may transfer previously owned shares to the Company to satisfy the purchase price under an option (a Stock Swap). Generally, if an optionee utilizes previously owned shares to purchase shares upon the exercise of an ISO, the optionee will not realize any gain upon the exchange of the old shares for the new shares and will carry over into the same number of new shares the basis and holding period for the old shares. If the optionee purchases more shares than the number of old shares surrendered in the Stock Swap, the incremental number of shares received in the Stock Swap will have a basis of zero and a holding period beginning on the date of the exercise of the ISO. If, however, shares acquired through the exercise of an ISO are used in a Stock Swap prior to the end of the statutory holding period applicable to the old shares, the Stock Swap will constitute a disqualifying disposition of the old shares, resulting in the immediate recognition of ordinary income (see Incentive Stock Options, above).

If a Stock Swap is used to exercise a non-qualified stock option, the use of old shares to pay the purchase price of an equal number of new shares generally will be tax-free to the optionee, and the basis and holding period of the old shares will be carried over into the new shares. However, if more shares are acquired than surrendered, the incremental shares received in the Stock Swap will generally be taxed as compensation income in an amount equal to their fair market value at the time of the Stock Swap. The optionee s basis in those additional shares will be their fair market value taken into account in quantifying the optionee s compensation income and the holding period for such shares will begin on the date of the Stock Swap.

CAPITAL GAINS. Under current law, a taxpayer s net capital gain (i.e., the amount by which the taxpayer s net long-term capital gains exceed his net short-term capital losses) from a sale of shares is subject to a maximum federal income tax rate of 20% if the shares have been held for more than 12 months. Ordinary income is subject to tax at rates as high as 35%. Capital losses are currently deductible against capital gains without limitation, but are currently deductible against ordinary income in any year only to the extent of \$3,000 (\$1,500 in the case of a married individual filing a separate return). Capital losses which are not currently deductible by reason of the foregoing limitation may be carried forward to future years.

2009 PLAN BENEFITS

There were approximately 853 officers and 1,930 other employees of the Company and its subsidiaries as of December 31, 2008. Because the Committee has full discretion to determine who is a key employee, there is no way to predict how many employees may ultimately receive awards or options under the 2009 Plan or determine in advance the benefits or amounts that will be received in the future by or allocated to specific officers or employees, or groups thereof under the 2009 Plan. No officers or other employees have received awards or will receive awards before the date of the 2009 Annual Meeting of Shareholders.

RECOMMENDATION AND VOTE REQUIRED ON ITEM 3

THE VALLEY BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR ITEM 3.

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In accordance with the listing requirements of the NYSE, shareholder approval of the proposed Valley National Bancorp 2009 Long-Term Stock Incentive Plan requires the affirmative vote of a majority of votes cast on the proposal where total votes cast represent over 50% of all shares entitled to vote. Shareholders are entitled to vote For, Against or Abstain. Abstentions will be counted in determining whether the votes cast represent 50% of the shares entitled to vote on the proposal and have the effect of a negative vote with respect to approval of this proposal. Broker non-votes will be disregarded and will have no effect on the outcome of this proposal.

COMPENSATION PLANS

The following table sets forth information as of December 31, 2008 with respect to compensation plans under which shares of our common stock may be issued:

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of shares to be issued upon exercise of outstanding options	Weighted-average exercise price on outstanding options	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)
Equity compensation plans approved by security holders*	3,193,624	\$ 20.20	1,618,538
Equity compensation plans not approved by security holders	-	-	-
Total	3,193,624	\$ 20.20	1,618,538

* Represents our 1999 Long-Term Stock Incentive Plan that expired in January of 2009.

ITEM 4**ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS**

We believe that our compensation policies and procedures are competitive, are focused on pay-for-performance principles and are strongly aligned with the long-term interests of our shareholders. We also believe that both we and our shareholders benefit from responsive corporate governance policies and constructive and consistent dialogue. The proposal described below, commonly known as a Say on Pay proposal, gives you as a shareholder the opportunity to endorse or not endorse the compensation for our named executive officers by voting to approve or not approve such compensation as described in this proxy statement.

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (the Stimulus Act) into law. The Stimulus Act requires, among other things, every participant in the Troubled Asset Relief Program to permit a non-binding shareholder vote to approve the compensation of the participant s executives. Accordingly, we are asking you to approve the compensation of Valley s named executive officers as described under Executive Compensation Compensation Discussion and Analysis and the tabular disclosure regarding named executive officer compensation (together with the accompanying narrative disclosure) in this proxy statement. Under the Stimulus Act, your vote is advisory and will not be binding upon the Board. However, the Compensation and Human Resources Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

RECOMMENDATION AND VOTE REQUIRED FOR ITEM 4

THE VALLEY BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE NON-BINDING APPROVAL OF THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS DETERMINED BY THE COMPENSATION AND HUMAN RESOURCES COMMITTEE. THE FAVORABLE VOTE OF A MAJORITY OF THE VOTES CAST WILL CONSTITUTE APPROVAL OF THIS ADVISORY PROPOSAL.

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CORPORATE GOVERNANCE

Our business and affairs are managed under the direction of the Board of Directors. Members of the Board are kept informed of the company's business through discussions with the Chairman and our other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. In this regard, to further educate directors about the company and assist committees in their work, committees are encouraged to invite non-member directors to attend committee meetings to learn about the workings of the Board. All members of the Board also served as directors of our subsidiary bank, Valley National Bank (the "Bank"), during 2008. It is our policy that all directors attend the annual meeting absent a compelling reason, such as family or medical emergencies. In 2008, all directors (with the exception of Mr. Edelstein) then serving attended our annual meeting. Mr. Edelstein could not attend the annual meeting due to a personal emergency.

Our Board of Directors believes that the purpose of corporate governance is to ensure that we maximize shareholder value in a manner consistent with legal requirements. The Board has adopted corporate governance practices, which the Board and senior management believe promote this purpose. Periodically these governance practices, as well as the rules and listing standards of the New York Stock Exchange, or NYSE and the regulations of the Securities and Exchange Commission, or SEC, are reviewed. In addition, in connection with the acquisition of Greater Community Bancorp in the third quarter of 2008, we issued warrants to purchase approximately 918,000 shares of our common stock. The warrants were listed on the NASDAQ Capital Market. As a result of this listing, our board was also required to review the rules and listing standards of NASDAQ.

DIRECTOR INDEPENDENCE

The Board has determined that a majority of the directors and all current members of the Nominating and Corporate Governance, Compensation and Human Resources, and Audit and Risk Committees are independent for purposes of the independence standards of both the New York Stock Exchange and NASDAQ, and that all of the members of the Audit and Risk Committee are also independent for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934 and the independence standards of both the New York Stock Exchange and NASDAQ. The Board based these determinations primarily on a review of the responses of the directors to questions regarding employment and transaction history, affiliations and family and other relationships and on discussions with the directors.

Our independent directors are: Andrew B. Abramson, Pamela R. Bronander, Eric P. Edelstein, H. Dale Hemmerdinger, Gerald Korde, Michael L. LaRusso, Marc J. Lenner, Robinson Markel, Richard S. Miller, Barnett Rukin and Suresh L. Sani. Graham Jones is not considered independent under our Categorical Standards for Independence because of an unanticipated increase in 2008 fees paid to his law firm for work relating to the Bank. Graham Jones may have been considered independent under the NYSE standards. Under the more restrictive NASDAQ standards, Graham Jones cannot be considered independent because the revenues paid to his law firm exceeded the NASDAQ threshold. Walter H. Jones, III, was not considered independent because, although he has no relationship with the law firm, he is the brother of Graham Jones. Under the NYSE standards and the Company's standards, Walter H Jones, III, would have been considered independent.

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

A loan made by the Bank to a director, his or her immediate family or an entity affiliated with a director or his or her immediate family, or a loan personally guaranteed by such persons if such loan (i) complies with federal regulations on insider loans, where applicable; and (ii) is not classified by the Bank's credit committee or by any bank regulatory agency which supervised the Bank as substandard, doubtful or loss;

A deposit, trust, insurance brokerage, investment advisory, securities brokerage or similar customer relationship between Valley or its subsidiaries and a director, his or her immediate family or an affiliate of his or her immediate family if such relationship is on customary and usual market terms and conditions;

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The employment by Valley or its subsidiaries of any immediate family member of the director if the employee serves below the level of a senior vice president;

Annual contributions by Valley or its subsidiaries to any charity or non-profit corporation with which a director is affiliated if the contributions do not exceed an aggregate of \$30,000 in any calendar year;

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Purchases of goods or services by Valley or any of its subsidiaries from a business in which a director or his or her spouse or minor children is a partner, shareholder or officer, if the director, his or her spouse and minor children own five (5%) percent or less of the equity interests of that business and do not serve as an executive officer of the business; or

Purchases of goods or services by Valley, or any of its subsidiaries, from a director or a business in which the director or his or her spouse or minor children is a partner, shareholder or officer if the annual aggregate purchases of goods or services from the director, his or her spouse or minor children or such business in the last calendar year does not exceed the greater of \$120,000 or 5% of the gross revenues of the business.

The Board considered the following categories of items for each director it determined was independent:

Name	Loans*	Trust Services/Assets Under Management	Banking Relationship with VNB	Professional Services to Valley	Commercial Relationship
Andrew B. Abramson	Commercial and Personal	Trust Services	Checking, Savings, Certificate of Deposit	None	None
Pamela R. Bronander	Commercial and Personal Line of Credit, Home Equity	None	Checking, Savings, Certificate of Deposit	None	None
Eric P. Edelstein	Residential Mortgage	None	Checking	None	None
H. Dale Hemmerdinger	Commercial and Personal	None	Checking, Savings	None	Partnership that leases property to VNB
Gerald Korde	Commercial, Commercial and Personal Line of Credit	Trust Services	Checking, Money Market	None	None
Michael L. LaRusso	Mortgage, Home Equity	None	Checking, Money Market, Safekeeping	None	None
Marc J. Lenner	Commercial Mortgage	None	Checking, Certificate of Deposit	None	None
Robinson Markel	None	None	Checking	Legal	None
Richard S. Miller	None	None	Checking, Savings	Legal	None
Barnett Rukin	Commercial and Home Mortgages, Line of credit	Assets Under Management	Checking, Safe Deposit Box	None	None
Suresh L. Sani	Commercial Mortgage	None	Money Market	None	None

* In compliance with Regulation O.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

Valley's Corporate Governance Guidelines require the Board to provide for executive sessions with only independent, non-management directors participating. At least once a year, the Board holds an executive session including only independent, non-management directors. Valley's Board has chosen to rotate the presiding director for each meeting among the respective chairmen of the Audit and Risk, Compensation and Human Resources, and Nominating and Corporate Governance Committees.

SHAREHOLDER AND INTERESTED PARTIES COMMUNICATIONS WITH DIRECTORS

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

Shareholders or interested parties wishing to communicate with the Board of Directors should send any communication to Valley National Bancorp, c/o Alan D. Eskow, Corporate Secretary, at 1455 Valley Road, Wayne, New Jersey 07470. Any such

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communication should state the number of shares owned by the shareholder.

The Corporate Secretary will forward such communication to the Board of Directors or, as appropriate, to the particular committee chairman, unless the communication is a personal or similar grievance, a shareholder proposal or related communication, an abusive or inappropriate communication, or a communication not related to the duties or responsibilities of the Board of Directors, in which case the Corporate Secretary has the authority to determine the appropriate disposition of the communication. All such communications will be kept confidential to the extent possible.

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The Corporate Secretary will maintain a log of, and copies of, all communications for inspection and review by any Board member, and will regularly review all such communications with the Board or the appropriate committee chairman.

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

Shareholders or interested parties wishing to communicate with the presiding director of executive sessions should send any communication to Valley National Bancorp, c/o Alan D. Eskow, Corporate Secretary, 1455 Valley Road, Wayne, New Jersey 07470. Any such communication should state the number of shares owned by the shareholder.

The Corporate Secretary will forward such communication to the then presiding director, unless the communication is a personal or similar grievance, a shareholder proposal or related communication, an abusive or inappropriate communication, or a communication not related to the duties or responsibilities of the non-management directors, in which case the Corporate Secretary has the authority to determine the appropriate disposition of the communication. All such communications will be kept confidential to the extent possible.

The Corporate Secretary will maintain a log of, and copies of, all communications for inspection and review by the presiding director of executive sessions, and shall regularly review all such communications with the presiding director at the next meeting.

COMMITTEES OF THE BOARD OF DIRECTORS; BOARD OF DIRECTORS MEETINGS

In 2008, the Board of Directors maintained an Audit and Risk Committee, a Nominating and Corporate Governance Committee, and a Compensation and Human Resources Committee. Only independent directors serve on these committees.

During 2008, each director attended at least 82% or more of the meetings of the Board of Directors, the Bank Board and of each committee on which he or she served. Our Board met seven times during 2008 and the Bank's Board met thirteen times during 2008.

The following table presents 2008 membership information for each of our Audit and Risk, Nominating and Corporate Governance, and Compensation and Human Resources Committees.

Name	Nominating and		Compensation and
	Audit and Risk	Corporate Governance	Human Resources
Andrew B. Abramson	X*	X	X
Pamela R. Bronander	X		
Eric P. Edelstein	X**		X**
H. Dale Hemmerdinger		X	X
Gerald Korde	X	X	X*
Michael L. LaRusso	X		X
Mark J. Lenner	X		
Robinson Markel		X*	X**
Richard S. Miller		X	
Barnett Rukin			X

* Committee Chairman

** Vice Chairman

AUDIT AND RISK COMMITTEE. The Audit and Risk Committee met nine times during 2008. The Board of Directors has determined that each member of the Audit and Risk Committee is financially literate and that more than one member of the Audit and Risk Committee has the accounting or related financial management expertise required by the New York Stock Exchange. The Board of Directors has also determined that Mr. Edelstein meets the SEC criteria of an Audit Committee Financial Expert.

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The charter for the Audit and Risk Committee can be viewed at the [Corporate Profile](#) link on our website www.valleynationalbank.com. The charter gives the Audit and Risk Committee the authority and responsibility for the appointment, retention, compensation and oversight of our independent registered public accounting firm, including pre-approval of all audit and non-audit services to be performed by our independent registered public accounting firm. Each member of the Audit and Risk Committee is independent. Other responsibilities of the Audit and Risk Committee pursuant to the charter include:

Reviewing the scope and results of the audit with Valley's independent registered public accounting firm;

Reviewing with management and Valley's independent registered public accounting firm Valley's interim and year-end operating results including SEC periodic reports and press releases;

Considering the appropriateness of the internal accounting and auditing procedures of Valley;

Considering Valley's outside auditors' independence;

Overseeing the risk management, internal audit and internal compliance functions;

Reviewing examination reports by regulatory agencies, together with management's response and follow-up;

Reviewing the significant findings and recommended action plans prepared by the internal audit function, together with management's response and follow-up; and

Reporting to the full Board concerning significant matters coming to the attention of the committee.

NOMINATING AND CORPORATE GOVERNANCE COMMITTEE. The Nominating and Corporate Governance Committee met six times during 2008. This committee reviews qualifications of and recommends to the Board candidates for election as director of Valley and the Bank, considers the composition of the Board, recommends committee assignments, and discusses management succession for the Chairman and the Chief Executive Officer (CEO) positions. The Nominating and Corporate Governance Committee develops corporate governance guidelines which include:

Director qualifications and standards;

Director responsibilities;

Director orientation and continuing education;

Limitations on board members serving on other board of directors;

Director access to management and records, criteria for annual self-assessment of the Board, its committees, management and the effectiveness of their functioning.

The Nominating and Corporate Governance Committee is also charged with overseeing the Board's adherence to our corporate governance principles and Code of Conduct and Ethics. The committee reviews recommendations from shareholders regarding corporate governance and director candidates. The procedure for submitting recommendations of director candidates is set forth below under the caption "Nomination of Directors." Each member of the Nominating and Corporate Governance Committee is independent.

COMPENSATION AND HUMAN RESOURCES COMMITTEE. The Committee met eight times during 2008. The Committee determines CEO compensation, sets general compensation levels for all officers and employees and sets specific compensation for named executive officers (NEOs) and other executive officers. It also administers our non-equity compensation plan and the equity compensation plans, including the 1999 Long-Term Stock Incentive Plan and makes awards pursuant to those plans. The Board has approved its charter, which delegates to the Committee the responsibility to recommend Board compensation. Each member of the Compensation and Human Resources Committee is independent.

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AVAILABILITY OF COMMITTEE CHARTERS

The Audit and Risk Committee, Nominating and Corporate Governance Committee, and Compensation and Human Resources Committee each operates pursuant to a separate written charter adopted by the Board. Each committee reviews its charter at least annually. All of the committee charters can be viewed at the [Corporate Profile](#) link on our website www.valleynationalbank.com. Each charter is also available in print to any shareholder who requests it. The information contained on the website is not incorporated by reference or otherwise considered a part of this document.

NOMINATION OF DIRECTORS

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

These include:

Directors may not be nominated for election to the Board in the calendar year after the year in which the director turns 75; except that a director past 75 years of age who remains employed full time in his or her primary business can be nominated for reelection. The Nominating and Corporate Governance Committee must excuse such a director from participating in the discussion of his/her own renomination;

The maximum age for an individual to join the Board shall be age 60;

Each Board member must demonstrate that he or she is mentally and physically able to serve regardless of age;

Each Board member must be a U.S. citizen and comply with all qualifications set forth in 12 USC §72;

A majority of the Board members must maintain their principal residence within 100 miles of Wayne, New Jersey (Valley's primary service area);

Board members may not stand for re-election to the Board for more than four terms following his or her establishment of a legal residence outside of New Jersey, New York, or Connecticut;

Each Board member must own a minimum of 5,000 shares of our common stock of which 1,000 shares must be in his or her own name (or jointly with the director's spouse) and not pledged or hypothecated;

Unless there are mitigating circumstances (such as medical or family emergencies), any Board member who attends less than 85% of the Board and assigned committee meetings for two consecutive years, will not be nominated for re-election;

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Each Board member must prepare for meetings by reading information provided prior to the meeting. Each Board member should participate in meetings, for example, by asking questions and by inquiring about policies, procedures or practices of Valley;

Each Board member should be available for continuing education opportunities throughout the year;

Each Board member is expected to be above reproach in their personal and professional lives and their financial dealings with Valley, the Bank and the community;

If a Board member (a) has his or her integrity challenged by a governmental agency (indictment or conviction), (b) files for personal or business bankruptcy, (c) materially violates Valley's Code of Conduct and Ethics, or (d) has a loan made to or guaranteed by the director classified as doubtful, the Board member shall resign upon request of the Board. If a loan made to a director or guaranteed by a director is classified substandard, the Board member shall resign upon request of the Board of Directors;

No Board member should serve on the board of any other bank or financial institution or on more than two boards of other public companies while a member of Valley's Board;

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Each Board member should be an advocate for Valley within the community; and

It is expected that the Bank will be utilized by the Board member for his or her personal and business affiliations.

The Nominating and Corporate Governance Committee has adopted a policy regarding consideration of director candidates recommended by shareholders. The Nominating and Corporate Governance Committee will consider nominations recommended by shareholders. In order for a shareholder to recommend a nomination, the shareholder must provide the recommendation along with the additional information and supporting materials to our Corporate Secretary not less than 120 days nor more than 150 days prior to the first anniversary of the date of the preceding year's annual meeting. The shareholder wishing to propose a candidate for consideration by the Nominating and Corporate Governance Committee must own at least 1% of the outstanding Valley common stock. In addition, the Nominating and Corporate Governance Committee has the right to require any additional background or other information from any director candidate or the recommending shareholder as it may deem appropriate. For Valley's annual meeting in the year 2010, we must receive this notice on or after November 15, 2009, and on or before December 15, 2009. The following factors, at a minimum, are considered by the Nominating and Corporate Governance Committee as part of its review of all director candidates and in recommending potential director candidates to the Board:

appropriate mix of educational background, professional background and business experience to make a significant contribution to the overall composition of the Board;

if the Nominating and Corporate Governance Committee deems it applicable, whether the candidate would be considered a financial expert or financially literate as described in the SEC, NYSE and NASDAQ rules or an Audit and Risk Committee financial expert as defined by the Sarbanes-Oxley Act of 2002;

if the Nominating and Corporate Governance Committee deems it applicable, whether the candidate would be considered independent under the NYSE and NASDAQ rules and the Board's additional independence guidelines set forth in the Company's Corporate Governance Guidelines;

demonstrated character and reputation, both personal and professional, consistent with that required for a bank director;

willingness to apply sound and independent business judgment;

ability to work productively with the other members of the Board;

availability for the substantial duties and responsibilities of a Valley director; and

meets the additional criteria set forth in Valley's Corporate Governance Guidelines.

You can obtain a copy of the full text of our policy regarding shareholder nominations by writing to **Dianne M. Grenz, First Senior Vice President, Valley National Bancorp, 1455 Valley Road, Wayne, New Jersey 07470.**

COMPENSATION AND HUMAN RESOURCES COMMITTEE PROCESSES AND PROCEDURES

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The Board has delegated the responsibility for executive compensation matters to the Compensation and Human Resources Committee. The minutes of the committee meetings are provided at Board meetings and the chair of the committee reports to the Board significant issues dealt with by the Committee.

The Committee operates pursuant to a charter, determines CEO compensation, sets general compensation levels for all officers and employees and sets specific compensation for NEOs and other executive officers. It also administers our non-equity compensation plan and the equity compensation plans, including the 1999 Long-Term Stock Incentive Plan and makes awards pursuant to those plans. The Board has approved its charter, available on the Company's website located at www.valleynationalbank.com, which delegates to the Committee the responsibility to recommend Board compensation.

In undertaking its responsibilities, annually, the Committee receives from the CEO recommendations for salary, non-equity incentive awards, stock option and restricted stock awards for NEOs and other executive officers. After considering the possible payments under our 1999 Long Term Incentive Plan and discussing the recommendations with the CEO, the Committee meets in executive session to make the final decisions on these elements of compensation. All stock awards are made at the closing stock price on the date that the awards are approved.

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The Committee also determines the CEO's compensation based on various factors including performance, personal goals and objectives as well as operating targets and the peer group analysis. The determination of the Committee is final.

The salaries, non-equity compensation and stock awards to other officers are proposed by the CEO to the Committee after he has consulted with the senior officers. These recommendations are reviewed by the Committee and after discussion (and in certain cases amendments) are approved. All stock awards are made at the closing stock price on the date that the awards are approved.

Under authority delegated by the Committee, all other employee salaries and non-equity compensation are determined by executive management. For stock awards, based on operational considerations, prior awards and staff numbers, a block of shares is allocated by the Committee. The individual stock option and restricted stock awards are then allocated by the CEO and his executive staff. All stock awards are made at the closing stock price on the date that the awards are approved.

Under authority delegated by the Committee, during the year, the CEO is authorized to make limited stock option grants and restricted stock awards in specific circumstances (special incentive awards for non-officers, awards to new employees and grants on completion of advanced degrees.) All stock awards are made at the closing stock price on the date that the awards are approved.

All awards not specifically approved in advance by the Committee, but under the authority delegated, are reported to the Committee at its next meeting at which time the Committee ratifies the action taken.

In 2008, an analysis was conducted internally by the Committee, comparing Valley's director compensation with the compensation practices for directors in similarly situated banks or peer banks. Upon review of the results, it was the opinion of the Committee that the current director compensation program was competitive and consistent among its peer banks and no changes were necessary for 2009. The Committee reported its findings to the Board.

In 2008 the Committee in its sole discretion employed Fredrick W. Cook & Co. as compensation consultants. The Cook firm was employed to review compensation and performance data of a peer group of comparable financial organizations that had been selected by the Committee and in relationship to these data provide an overview and comments on Valley's executive compensation. Also, the Cook firm was requested to provide trend information relating to executive compensation matters (specifically, the benefit equalization plan in 2008.) In addition, the Cook firm has reviewed and provided comments on the 2009 proxy compensation disclosures contained in this proxy statement.

In addition, the Committee also employed Watson Wyatt Worldwide as compensation analysts to provide an analysis and information relating to our NEOs' potential post-employment payments described below, under the Compensation Discussion & Analysis' Potential Payments on Termination of Employment or Change-in-Control section.

CODE OF CONDUCT AND ETHICS AND CORPORATE GOVERNANCE GUIDELINES

We have adopted a Code of Conduct and Ethics which applies to our chief executive officer, principal financial officer, principal accounting officer and to all of our other directors, officers and employees. The Code of Conduct and Ethics is available in the 'Corporate Profile' section of our website located at www.valleynationalbank.com. The Code of Conduct and Ethics is also available in print to any shareholder who requests it. We will disclose any substantive amendments to or waiver from provisions of the Code of Conduct and Ethics made with respect to the chief executive officer, principal financial officer or principal accounting officer on that website.

We have also adopted Corporate Governance Guidelines, which are intended to provide guidelines for the governance by the Board and its committees. The Corporate Governance Guidelines are available at the 'Corporate Profile' section of our website located at www.valleynationalbank.com. The Corporate Governance Guidelines are also available in print to any shareholder who requests them.

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DIRECTOR COMPENSATION

COMPENSATION OF DIRECTORS. Annual compensation of non-employee directors for 2008 was comprised of the following components, cash compensation consisting of annual retainer, meeting and committee fees, and, to the extent that a director elects to forego all or a portion of the annual retainer and board meeting fees, participation in the 2004 Directors Restricted Stock Plan. In addition, there is also a Directors Retirement Plan. Each of these compensation components is described in detail below. The total 2008 compensation of the non-employee directors is shown in the following table.

2008 DIRECTOR COMPENSATION

Name	Change in Pension Value and Non-				Total
	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Qualified Deferred Compensation Earnings (3)	All Other Compensation (4)	
Andrew B. Abramson*	\$ 57,000	\$ 70,533	\$ 17,436	\$ 11,662	\$ 156,631
Pamela R. Bronander	30,000	65,442	14,979	9,174	119,595
Eric P. Edelstein*	88,250	24,900	9,476	9,795	132,421
Mary J. Steele Guilfoile	30,000	70,600	7,291	559,709	667,600
H. Dale Hemmerdinger	19,000	58,850	12,309	3,989	94,148
Graham O. Jones	89,250	-	16,455	-	105,705
Walter H. Jones, III	90,250	-	25,336	-	115,586
Gerald Korde*	104,046	-	36,797	-	140,843
Michael L. LaRusso	68,375	34,008	10,240	4,773	117,396
Marc J. Lenner	75,958	-	1,934	-	77,892
Robinson Markel*	89,750	-	28,083	-	117,833
Richard S. Miller	83,750	-	32,980	-	116,730
Barnett Rukin	32,000	70,467	37,205	11,614	151,286
Suresh L. Sani	68,458	-	2,045	-	70,503
Robert C. Soldoveri**	37,796	-	-	-	37,796

* Bancorp Committee Chairman and/or Bancorp Committee Vice Chairman , (see Committees of the Board on Page 18 in this Proxy Statement)

** Mr. Soldoveri was appointed to the Board on June 25, 2008

(1) Includes committee fees and fees for chairing Board Committees.

(2) Reflects fees forgone by directors and expensed in 2008, and amortization of restricted stock awards for 2004 to 2008 pursuant to the 2004 Directors Restricted Stock Plan, in accordance with SFAS No. 123R (except that the estimate of forfeitures related to services-based vesting conditions have been disregarded, see Note 13 - Benefit Plans under Stock-Based Compensation, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2008, for additional information on SFAS No. 123R valuation methodology. Though the deferred stock is subject to forfeiture under certain circumstances, this amount assumes proportionate vesting over the five year deferral period. There were 21,972 shares awarded under the plan during the year ended December 31, 2008 each at the grant date fair market value of \$18.45 and there were 85,611 outstanding shares under the plan as of December 31, 2008. The following table represents the shares awarded, the grant date fair market value and the aggregate number of stock outstanding at December 31, 2008, for each of the following participants:

Name	Number of Shares Awarded in 2008	Grant Date Fair Market Value of Shares Awarded	Aggregate Number of Stock Awards Outstanding at Fiscal Year-End
Andrew B. Abramson	4,048	\$ 18.45	15,862
Pamela R. Bronander	3,903	18.45	12,922
Eric P. Edelstein	-	-	11,525
Mary J. Steele Guilfoile	4,048	18.45	15,919
H. Dale Hemmerdinger	3,903	18.45	6,850
Michael L. LaRusso	2,023	18.45	6,730
Barnett Rukin	4,048	18.45	15,803

- (3) Represents the change in the present value of pension benefits for Directors Plan for 2008 taking into account the age of each director, a present value factor, an interest discount factor and time remaining until retirement.
- (4) This column reflects the cash dividend and interest on deferred dividends earned during 2008, under the 2004 Directors Restricted Stock Plan. For Ms. Guilfoile, the amount also includes \$500,000 consulting fee in connection with Valley's acquisition of Greater Community Bancorp and \$48,000 consulting fee pursuant to a long-standing investment banking retainer consulting agreement, paid to MG Advisors, Inc. in 2008. Ms. Guilfoile is the chairman of MG Advisors.

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ANNUAL BOARD RETAINER. Non-employee directors received an annual retainer of \$30,000 per year, paid quarterly. This retainer is paid to recognize expected ongoing dialog of board members with our executives and employees, for being available to provide their professional expertise as needed, for attending various Bank functions, for undertaking continuing education, and for interfacing with customers as appropriate.

BOARD MEETING FEES. In recognition of the preparation time, travel time, attendance at and providing professional expertise at the board meetings, non-employee directors received a board meeting fee of \$2,000 for each meeting attended.

BOARD COMMITTEE FEES AND COMMITTEE CHAIR RETAINER. The Chair of the Audit and Risk Committee received an annual retainer of \$10,000 and the Vice Chair a retainer of \$3,750. The Chair of the Compensation and Human Resources Committee received an annual retainer of \$10,000 and each Vice Chair a retainer of \$5,000. The Chair of the Nominating and Corporate Governance Committee receives an annual retainer of \$7,500. These retainers are to recognize the extensive time that is devoted to committee matters including meetings with management, auditors, attorneys and consultants and preparing committee agendas.

All members of these committees are paid for attending each committee meeting as follows: \$2,000 for Audit and Risk, \$1,500 for Compensation and Human Resources and \$1,000 for Nominating and Corporate Governance.

The Company and Bank also have a number of other committees (other than the corporate governance committees listed above and required to be disclosed) that are not disclosed committees under SEC and NYSE rules. These committees generally deal with oversight of various operating matters. All other committee chairs receive a retainer of \$5,000 and there is an attendance fee between \$500 and \$1,000 for each committee meeting.

DIRECTORS RETIREMENT PLAN. We maintain a retirement plan for non-employee directors. The plan provides 10 years of annual benefits to directors with five or more years of service. The benefits commence following the later of a director reaching age 65 or after a director has retired from the Board. The annual benefit is equal to the director's years of service, multiplied by 5%, multiplied by the final annual retainer paid to the director at the time of retirement. In the event of the death of the director prior to receipt of all benefits, the payments continue to the director's beneficiary or estate.

DIRECTORS RESTRICTED STOCK PLAN. We also maintain the 2004 Director Restricted Stock Plan (2004 Directors Plan). The 2004 Directors Plan provides the non-employee members of the Board of Directors with the opportunity to forego some or all of their annual cash retainer and meeting fees in exchange for shares of Valley restricted stock granted at a percentage of the market value at the date of grant (generally 75%). The discount recognizes the exchange of immediate cash fees for a five year deferral or until retirement, death, disability, the participant's inability to stand for re-election due to age restrictions, or the participant's failure to be re-elected after standing for re-election, and if there is a change-in-control prior to the vesting date. There are 85,611 shares outstanding under this plan as of December 31, 2008.

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STOCK OWNERSHIP OF MANAGEMENT**AND PRINCIPAL SHAREHOLDERS**

The following table contains information about the beneficial ownership of our common stock at December 31, 2008 by each director, by each of our executive officer for whom individual information is required to be set forth in this proxy statement under rules of the Securities and Exchange Commission, and by directors and all executive officers as a group. We know of no person or group that beneficially owns 5% or more of our common stock.

Name of Beneficial Owner	Number of Shares Beneficially Owned (1)	Percent of Class (2)
Directors and Named Executive Officers:		
Andrew B. Abramson	233,814 (3)	0.17
Pamela R. Bronander	26,099 (4)	0.02
Peter Crocitto	276,497 (5)	0.20
Eric P. Edelstein	17,904 (6)	0.01
Albert Engel	112,537 (7)	0.08
Alan D. Eskow	184,768 (8)	0.13
Mary J. Steele Guilfoile	353,963 (9)	0.26
H. Dale Hemmerdinger	90,551 (10)	0.07
Graham O. Jones	1,026,679 (11)	0.75
Walter H. Jones, III	1,318,306	0.96
Gerald Korde	1,916,206 (12)	1.40
Michael L. LaRusso	21,424 (13)	0.02
Marc J. Lenner	201,879 (14)	0.15
Gerald H. Lipkin	539,217 (15)	0.39
Robinson Markel	442,824 (16)	0.32
Robert M. Meyer	322,618 (17)	0.23
Richard S. Miller	98,617 (18)	0.07
Barnett Rukin	67,064 (19)	0.05
Suresh L. Sani	24,209 (20)	0.02
Robert C. Soldoveri	130,914 (21)	0.10
Directors and Executive Officers as a group (31 persons)	8,400,435 (22)	6.12

- (1) Beneficially owned shares include shares over which the named person exercises either sole or shared voting power or sole or shared investment power. It also includes shares owned (i) by a spouse, minor children or by relatives sharing the same home, (ii) by entities owned or controlled by the named person, and (iii) by other persons if the named person has the right to acquire such shares within 60 days by the exercise of any right or option. Unless otherwise noted, all shares are owned of record and beneficially by the named person.
- (2) The number of shares of our common stock used in calculating the percentage of the class owned includes 135,024,030 shares of our common stock outstanding as of December 31, 2008. The table also includes 2,333,041 shares purchasable pursuant to stock options for our shares that were exercisable within 60 days of December 31, 2008 (The majority of exercisable options outstanding have exercise prices that are higher than Valley's market price at December 31, 2008 of \$20.25; and as of the record date of February 20, 2009, all exercisable options outstanding have exercise prices that are higher than Valley's market price of \$10.67).

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- (3) This total includes 7,601 shares held by Mr. Abramson's wife, 23,398 shares held by his wife in trust for his children, 9 shares held by a family trust of which Mr. Abramson is a trustee, 12,438 shares held by a family foundation, 78,142 shares held by a trust of which Mr. Abramson is a trustee, 3,024 shares held by a family fund trust, 7,092 shares held in self-directed IRA Plans of which Mr. Abramson and his wife are beneficiaries and 15,862 restricted shares pursuant to the director restricted stock plan.

- (4) This total includes 3,830 shares held in custody for Ms. Bronander's children, 12,922 restricted shares pursuant to the director restricted stock plan; and of this total, 7,885 shares were pledged as security.

- (5) This total includes 32,928 shares held by Mr. Crocitto's wife, 2,726 shares held in Mr. Crocitto's KSOP, 8,202 shares held by Mr. Crocitto as custodian for his children, 1,611 shares held by Mr. Crocitto's daughter, 20,695 restricted shares, and 101,654 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 34,406 shares potentially available in the future by exercise of his stock options not exercisable within 60 days of December 31, 2008.

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- (6) This total includes 11,525 restricted shares pursuant to the director restricted stock plan.
- (7) This total includes 2,703 shares held in Mr. Engel's KSOP, 18,964 restricted shares, and 39,470 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 33,920 shares potentially available in the future by exercise of his stock options not exercisable within 60 days of December 31, 2008.
- (8) This total includes 42,614 shares held by Mr. Eskow's wife, 2,866 shares held in Mr. Eskow's KSOP, 795 shares held in his IRA, 1,230 shares held jointly with his wife, 775 shares in an IRA held by his wife, 20,695 restricted shares and 75,609 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 34,406 shares potentially available in the future by exercise of his stock options not exercisable within 60 days of December 31, 2008.
- (9) This total includes 165,866 shares held by Ms. Guilfoile's spouse and 15,919 restricted shares pursuant to the director restricted stock plan.
- (10) This total includes 876 shares held by a family foundation, 12,806 shares held by Mr. Hemmerdinger's wife, 15,037 shares held by a corporation of which Mr. Hemmerdinger controls, 35,170 shares held by a corporate pension plan of which Mr. Hemmerdinger and his wife are beneficiaries and 6,850 restricted shares pursuant to the director restricted stock plan.
- (11) This total includes 16,480 shares owned by trusts for the benefit of Mr. G. Jones' children of which his wife is co-trustee; and of this total, 1,010,199 shares were pledged as security.
- (12) This total includes 59,346 shares held jointly with his wife, 281,940 shares held in the name of Mr. Korde's wife, 734,965 shares held by his wife as custodian for his children, 259,464 shares held by a trust of which Mr. Korde is a trustee and 104,022 shares held in Mr. Korde's self-directed IRA.
- (13) This total includes 11,936 shares held jointly with Mr. LaRusso's wife and 6,730 restricted shares pursuant to the director restricted stock plan.
- (14) This total includes 9,342 shares held in a retirement pension, 308 shares held by Mr. Lenner's wife, 12,000 shares held by his children, 159,110 shares held by a trust of which Mr. Lenner is 50% trustee and 9,938 shares held by a charitable foundation.
- (15) This total includes 176,723 shares held in the name of Mr. Lipkin's wife, 128 shares held jointly with his wife, 2,445 shares held in his KSOP, and 20,203 shares held by a family charitable foundation of which Mr. Lipkin is a co-trustee. This total also includes Mr. Lipkin's 57,811 restricted shares and 121,307 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 68,993 shares potentially available in the future by exercise of his stock options not exercisable within 60 days of December 31, 2008.
- (16) This total includes 4,670 shares owned by Mr. Markel's wife, 32,852 shares held by his wife in trust for his children, 77,276 shares owned by Mr. Markel in his self-directed IRA and 236,324 shares owned by his sister, which Mr. Markel has power to vote. Mr. Markel disclaims beneficial ownership of the shares held by his wife, the shares held by his wife in trust for his children and shares owned by his sister.
- (17) This total includes Mr. Meyer's 20,302 restricted shares, 137,327 shares held jointly with his wife, 2,726 shares held in his KSOP and 120,125 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 34,406 shares potentially available in the future by

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exercise of his stock options not exercisable within 60 days of December 31, 2008; and of this total, 179,465 shares were pledged as security.

- (18) This total includes 32,265 shares held in Mr. Miller's self-directed IRA, 35,092 shares held jointly with his wife, 2,243 shares held by a corporation for which Mr. Miller is a 17.4% shareholder, and 7,904 shares held by his wife, but not the 1,699 shares potentially available in the future by exercise of his warrants not exercisable within 60 days of December 31, 2008. Mr. Miller disclaims beneficial ownership of the 7,904 shares held by his wife, and all shares held by the corporation except for the 17.4% or 390 shares.
- (19) This total includes 22,776 shares held by Mr. Rukin's wife, as custodian and Mr. Rukin, as trustee, in various accounts for their children, 10,387 shares held by a private foundation of which Mr. Rukin is an officer and 15,803 restricted shares pursuant to the director stock plan. Mr. Rukin disclaims beneficial ownership of the shares held by his wife, shares held by his wife as custodian for their children, and shares held by a private foundation.
- (20) This total includes 2,315 shares held in Mr. Sani's Keogh Plan, 2,315 shares held in trusts for benefit of his children, 17,479 shares held in pension trusts of which Mr. Sani is co-trustee.
- (21) This total includes 118,684 shares held by a foundation of which Mr. Soldoveri is a trustee, but does not include 578 shares potentially available in the future by exercise of his warrants not exercisable within 60 days of December 31, 2008.
- (22) This total includes 994,345 shares owned by 11 executive officers who are not directors or named executive officers, which total includes 8,428 shares in KSOP &/or IRA, 79,041 indirect shares, 44,743 restricted shares, 67,426 shares held by trusts and/or foundations, and 277,062 shares purchasable pursuant to stock options exercisable within 60 days of December 31, 2008, but not the 124,462 shares potentially available in the future by exercise of their stock options not exercisable within 60 days of December 31, 2008. The total does not include shares held by the Bank's trust department.

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EXECUTIVE COMPENSATION**OVERVIEW**

The success of our Company has in large measure depended, and likely will continue to depend, on whether we can continue to attract talented employees, including the key employees whose compensation is the subject of the Compensation Discussion and Analysis below, and retain them as employees. With that in mind, we look at our executive compensation packages as a means of attracting and retaining key executive personnel, and of providing an incentive for superior job performance through compensation that is performance-based.

COMPENSATION DISCUSSION & ANALYSIS (CD & A)**NEOs AND COMPENSATION ELEMENTS**

We compensate our Chief Executive Officer (CEO) and our four other named executive officers (NEOs) at levels intended to encourage their continuation in service to us and their efforts to increase their respective levels of performance. In evaluating NEO performance levels, we look for improvements in our financial performance, maintenance of the quality and value of our assets, growth of our loan portfolio and expansion of our retail branch banking network. The salary and incentive components of our compensation program are intended to reward these improvements, both short-and long-term, because a higher performance level generally leads to increased shareholder value.

During 2008, our NEOs were Chairman, President and CEO Gerald H. Lipkin; Executive Vice President and Chief Financial Officer Alan Eskow; Executive Vice President and Chief Operating Officer Peter Crocitto and Executive Vice Presidents Al Engel and Robert Meyer. We maintained the same set of NEO compensation elements in fiscal 2008 as the previous year. These are:

Performance-based:

- Salary
- Executive Incentive Plan (EIP) awards
- Stock options under the long-term stock incentive plan (LTSIP)

Non-performance based

- Restricted stock awards under the LTSIP
- Pension benefits
- Other benefits
- Perquisites

DISTRIBUTION OF PERFORMANCE-BASED COMPENSATION ELEMENTS

The following table shows the percentage of each NEO's 2007 and 2008 performance-based compensation in each of the three categories above (salary, EIP and LTSIP stock options¹, and total non-performance-based compensation (N-PBC, consisting of LTSIP restricted stock awards,¹ as well as pension, other N-PBC, and perquisites), as percentages of total compensation:

Named Executive Officer	2007			N-PBC	2008			N-PBC
	Performance-Based				Performance-Based			
	Salary	EIP	LTIC		Salary	EIP	LTIC	
Gerald H. Lipkin	39.4%	36.8%	5.5%	18.3%	31.9%	28.5%	6.0%	33.6%
Alan D. Eskow	38.3	19.5	7.3	34.9	36.5	17.7	6.9	38.9
Peter Crocitto	39.9	20.2	7.6	32.3	37.8	19.9	6.7	35.6
Albert Engel	40.8	20.4	7.0	31.8	39.3	19.6	6.8	34.3

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Robert M. Meyer	41.5	16.9	7.9	33.7	33.0	16.5	6.7	43.8
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¹ Based on the FAS 123R grant date fair value of restricted stock and stock option awards. Stock option awards are included in LTIC because they are performance-based, while restricted stock is included in non-performance-based compensation.

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The increased percentages of N-PBC in 2008 compared to 2007 for Mr. Lipkin and Mr. Meyer resulted from increases in their pension benefits, discussed below under "Non-Performance Based Compensation Elements - Pension Benefits." The main factors that affected NEO compensation for 2008 were our operating results, the individual's job performance, and, to a lesser extent, peer group compensation comparisons. Also, we have deliberately kept compensation of NEOs other than our CEO within a narrow range, as indicated in the accompanying tables. We follow this policy because we want our key executives to perform as a team; assisting each other as required without being concerned that doing so will negatively affect their compensation. We review this policy annually.

THE COMPENSATION AND HUMAN RESOURCES COMMITTEE

Our Compensation and Human Resources Committee (the "Committee") discharges the duties of our Board of Directors that concern compensation of our NEOs. The Committee's functions are set out in its charter, which has been approved by the Board. None of the Committee's members is an NEO, and all of them are independent as that term is defined under the rules of the New York Stock Exchange and the National Association of Securities Dealers.

The Committee met eight times in 2008. Our CEO generally attends these meetings (other than those that relate to his compensation) at the Committee's invitation, to provide information about NEO and more junior officers' compensation and to assist the Committee in evaluating NEO job performance.

At its November 2008 meeting, the Committee received spreadsheets prepared by our management showing NEO (and more junior officer) compensation elements. The information in these spreadsheets was used by the Committee as a summary of each NEO's recent compensation history and the accumulation of wealth by each NEO. The Committee did not base any compensation adjustments on these two factors in 2008. The spreadsheets list ten items for each individual:

Base compensation (salary) for the current year (2008) and each of the two preceding years

EIP award for each of the two preceding years

Stock and stock option awards for each of the two preceding years

Management's recommendation for: Salary for the next year (2009), EIP award for the current year (2008), and stock awards for the current year.

In 2008, the Committee utilized the services of compensation consulting firm Frederick W. Cook & Co. to assist in several compensation-related areas, namely peer group membership and comparison of our compensation levels with those of peer group members, preparation of this Compensation Discussion and Analysis, and amendments to our Benefit Equalization Plan (discussed below). One of that firm's consultants attended three Committee meetings in 2008.

PEER GROUP CONSIDERATIONS

At several points in this discussion and analysis, we mention that we compare a particular compensation element with the same element as paid by members of our peer group. We have assembled a group of domestic financial institutions whose

size, measured by factors like revenue, net income, total assets, market capitalization and numbers of employees, is similar to ours. For 2008, our peer group consisted of: Associated Banc-Corp., BOK Financial Corp. (Oklahoma), Citizens Republic Bancorp, City National Bank (California), Commerce Bancshares (Missouri), Cullen/Frost Bankers, Inc., FirstMerit Corp, Fulton Financial Corporation, Old National

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Bancorp (Indiana), Susquehanna Bancshares Inc., TCF Financial Corporation, Trustmark National Bank, UMB Financial Corporation, Webster Financial Corp., Whitney Holding Corporation and Wilmington Trust Corporation.

We added three institutions to our peer group for 2008, and removed two. We made these changes because we believed the three added institutions were more similar to ours than People's United Bank in the financial and other measures described in the preceding paragraph, and because Sky Financial Group, Inc. was acquired by another bank. The names of the three institutions that we added are underlined in the preceding paragraph.

Peer group comparisons are used by the Committee to evaluate salaries and bonuses paid by the other financial institutions in our peer group. The Committee compares the salaries and non-equity incentive compensation we pay to our NEOs with the same compensation elements paid to executives of the peer group companies. The Committee receives data from F. W. Cook on

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peer group total compensation, as opposed to the individual compensation elements just identified, but did not utilize these overall comparisons when making compensation decisions for 2008 or 2009. The Committee also refers to the peer group information when considering the CEO's recommendations for NEO salaries and awards under our Executive Incentive Plan (discussed below.)

We make peer group comparisons of salaries, incentive compensation (both cash and stock) and pension benefits so we can avoid situations in which our NEOs are over-compensated or under-compensated in comparison to our peer group of financial institutions. We do not seek to maintain a precise numerical or percentage relationship between our NEO compensation and that of peer group institutions. Rather, the Committee reviews peer group compensation to determine that our NEO compensation elements lie somewhere between the 25th and the 75th percentile of the peer group. Although the Committee has discretion to adjust elements of a NEO's compensation by up to 20% of the base amount (only downward adjustments are permitted for awards under the Executive Incentive Plan discussed below), and would likely consider making a downward adjustment if a particular NEO's compensation fell above the 75th percentile, or an upward one (subject to the limitation that Executive Incentive Plan awards cannot be adjusted upward) if his compensation fell below the 25th percentile, to date no such adjustment has been made because NEO compensation has not approached these levels.

EFFECT OF CURRENT FINANCIAL CRISIS INVITATION TO PARTICIPATE IN TREASURY'S CAPITAL PURCHASE PROGRAM

At the invitation of the United States Treasury, we decided in November 2008 to enter into a Securities Purchase Agreement with the Treasury that provides for our participation in the Capital Purchase Program (CPP) under the Treasury's Troubled Assets Relief Program (TARP). CPP participants must accept several NEO compensation-related limitations that are associated with this Program. In November 2008, each of our NEOs agreed in writing to accept the CPP compensation standards in existence at that time and thereby cap or eliminate some of their contractual or legal rights. The provisions agreed to were as follows:

NO GOLDEN PARACHUTE PAYMENTS. Golden parachute payment under the CPP means a severance payment resulting from involuntary termination of employment, or from bankruptcy of the employer, that exceeds three times the terminated employee's average annual base salary over the five years prior to termination. Our NEOs have agreed to forego all golden parachute payments for as long as two conditions remain true: They remain senior executive officers (CEO, Chief Financial Officer and the next three highest-paid executive officers), and the Treasury continues to hold our equity or debt securities we issued to it under the CPP (the period during which the Treasury holds those securities is the CPP Covered Period).

RECOVERY OF BONUS, RETENTION AWARDS AND INCENTIVE COMPENSATION IF BASED ON CERTAIN MATERIAL INACCURACIES. Our NEOs have also agreed to a clawback provision, which means that we can recover any bonus, retention award or incentive compensation paid during the CPP Covered Period that is later found to have been based on materially inaccurate financial statements or other materially inaccurate measurements of performance.

NO COMPENSATION ARRANGEMENTS THAT ENCOURAGE EXCESSIVE RISKS. During the CPP Covered Period, we are not allowed to enter into compensation arrangements that encourage NEOs to take unnecessary and excessive risks that threaten the value of our company. To make sure this does not happen, the Committee is required to meet at least once a year with our senior risk officers to review our executive compensation arrangements in the light of our risk management policies and practices. Our NEOs' written agreements include their obligation to execute whatever documents we may require in order to make any changes in compensation arrangements resulting from the Committee's review.

The first such meeting was held in November 2008. An element of risk encouragement was identified which we believe may be inherent in any form of equity-based incentive compensation, such as our long-term stock incentive plan. That element derives from the ability to dispose of an equity interest at a time when its value is high owing to short-term profits that ultimately are not maintained, or owing to general market volatility.

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To reduce that risk element, we adopted, in our new long term stock incentive plan (see Long Term Stock Incentive Compensation below), a restriction applicable to all shares of our stock awarded to NEOs under our long-term stock incentive plan whose vesting is accelerated in connection with retirement or other termination of employment. The restriction requires that at least 50% of the accelerated shares must be retained for a minimum period. The retention period is 18 months following retirement (notice of which must be given at least six months before it becomes effective), or 24 months following termination of employment for any reason other than death, disability (as determined

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in the judgment of the Committee) or retirement. There is no retention period if termination occurred because of death or disability, or if the acceleration of vesting occurred because of a change-in-control, because these are situations in which the employee's termination is (or may be) involuntary. Stock certificates for 50% of the accelerated shares will bear a legend restricting transfers for the applicable period. We think this restriction will encourage our senior executive officers to remain focused on our long-term goals because they will necessarily retain at least a portion of their investment in our shares well beyond the end of their employment with us, which should reduce the incentive to take unnecessary and excessive risks.

LIMIT ON FEDERAL INCOME TAX DEDUCTIONS. During the CPP Covered Period, we are not allowed to take federal income tax deductions for compensation paid to senior executive officers in excess of \$500,000 per year, with certain exceptions that do not apply to our NEOs. This represents a 50% reduction in the income tax deductibility limit and the elimination of the exemption for performance-based compensation. See **Tax and Accounting Considerations** below.

EFFECT OF THE CURRENT FINANCIAL CRISIS RESTRICTIONS ADDED BY 2009 STIMULUS ACT

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (the **Stimulus Act**) into law. The Stimulus Act modified the compensation-related limitations contained in the CPP, created additional compensation-related limitations and directed the Secretary of the Treasury to establish standards for executive compensation applicable to participants in the TARP, regardless of when participation commenced. Thus, the newly enacted compensation-related limitations apply to us and we will apply these limitations to the extent we are entitled to do so unilaterally. The provisions may be retroactive. In their November 2008 agreements our NEOs did not waive their contract or legal rights with respect to these new and retroactive provisions; and additional officers now covered for the first time by the Stimulus Act provisions were not asked and did not agree to waive their contract or legal rights. The compensation-related limitations applicable to us added or modified by the Stimulus Act which are subject to standards to be established by the Secretary of the Treasury are as follows:

NO SEVERANCE PAYMENTS. Under the Stimulus Act, **golden parachutes** were redefined as any severance payment resulting from involuntary termination of employment, or from bankruptcy of the employer, except for payments for services performed or benefits accrued. Consequently under the Stimulus Act, we are prohibited from making any severance payment during the CPP Covered Period to our senior executive officers (defined in the Stimulus Act as the five highest paid NEOs) and our next five most highly compensated employees.

RECOVERY OF BONUS, RETENTION AWARDS AND INCENTIVE COMPENSATION IF BASED ON CERTAIN MATERIAL INACCURACIES. The Stimulus Act also contains the **clawback provision** discussed above but extends its application to any bonus, retention award or awards and incentive compensation paid to any of our senior executive officers or our next 20 most highly compensated employees during the CPP Covered Period that is later found to have been based on materially inaccurate financial statements or other materially inaccurate measurements of performance.

NO COMPENSATION ARRANGEMENTS THAT ENCOURAGE EARNINGS MANIPULATION. Under the Stimulus Act, during the CPP Covered Period, we are not allowed to enter into compensation arrangements that encourage manipulation of our reported earnings to enhance the compensation of any of our employees.

LIMIT ON INCENTIVE COMPENSATION. The Stimulus Act contains a provision that prohibits the payment or accrual during the CPP Covered Period of any bonus, retention award or incentive compensation to any of our senior executive officers or our next 10 most highly compensated employees other than awards of long-term restricted stock that (i) do not fully vest during the CPP Covered Period, (ii) have a value not greater than one-third of the total annual compensation of the award recipient and (iii) are subject to such other

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restrictions as may be determined by the Secretary of the Treasury. We do not know whether awards of incentive stock options are covered by this prohibition. The prohibition on bonus, incentive compensation and retention awards does not preclude payments required under written employment contracts entered into on or prior to February 11, 2009.

COMPENSATION AND HUMAN RESOURCES COMMITTEE FUNCTIONS. The Stimulus Act requires that our Compensation and Human Resources Committee be comprised solely of independent directors and that it meet at least semiannually to discuss and evaluate our employee compensation plans in light of an assessment of any risk posed to us from such compensation plans. See Corporate Governance Committees of the Board of Directors; Board of Directors Meetings and Corporate Governance Compensation and Human Resources Committee Processes and Procedures above for a discussion of the independence of our Compensation and Human Resources Committee.

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COMPLIANCE CERTIFICATIONS. The Stimulus Act also requires a written certification by our Chief Executive Officer and Chief Financial Officer of our compliance with the provisions of the Stimulus Act. These certifications must be contained in the Company's Annual Report on Form 10-K and are contained in this year's Form 10-K.

TREASURY REVIEW OF BONUSES PREVIOUSLY PAID. The Stimulus Act directs the Secretary of the Treasury to review all compensation paid to our senior executive officers and our next 20 most highly compensated employees to determine whether any such payments were inconsistent with the purposes of the Stimulus Act or were otherwise contrary to the public interest. If the Secretary of the Treasury makes such a finding, the Secretary of the Treasury is directed to negotiate with the CPP recipient and the subject employee for appropriate reimbursements to the federal government with respect to compensation and bonuses found to be excessive.

SAY ON PAY. Under the Stimulus Act, the SEC is required to promulgate rules requiring an advisory, non-binding say on pay vote by the shareholders on executive compensation at the annual meeting during the CPP Covered Period. Valley will comply with the provisions of the Stimulus Act and its implementing regulations in all respect, which includes the submission of Item 4: Advisory Vote on Compensation of Named Executive Officers set forth in the proxy statement.

Because of the financial crisis currently affecting the United States economy, our CEO recommended to the Committee in January 2009, and the Committee accepted his recommendation, that NEO salaries not be increased, and that no restricted stock grants nor stock option awards be made to our NEOs, at the present time.

COMPENSATION ELEMENTS

PERFORMANCE-BASED COMPENSATION ELEMENTS

SALARY

We pay NEO salaries in order to fairly compensate our key executives for their day-to-day efforts in managing our business activities. The Committee reviews salaries annually in November, and adjustments for the following year are related to individual performance during the year being reviewed, overall company performance, cost-of-living considerations and peer group comparisons.

As noted above under Effect of Current Financial Crisis, we are not increasing NEO salaries for 2009. In 2008, our NEOs received salary increases, ranging between \$5,000 and \$20,000.

The salary we pay to our CEO is about twice the average salary paid to the other NEOs. Similarly, his target cash award under our Executive Incentive Plan is 100% of his salary while the other NEOs' target award is 50% of salary, and his grants of restricted stock and incentive stock options over the past two years are about twice the grants made to other NEOs. Our CEO's substantially higher compensation reflects his substantially higher level of executive responsibility for our operations, and also the Committee's satisfaction with our results of operations under his guidance. It also reflects the duration of his tenure in office: He has been Chairman of our Board of Directors and CEO since 1989, and our President since 1996. He has had major responsibility for our overall operations for twenty years.

EXECUTIVE INCENTIVE PLAN

OVERVIEW

Awards under the Executive Incentive Plan (EIP) are made in cash and are based on our financial performance and the job performance of each NEO. These awards are typically made in November each year and are based on annualized ten-month operating results and management's estimate of full-year results. The awards are paid before the end of the year.

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The reason we calculate and pay EIP awards before completion of the fiscal year is to provide our NEOs a source of cash from which to pay income taxes on prior years' grants of shares of restricted stock under our Stock Incentive Plan, restrictions on which lapsed in the current year, making those shares vested and their value taxable in the current year. We encourage our NEOs to retain their shares of our stock, and this timing of the EIP award makes it unnecessary for them to sell the shares, or at least reduces the quantity they need to sell, in order to raise funds in order to pay the tax.

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While our experience has been that full-year operating results do not differ materially from the estimates made in November, we have a method of adjusting for this difference. We align EIP awards with the actual year end results, if the latter are different, by adjusting the value of restricted stock grants. Those grants are made early in the following year when our full-year results of operations for the previous year have been determined. A description of how the adjustment is made appears below under Long-Term Stock Incentive Compensation Restricted Stock Grants. It should be noted that at present we are not making any restricted stock grants to NEOs, which means that the adjustment mechanism just described may not be employed in the current fiscal year. Even if we later decide to make restricted stock grants in this year, the effect of the Stimulus Act restrictions on such grants may limit or eliminate our ability to use the adjustment mechanism. See Effect of Current Financial Crisis Restrictions Added by 2009 Stimulus Act above.

ELEMENTS OF EIP AWARDS. EIP awards are based on two elements: Company-wide financial performance and individual NEO performance. The target EIP award for each of our NEOs other than our CEO is 50% of salary. The following table shows the size of each component of their EIP awards and how each is determined. Actual awards are subject to discretionary reduction by the Committee taking into account the recommendations of our CEO or if determined by the Committee on its own; the maximum reduction is 20%. No discretionary reductions were recommended by our CEO or made by the Committee in 2008.

Component of NEO EIP Award	Target Percentage of Salary	Determined by
Half	25.0%	Our financial performance, measured primarily by our earnings per share (EPS) and secondarily by the degree to which our goals for return on assets (ROA) and return on equity (ROE) are attained.
Quarter	12.5%	Budget compliance for the operating division headed by the NEO.
Quarter	12.5%	Satisfactory achievement of the NEO s performance goals set at the beginning of the year.
Total Award	50.0%	

The target EIP award for our CEO is 100% of salary. One-quarter (25% of salary) is based on satisfactory achievement of his performance goals and his budget target. The reduced emphasis on his budget compliance compared to the other NEOs reflects the greater importance of budget compliance at the divisional level. Financial performance determines three-quarters of our CEO s award (which is 75% of his salary) , measured primarily by EPS and secondarily by the degree to which our goals for return on assets (ROA) and on equity (ROE) are attained.

EFFECT OF COMPANY-WIDE FINANCIAL PERFORMANCE. There are two reasons why we choose our financial performance as the primary determining factor in making EIP awards. First, our financial performance is quite important to our stockholders. Second, it is a very objective measurement of our results of operations.

We select EPS as the primary component of the financial performance measure for several reasons: First, EPS is a reliable indicator of our profitability, since it measures our earnings by allocating them to each share of common stock. Second, it is important to our stockholders, including our NEOs, who we believe tend to measure our profitability principally by changes in EPS. That being so, EPS tends to align stockholder interests with those of our NEOs. Third, EPS is directly affected by our long-term incentive compensation program, since issuance of stock options and restricted stock increases the total number of shares of common stock taken into account in determining EPS.

We choose ROA and ROE as secondary measures of financial performance because they measure our corporate performance in terms of best use of our assets and providing maximum returns to stockholders. We use these metrics in a more subjective way. For example, if current-year ROA and ROE were higher than budgeted levels, we could increase the financial performance-based portion of EIP awards.

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The EPS level at which 100% of the target EIP award is paid is fixed by the Committee at the beginning of the fiscal year. The Committee also fixes the percentage of target award paid at other EPS levels. For 2008, the Committee set an EPS of \$1.16 (later reduced to \$1.10 to adjust for the 5% stock dividend we paid in May 2008) as the level at which 100% of the target award

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is paid. The \$1.16 (unadjusted) target for 2008 was noticeably lower than the 2007 target of \$1.38 (see footnote 3 below.) The reason was the Committee’s conclusion, after discussion with our management, that our earnings would be lower in 2008 owing to severe economic circumstances not under our management’s control. In fact, in September 2007, in light of those circumstances, the Committee had reduced the 2007 target EPS from the \$1.40 set in March 2007 to the \$1.38 figure shown in footnote 3, for the same reason.

The Committee also determined that each additional \$0.01 of EPS above \$1.16 (unadjusted) would increase the percentage of the target award by 2.5%, to a maximum of 150% at an EPS of \$1.36 (unadjusted) or more, and determined that each \$0.01 decline in EPS below \$1.16 (unadjusted) would reduce the percentage of the target award by 2.5%, to 75% at an EPS of \$1.06 (unadjusted), below which no award would be paid. This method used to calculate actual EIP awards for 2008 represented a significant change from the method used in 2007 and prior years. The table in the footnote² shows how percentages of target were calculated in 2007. We changed the calculation method in order to improve granularity, that is, to allow the percentage-of-target actual EIP awards to reflect EPS changes of as small as one cent.

In November 2008, to determine EIP awards, our management estimated our 2008 full-year EPS would be \$1.07, as adjusted for the May 2008 stock dividend, which under the formula just discussed would have meant EIP awards at 92.5% of the target level. However, this figure for EPS included a number of unusual items, which, consistent with past practice, the Committee eliminated for EIP purposes. The reason the Committee did so was to make sure that EIP awards are based on earnings of a regular nature, as opposed to items that may recur only at infrequent intervals, or not at all. Eliminating the unusual items increased EPS for EIP purposes to from \$1.07 to \$1.10. Our NEOs were therefore entitled to EIP awards at the 100% target level. (100% of 75% of salary for our CEO and 100% of 50% of salary for our other NEOs.)

After actual EIP awards were calculated in the manner just described, we used ROA and ROE in a more subjective way to fine-tune the financial performance-based portion of the EIP awards.

EFFECT OF INDIVIDUAL NEO PERFORMANCE. The measures we use to evaluate personal performance of NEOs other than our CEO are:

Budget compliance whether the area of our business for which the NEO bears responsibility operated within its budget; and

Individual goal achievement whether the NEO met operational and strategic goals proposed at the beginning of the year. We use these measures of personal performance because we believe they fairly evaluate the performance of our NEOs. As mentioned earlier, budget compliance and personal goal achievement each have a target level of one-quarter of the EIP award of each NEO other than our CEO. Since the overall target EIP award is 50% of salary for NEOs other than our CEO, and these two measures each determine 25.0% of the award, it follows that the target is 12.5% of an NEO’s salary for each of these measures.

² The EPS levels used to calculate EIP awards in 2007 were:

EPS level	Percentage of target award
Below \$1.25	0
\$1.25	50%
\$1.27 (2007 budgeted EPS):	80%

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\$1.33 (2006 actual EPS):	95%
\$1.38 (4% above 2006 EPS):	100% (the median)
\$1.40 (5.5% above 2006 EPS):	110%
\$1.43 (7.5% above 2005 EPS):	120%
\$1.46 (10% above 2005 EPS) or more:	130%

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Budget compliance will be used objectively. We will use a mathematical formula to determine the level of budget compliance and the corresponding adjustment to the target, which therefore may end up as less than, equal to or greater than 12.5% of salary. Budget goals are expressed as a dollar amount of net income for an NEO's division or, in the case of our CEO, for our entire company. For each 1% by which an NEO's actual results exceed budget, this 25% portion of his award will be adjusted upward by 0.25% (which is 0.125% of salary.) For each 1% less than budget, this portion of his award will be adjusted downward by 1% (which is 0.5% of salary.)

Individual goal achievement will be used subjectively by our CEO and the Committee to determine the remaining one-quarter of the NEO awards (target of 12.5% of salary.) Each NEO prepares and furnishes to the Committee a written statement of proposed goals, during the first quarter of the fiscal year. In the last quarter, the degree to which those goals have been achieved is evaluated by our CEO, who then recommends to the Committee an adjustment, if any, to the 12.5% of salary target. The Committee makes the final determination of the appropriate adjustment amount.

The Committee has discretion to accept the CEO's proposals for NEO compensation as made, which may include his recommendation of a reduction of a particular NEO EIP award by up to 20%, or determine to reduce the award itself. In deciding whether to accept the CEO's recommendations as proposed or to exercise its discretion, the Committee considers the same factors that the CEO considered in making his recommendations. Total discretionary reductions of a particular NEO's EIP award by the Committee are limited to 20% of the unadjusted award.

EFFECT OF CEO PERSONAL PERFORMANCE. As noted earlier, three-quarters of our CEO's target EIP award (the target award being 100% of his salary) will be determined by our financial performance, for which he bears ultimate responsibility. This component will be determined by the EPS measure using the same formula applicable to the NEOs (described under "Effect of Company-Wide Financial Performance" above), and by our ROA and ROE on a more subjective basis. The remaining one-quarter will be determined by how well our CEO has achieved his individual performance goals that were established at the beginning of 2007, and his compliance with our overall operating budget (both these measures will be used subjectively; the formula used to evaluate NEO budget compliance will not be used for our CEO because his budget responsibility encompasses the entire company.)

Since budget compliance and performance goal achievement together determine a quarter of our CEO's award, the target level of which is 100% of his salary, they will affect a target amount equal to approximately 25% of his salary. Our CEO's achievement of performance goals and budget compliance was determined by the Committee, which reviewed his goals and concluded that he had achieved them, and had also achieved satisfactory budget compliance.

In each of the past two years, our CEO's target EIP award (100% of salary) has been twice the target EIP award to the other NEOs (50% of salary.) The reasons for this difference are discussed above under "Performance-Based Elements - Salary."

COMMITTEE DISCRETIONARY REDUCTIONS. Our Committee has discretion to make limited reductions (20% or less) below the amount calculated under the target formulas described above under "Effect of Company-Wide Financial Performance," where considered appropriate. It made no such adjustments in fiscal year 2008. Also, our Committee has discretion to make the minimum EIP award even though the lowest target was not reached, if it determines that, despite high levels of job performance by the NEOs, performance targets were not met owing to causes beyond their control. In 2008, the Committee did not exercise its discretion to make minimum EIP awards.

LONG TERM STOCK INCENTIVE COMPENSATION

Our 2009 Long Term Stock Incentive Plan, being submitted to our stockholders for approval at the Annual Meeting, permits us to issue four types of non-cash awards based on our common stock: Restricted stock grants, incentive stock options, non-qualified stock options, and stock appreciation rights. Our previous stock incentive plans contained sub-limits on the total numbers of shares awarded under each of those types. The 2009 Plan permits up to 6.1 million shares to be issued under incentive stock options or as restricted stock awards. Except as noted below, all awards we make are either ISOs or restricted stock awards.

The purpose of long-term incentive awards is to retain and motivate our NEOs and other employees, and encourage them to improve our operating results and to encourage a relationship between management objectives and long term stockholder interests, all of which we expect will result in increased shareholder value and in long-term growth of our organization.

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Valley National Bancorp

2009 Proxy Statement

While NEO restricted stock awards and stock option grants are normally made during the first quarter as described immediately below, in 2009 our NEOs including our CEO voluntarily agreed to take neither form of stock incentive compensation at the present time. See *Effect of Current Financial Crisis* above.

INCENTIVE STOCK OPTIONS (ISOs). Incentive stock options are income tax-advantaged options to purchase shares of our common stock at an exercise price which is equal to the closing market price of the stock on the date the option is granted. For our NEOs, this date is approximately five weeks after we release the report of our earnings for the prior fiscal year; in 2009 the Committee fixed the date at the fifteenth business day following the date on which the earnings release takes place. Incentive stock option recipients pay no income tax when they exercise the option and obtain the stock, unless they are subject to the Alternative Minimum Tax (AMT). When they sell the stock, tax is paid on the gain, which is the entire spread between the exercise price and the price at which the stock is sold. This gain is taxed at ordinary income rates if the stock is sold less than a year after the option exercise, and generally at capital gains rates if the stock is held for a year or longer before selling.

Options typically become exercisable in installments on anniversaries of the date the option is granted; our Committee has the authority to set the vesting schedule.

ISO award determinations under our Long-Term Stock Incentive Plan are not made according to any formula-based calculation like the ones used to determine awards under the EIP and grants of restricted shares under the Long Term Stock Incentive Plan. Instead, our CEO makes an initial recommendation to the Committee of the numbers of options to be granted to each NEO other than himself. His recommendations are based on his judgment as to factors that include each NEO's job performance and the number of restricted shares and options awarded to them over the preceding two years. Previous awards are taken into account be