

OCEANFIRST FINANCIAL CORP

Form S-4

July 29, 2009

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As filed with the Securities and Exchange Commission on July 29, 2009.

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**OceanFirst Financial Corp.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

6035  
(Primary Standard Industrial  
Classification Code Number)

22-3412577  
(I.R.S. Employer  
Identification Number)

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975 Hooper Avenue,  
Toms River, NJ 08754  
(732) 240-4500

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

John R. Garbarino  
Chairman, President and Chief Executive Officer  
975 Hooper Avenue  
Toms River, NJ 08754  
(732) 240-4500

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

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John Bruno  
Locke Lord Bissell & Liddell LLP  
401 9th St., NW  
Suite 400 South  
Washington, D.C. 20004  
(202) 220-6900  
Facsimile: (202) 521-4201

Paul T. Colella  
John A. Aiello  
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P.O. Box 190  
Middletown, N.J. 07748  
(732) 741-3900  
Facsimile: (732) 224-6599

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this Registration Statement and the conditions to the consummation of the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer " "  
Non-accelerated filer " "

(Do not check if a smaller reporting company)

Accelerated filer x  
Smaller reporting company " "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) " "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) " "

**CALCULATION OF REGISTRATION FEE**

**Title of each class of securities to be registered**

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	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Common Stock, \$.01 par value	4,800,000	Not Applicable	\$49,764,933	\$2,777

(1) Represents the estimated maximum number of shares of common stock issuable by OceanFirst Financial Corp. upon the consummation of the merger with Central Jersey Bancorp and computed based on the estimated maximum number of shares that may be exchanged for the securities being registered, assuming the exercise of all Central Jersey Bancorp stock options immediately prior to the merger. Pursuant to Rule 416 under the Securities Act of 1933, as amended, this Registration Statement also covers an indeterminate number of shares of common stock as may become issuable as a result of stock splits, stock dividends or similar transactions.

(2) Pursuant to Rule 457(f) under the Securities Act of 1933, as amended, and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is based on the average of the high and low prices of Central Jersey Bancorp common stock on July 22, 2009 (\$5.30) and the estimated maximum number of shares of Central Jersey Bancorp common stock to be received by OceanFirst Financial Corp. in the merger.

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

The boards of directors of OceanFirst Financial Corp. ( OceanFirst ) and Central Jersey Bancorp ( Central Jersey ) have agreed to a merger of our companies. If the merger is completed, each share of Central Jersey common stock will be converted into the right to receive 0.50 shares of OceanFirst common stock. OceanFirst s shareholders will continue to own their existing shares. After completion of the merger, we expect that current OceanFirst shareholders will own approximately [ ]% of the combined company and Central Jersey shareholders will own approximately [ ]% of the combined company. OceanFirst common stock is listed on the Nasdaq Global Select Market under the symbol OCFC. On [Record Date], the closing price of OceanFirst common stock was \$[ ]. OceanFirst is offering approximately [ ] shares of its common stock to Central Jersey shareholders ([ ] shares assuming all [ ] outstanding stock options of Central Jersey as of [Record Date] are exercised before the closing of the merger).

We cannot complete the merger unless we obtain the necessary government approvals and unless the shareholders of both companies approve the merger agreement. Each of us is asking our shareholders to consider and vote on this merger proposal at our respective meetings of shareholders. Whether or not you plan to attend your company s meeting, please take the time to vote by completing and mailing the enclosed proxy card to the appropriate company. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** the proposal to approve the merger agreement.

The places, dates and times of the shareholders meetings are as follows:

**For OceanFirst shareholders:**

[Place, Date, Time]

**For Central Jersey shareholders:**

[Place, Date, Time]

This document contains a more complete description of the shareholders meetings and the terms of the merger. **We urge you to review this entire document carefully, including the section discussing risk factors beginning on page** . You may also obtain information about OceanFirst and Central Jersey from documents they have filed with the Securities and Exchange Commission. We enthusiastically support the merger and recommend that you vote in favor of the proposal to approve the merger agreement.

John R. Garbarino  
Chairman, President and Chief Executive Officer  
OceanFirst Financial Corp.

James S. Vaccaro  
Chairman, President and Chief Executive Officer  
Central Jersey Bancorp

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense. The securities we are offering through this document are not savings or deposit accounts or other obligations of any bank or non-bank subsidiary of either of our companies, and they are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

Joint Proxy Statement/Prospectus dated [Filing Date]

and first mailed to shareholders on or about [Mailing Date]

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**ADDITIONAL INFORMATION**

This document incorporates important business and financial information about OceanFirst from documents filed with the Securities and Exchange Commission (the SEC) that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information is also available at the Internet site the SEC maintains at <http://www.sec.gov>. See *Where You Can Find More Information* on page [ ].

You also may request copies of these documents from OceanFirst. OceanFirst will provide you with copies of these documents, without charge, upon written or oral request to:

**OceanFirst Financial Corp.**

975 Hooper Avenue

Toms River, NJ 08754

Attention: Jill Apito Hewitt, Investor Relations

Telephone: (732) 240-4500

*OceanFirst and Central Jersey shareholders requesting documents should do so by [ ], in order to receive them before the OceanFirst special meeting.*

**ABOUT THIS DOCUMENT**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by OceanFirst, constitutes a prospectus of OceanFirst under the Securities Act of 1933, as amended, which we refer to in this document as the Securities Act, with respect to the shares of OceanFirst common stock to be issued to Central Jersey's shareholders as required by the merger agreement. This document also constitutes a joint proxy statement under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to in this document as the Exchange Act, and a notice of meeting with respect to the respective special meetings of shareholders of OceanFirst and Central Jersey shareholders, at which OceanFirst and Central Jersey shareholders will be asked to vote (1) upon a proposal to approve the merger agreement, and (2) a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the special meeting to approve the merger agreement.

You should rely only on the information contained herein or incorporated by reference into this document. No one has been authorized to provide you with information that is different from the information contained in, or incorporated by reference into, this document. This document is dated [ ], 2009. You should not assume that the information contained in this document is accurate as of any date other than that date. You also should not assume that the information incorporated by reference into this document is accurate as of any date other than the date of such incorporated document. Neither the mailing of this document to OceanFirst shareholders or Central Jersey shareholders nor the issuance by OceanFirst of its common stock in connection with the merger will create any implication to the contrary.

**This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this document regarding OceanFirst has been provided by OceanFirst and information contained in this document regarding Central Jersey has been provided by Central Jersey.**

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**OceanFirst Financial Corp.**

**975 Hooper Avenue**

**Toms River, NJ 08754**

**Notice of Special Meeting of Shareholders**

**to be held [Date of Shareholder Meeting]**

A special meeting of shareholders of OceanFirst Financial Corp. will be held at [10:00 a.m.], local time, on [Date of Shareholder Meeting] at [Location of OceanFirst Shareholder Meeting]. Any adjournments or postponements of the special meeting will be held at the same location.

At the special meeting, you will be asked to:

1. Consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of May 26, 2009, by and between OceanFirst Financial Corp. and Central Jersey Bancorp. A copy of the merger agreement is included as Annex A to the accompanying joint proxy statement/prospectus;
2. Consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and
3. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

The enclosed joint proxy statement/prospectus describes the merger agreement and the proposed merger in detail. We urge you to read these materials carefully. The enclosed joint proxy statement/prospectus forms a part of this notice.

**The board of directors of OceanFirst unanimously recommends that OceanFirst shareholders vote FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of the merger agreement.**

The board of directors of OceanFirst has fixed the close of business on [Record Date] as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

**Your vote is very important.** Your proxy is being solicited by the OceanFirst board of directors. The proposal to approve the merger agreement must be approved by the affirmative vote of holders of a majority of the outstanding shares of OceanFirst common stock entitled to vote in order for the proposed merger to be consummated. Whether or not you plan to attend the special meeting in person, we urge you to complete and mail the enclosed proxy card, in the accompanying envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

By Order of the Board of Directors

John K. Kelly  
Secretary

Toms River, NJ

[Date of Mailing]

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**Central Jersey Bancorp**

**1903 Highway 35**

**Oakhurst, New Jersey 07755**

**Notice of Special Meeting of Shareholders**

**to be held [Date of Shareholder Meeting]**

A special meeting of shareholders of Central Jersey Bancorp will be held at [10:00 a.m.], local time, on [Date of Shareholder Meeting] at [Location of Central Jersey Shareholder Meeting]. Any adjournments or postponements of the special meeting will be held at the same location.

At the special meeting, you will be asked to:

1. Consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of May 26, 2009, by and between OceanFirst Financial Corp. and Central Jersey Bancorp. A copy of the merger agreement is included as Annex A to the accompanying joint proxy statement/prospectus;
2. Consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement; and
3. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

The enclosed joint proxy statement/prospectus describes the merger agreement and the proposed merger in detail. We urge you to read these materials carefully. The enclosed joint proxy statement/prospectus forms a part of this notice.

**The board of directors of Central Jersey recommends that Central Jersey shareholders vote FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of the merger agreement.**

The board of directors of Central Jersey has fixed the close of business on [Record Date] as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

**Your vote is very important.** Your proxy is being solicited by the Central Jersey board of directors. The proposal to approve the merger agreement must be approved by the affirmative vote of holders of a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting; provided, that a majority of the outstanding shares of Central Jersey common stock entitled to vote at the Central Jersey special meeting is present, in person or by proxy. Whether or not you plan to attend the special meeting in person, we urge you to complete and mail the enclosed proxy card, in the accompanying envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used.

Under New Jersey law, if the merger is completed, Central Jersey shareholders of record who do not vote to approve the merger agreement and otherwise comply with the applicable provisions of New Jersey law pertaining to dissenters' rights will be entitled to exercise dissenters' rights and obtain payment in cash of the fair value of their shares of Central Jersey common stock by following the procedures set forth in detail in the enclosed joint proxy statement/prospectus. A copy of the section of the New Jersey Business Corporation Act pertaining to dissenters' rights is included as Annex D to the accompanying joint proxy statement/prospectus.

By Order of the Board of Directors

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Robert S. Vuono  
Secretary

Oakhurst, New Jersey

[Mailing Date]



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS**

***Q: What am I being asked to vote on? What is the proposed transaction?***

A: You are being asked to vote on the approval of a merger agreement that provides for the merger of Central Jersey with and into OceanFirst. A copy of the merger agreement is provided as Annex A to this document. Each of the Central Jersey board of directors and OceanFirst board of directors has determined that the proposed merger is in the best interests of its company's shareholders, has approved the merger agreement and recommends that its company's shareholders vote FOR the approval of the merger agreement.

***Q: What will Central Jersey shareholders be entitled to receive in the merger?***

A: Under the merger agreement, each share of Central Jersey common stock will be exchanged for 0.50 share of OceanFirst common stock. OceanFirst will not issue fractional shares in the merger. Instead, each Central Jersey shareholder will receive a cash payment, without interest, for the value of any fraction of a share of OceanFirst common stock that such shareholder would otherwise be entitled to receive. See *Description of the Merger Consideration to be Received in the Merger* on page [ ] and *Description of OceanFirst Capital Stock* on page [ ].

***Q: What dividends will be paid after the merger?***

A: OceanFirst currently pays a quarterly dividend of \$0.20 per share. Although OceanFirst has paid quarterly dividends on its common stock without interruption since April 1997, there is no guarantee that OceanFirst will continue to pay dividends on its common stock or that it will continue to pay dividends at the same rate. All dividends on OceanFirst common stock are declared at the discretion of the OceanFirst board of directors based on such factors as the board deems relevant including economic factors, regulatory requirements, liquidity needs and the ability of OceanFirst Bank to pay dividends to OceanFirst. On January 16, 2009, OceanFirst issued to the U.S. Department of the Treasury 38,263 shares of series A preferred stock. Pursuant to the terms of the purchase agreement entered into by OceanFirst with the U.S. Department of the Treasury, OceanFirst's ability to declare or pay dividends on any of its shares of common stock is limited. Specifically, OceanFirst is unable to declare dividend payments on common shares if OceanFirst is in arrears on the dividends on the series A preferred stock. Further, OceanFirst is not permitted to increase dividends on its common stock above the amount of the last quarterly cash dividend per share declared prior to October 14, 2008 without the approval of the U.S. Department of the Treasury until the third anniversary of the investment unless all of the series A preferred stock has been redeemed or transferred.

***Q: How does a Central Jersey shareholder exchange his, her or its stock certificates?***

A: After the merger is completed, OceanFirst's transfer agent will send instructions on how and where to surrender the Central Jersey stock certificates. Please do not send Central Jersey stock certificates with the proxy card.

***Q: What are the tax consequences of the merger to Central Jersey shareholders?***

A: The merger is currently intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and holders of Central Jersey common stock are not expected to recognize any gain or loss for United States federal income tax purposes on the exchange of shares of Central Jersey common stock for shares of OceanFirst common stock in the merger, except with respect to cash received in lieu of fractional shares of OceanFirst common stock.



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You should read *United States Federal Income Tax Consequences of the Merger* beginning on page [ ] for a more complete discussion of the United States federal income tax consequences of the merger. Tax matters can be complicated and the tax consequences of the merger to you will depend on your particular tax situation. You should consult your tax advisor to determine the tax consequences of the merger to you.

***Q: Are Central Jersey shareholders entitled to dissenters' rights?***

A: Yes. New Jersey law provides dissenters' rights in the merger to Central Jersey shareholders. This means that Central Jersey shareholders are legally entitled to receive payment in cash of the fair value of their shares, excluding any appreciation in value that results from the merger. To maintain your dissenters' rights you must (1) deliver written notice of your intent to demand payment for your shares to Central Jersey before the special meeting of Central Jersey shareholders or at the special meeting but before the vote is taken and (2) not vote in favor of the merger. This notice must be in addition to and separate from any abstention or any vote, in person or by proxy, cast against approval of the merger. Neither voting against, abstaining from voting, or failing to vote on the proposal to approve the merger agreement will constitute notice of intent to demand payment or demand for payment of fair value under New Jersey law. Notices should be addressed to Central Jersey's Secretary and sent to 1903 Highway 35, Oakhurst, NJ 07755. Your failure to follow exactly the procedures specified under New Jersey law will result in the loss of your dissenters' rights and in such case you will only be entitled to receive the merger consideration for your shares of Central Jersey common stock. A copy of the section of the New Jersey Business Corporation Act pertaining to dissenters' rights is provided as Annex D to this document. See *Rights of Dissenting Shareholders* on page [ ].

***Q: Why do Central Jersey and OceanFirst want to merge?***

A: Central Jersey believes that the proposed merger will provide Central Jersey shareholders with substantial benefits, and OceanFirst believes that the merger will further its strategic growth plans. As a larger company, OceanFirst can provide the capital and resources that Central Jersey needs to compete more effectively and to offer a broader array of products and services to better serve its banking customers. To review the reasons for the merger in more detail, see *Description of the Merger Central Jersey's Reasons for the Merger and Recommendation of the Board of Directors* on page [ ] and *Description of the Merger OceanFirst's Reasons for the Merger and Recommendation of the Board of Directors* on page [ ].

***Q: What vote is required to approve the merger agreement?***

A: Holders of a majority of the outstanding shares of OceanFirst common stock entitled to vote must vote in favor of the proposal to approve the merger agreement. Holders of a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting must vote in favor of the proposal to approve the merger agreement; provided, that a majority of the outstanding shares of Central Jersey common stock entitled to vote at the Central Jersey special meeting is present, in person or by proxy (the Quorum).

***Q: When and where is the Central Jersey special meeting?***

A: The special meeting of Central Jersey shareholders is scheduled to take place at [Place of Central Jersey Meeting] at [10:00 a.m.], local time, on [Date of Meeting].

***Q: Who is entitled to vote at the Central Jersey special meeting?***

A: Holders of shares of Central Jersey common stock at the close of business on [Record Date], which is the record date, are entitled to vote on the proposal to approve the merger agreement. As of the record date, [ ] shares of Central Jersey common stock were outstanding

and entitled to vote.

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***Q: If I plan to attend the Central Jersey special meeting in person, should I still return my proxy?***

A: Yes. Whether or not you plan to attend the Central Jersey special meeting, you should complete and return the enclosed proxy card. The failure of a Central Jersey shareholder to vote in person or by proxy will not count as a vote FOR or AGAINST the proposal to approve the merger agreement, and will not count towards the Quorum needed at the Central Jersey special meeting.

***Q: What do I need to do now to vote my shares of Central Jersey common stock?***

A: After you have carefully read and considered the information contained in this joint proxy statement/prospectus, please complete, sign, date and mail your proxy card in the enclosed return envelope as soon as possible. This will enable your shares to be represented at the Central Jersey special meeting. You may also vote in person at the Central Jersey special meeting. If you sign, date and send in your proxy card, but you do not indicate how you want to vote, your proxy will be voted in favor of the proposal to approve the merger agreement. You may change your vote or revoke your proxy before the Central Jersey special meeting by filing with the Secretary of Central Jersey a duly executed revocation of proxy, submitting a new proxy card with a later date, or voting in person at the Central Jersey special meeting.

***Q: If my shares of Central Jersey common stock are held in street name by my broker, will my broker automatically vote my shares for me?***

A: No. Your broker will not be able to vote your shares of Central Jersey common stock on the proposal to approve the merger agreement unless you provide instructions on how to vote. Please instruct your broker how to vote your shares, following the directions that your broker provides. If you do not provide instructions to your broker on the proposal to approve the merger agreement, your shares will not be voted FOR or AGAINST the proposal, but such shares will count towards the Quorum needed at the Central Jersey special meeting if your broker submits a proxy. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

***Q: When and where is the OceanFirst special meeting?***

A: The special meeting of OceanFirst shareholders is scheduled to take place at [Place of OceanFirst Meeting] at [10:00 a.m.], local time, on [Date of Meeting].

***Q: Who is entitled to vote at the OceanFirst special meeting?***

A: Holders of shares of OceanFirst common stock at the close of business on [Record Date], which is the record date, are entitled to vote on the proposal to approve the merger agreement. As of the record date, [ ] shares of OceanFirst common stock were outstanding and entitled to vote.

***Q: If I plan to attend the OceanFirst special meeting in person, should I still return my proxy?***

A: Yes. Whether or not you plan to attend the OceanFirst special meeting, you should complete and return the enclosed proxy card. The failure of an OceanFirst shareholder to vote in person or by proxy will have the same effect as a vote AGAINST the proposal to approve the merger agreement.

***Q:*** *What do I need to do now to vote my shares of OceanFirst common stock?*

**A:** After you have carefully read and considered the information contained in this joint proxy statement/prospectus, please complete, sign, date and mail your proxy card in the enclosed return envelope as soon as possible. This will enable your shares to be represented at the OceanFirst special meeting. You may also

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vote in person at the OceanFirst special meeting. If you do not return a properly executed proxy card and do not vote at the OceanFirst special meeting, this will have the same effect as a vote against the proposal to approve the merger agreement. If you sign, date and send in your proxy card, but you do not indicate how you want to vote, your proxy will be voted in favor of the proposal to approve the merger agreement. You may change your vote or revoke your proxy prior to the OceanFirst special meeting by filing with the Secretary of OceanFirst a duly executed revocation of proxy, submitting a new proxy card with a later date, or voting in person at the OceanFirst special meeting.

***Q: If my shares of OceanFirst common stock are held in street name by my broker, will my broker automatically vote my shares for me?***

A: No. Your broker will not be able to vote your shares of OceanFirst common stock on the proposal to approve the merger agreement unless you provide instructions on how to vote. Please instruct your broker how to vote your shares, following the directions that your broker provides. If you do not provide instructions to your broker on the proposal to approve the merger agreement, your shares will not be voted, and this will have the effect of voting against the proposal to approve the merger agreement. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

***Q: When is the merger expected to be completed?***

A: We will try to complete the merger as soon as possible. Before that happens, the merger agreement must be approved by both Central Jersey and OceanFirst shareholders and we must obtain the necessary regulatory approvals. Assuming (1) holders of at least a majority of the outstanding shares of Central Jersey common stock are present at the Central Jersey special meeting, in person or by proxy, and that a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting vote in favor of the proposal to approve the merger agreement, (2) a majority of the outstanding shares of OceanFirst common stock vote in favor of the proposal to approve the merger agreement, and (3) we obtain the other necessary approvals, we expect to complete the merger in the fourth calendar quarter of 2009.

***Q: Is completion of the merger subject to any conditions besides shareholder approval?***

A: Yes. The transaction must receive the required regulatory approvals, and there are other customary closing conditions that must be satisfied. To review the conditions of the merger in more detail, see *Description of the Merger Conditions to Completing the Merger* on page [ ].

***Q: Who can answer my other questions?***

A: If you have more questions about the merger, or how to submit your proxy or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy form, both OceanFirst and Central Jersey shareholders should contact:

Georgeson, Inc.

(866) 206-4955

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**SUMMARY**

*This summary highlights selected information in this joint proxy statement/prospectus and may not contain all of the information important to you. To understand the merger more fully, you should read this entire document carefully, including the documents attached to this joint proxy statement/prospectus.*

**The Companies**

***OceanFirst Financial Corp.***

975 Hooper Avenue

Toms River, NJ 08754

(732) 240-4500

OceanFirst Financial Corp., a Delaware corporation, is a savings and loan holding company headquartered in Toms River, New Jersey that was incorporated and commenced operations in 1996. OceanFirst's common stock is listed on The NASDAQ Global Select Market under the symbol OCF. OceanFirst conducts its operations primarily through OceanFirst Bank, a federally chartered savings bank with branches serving Ocean, Monmouth and Middlesex counties in New Jersey. At March 31, 2009, OceanFirst had total assets of \$1.91 billion, total deposits of \$1.31 billion and total shareholders' equity of \$158.2 million.

***Central Jersey Bancorp***

1903 Highway 35

Oakhurst, New Jersey 07755

(732) 663-4000

Central Jersey Bancorp, a New Jersey corporation, is bank holding company headquartered in Oakhurst, New Jersey that was incorporated on March 7, 2000 and became an active bank holding company on August 31, 2000. Its primary business is operating its subsidiary, Central Jersey Bank, National Association, which offers a full range of retail and commercial banking services primarily to customers located in Monmouth County and Ocean County, New Jersey. Central Jersey's common stock is listed on The NASDAQ Global Market under the symbol CJBK. As of March 31, 2009, Central Jersey had total assets of \$576.2 million, total deposits of \$430.6 million and total shareholder's equity of \$81.9 million.

**Special Meeting of OceanFirst; Required Vote (page [ ])**

A special meeting of OceanFirst shareholders is scheduled to be held at [Place of OceanFirst Meeting] at [10:00 a.m.], local time, on [Date of Meeting]. At the OceanFirst special meeting, OceanFirst shareholders will be asked to vote on a proposal to approve the merger agreement between OceanFirst and Central Jersey. OceanFirst shareholders also will be asked to vote on a proposal to adjourn the OceanFirst special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Only OceanFirst shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the OceanFirst special meeting and any adjournments or postponements of the special meeting.

Approval of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of OceanFirst common stock entitled to vote. As of the record date, there were [ ] shares of OceanFirst common stock outstanding. The directors and executive officers of OceanFirst (and their affiliates), as a group, beneficially owned [ ] shares of OceanFirst common stock, representing [ ]% of the outstanding shares of OceanFirst common stock, as of the record date. Certain of the directors and executive



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officers of OceanFirst, who collectively own [ ] shares of OceanFirst common stock ([ ]% of the outstanding shares as of the record date) have agreed to vote their shares in favor of the proposal to approve the merger agreement at the OceanFirst special meeting. This amount does not include shares that may be acquired upon the exercise of stock options.

### **Special Meeting of Central Jersey Shareholders; Required Vote (page [ ])**

A special meeting of Central Jersey shareholders is scheduled to be held at [Place of Central Jersey Meeting] at [10:00 a.m.], local time, on [Date of Meeting]. At the Central Jersey special meeting, Central Jersey shareholders will be asked to vote on a proposal to approve the merger agreement between Central Jersey and OceanFirst. Central Jersey shareholders also will be asked to vote on a proposal to adjourn the Central Jersey special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Only Central Jersey shareholders of record as of the close of business on [Record Date] are entitled to notice of, and to vote at, the Central Jersey special meeting and any adjournments or postponements of the special meeting.

Approval of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting; provided, that a majority of the outstanding shares of Central Jersey common stock entitled to vote at the Central Jersey special meeting is present, in person or by proxy. As of the record date, there were [ ] shares of Central Jersey common stock outstanding. The directors and executive officers of Central Jersey (and their affiliates), as a group, beneficially owned [ ] shares of Central Jersey common stock, representing [ ]% of the outstanding shares of Central Jersey common stock, as of the record date. Certain of the directors and executive officers of Central Jersey, who collectively own [ ] shares of Central Jersey common stock ([ ]% of the outstanding shares of Central Jersey as of the record date) have agreed to vote their shares in favor of the proposal to approve the merger agreement at the Central Jersey special meeting. This amount does not include shares that may be acquired upon the exercise of stock options.

### **The Merger and the Merger Agreement (page [ ])**

Central Jersey's merger with and into OceanFirst is governed by the merger agreement. The merger agreement provides that, if all of the conditions are satisfied or waived, Central Jersey will be merged with and into OceanFirst, with OceanFirst as the surviving entity. **We encourage you to read the merger agreement, which is included as Annex A to this joint proxy statement/prospectus.**

### **What Central Jersey Shareholders Will Receive in the Merger (page [ ])**

Under the merger agreement, each share of Central Jersey common stock you own will be exchanged for 0.50 shares of OceanFirst common stock.

### **Comparative Market Prices**

The following table shows the closing price per share of OceanFirst common stock and the equivalent price per share of Central Jersey common stock, giving effect to the merger, on May 26, 2009, which is the last day on which shares of OceanFirst common stock traded preceding the public announcement of the proposed merger, and on [Record Date], the most recent practicable date prior to the mailing of this joint proxy statement/prospectus. The equivalent price per share of Central Jersey common stock was computed by multiplying the

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price of a share of OceanFirst common stock by the 0.50 exchange ratio. See *Description of the Merger Consideration to be Received in the Merger* on page [ ].

	OceanFirst Common Stock	Equivalent Price Per Share of Central Jersey Common Stock
May 26, 2009 [Record Date]	\$ 14.23	\$ 7.12
	\$ [ ]	\$ [ ]

**Recommendation of Central Jersey Board of Directors (page [ ])**

The Central Jersey board of directors has approved the merger agreement and the proposed merger. The Central Jersey board believes that the merger agreement, including the merger contemplated by the merger agreement, is fair to, and in the best interests of, Central Jersey and its shareholders, and therefore **recommends that Central Jersey shareholders vote FOR the proposal to approve the merger agreement.** In reaching this decision, Central Jersey's board of directors considered many factors, which are described in the section captioned *Description of the Merger Central Jersey's Reasons for the Merger and Recommendation of the Board of Directors* beginning on page [ ].

**Central Jersey's Financial Advisor Believes the Exchange Ratio is Fair to Shareholders (page [ ])**

In deciding to approve the merger, Central Jersey's board of directors considered the opinion of Sandler O'Neill + Partners, L.P. (Sandler O'Neill). Sandler O'Neill, which served as financial advisor to Central Jersey's board of directors, delivered its opinion dated May 26, 2009, that the exchange ratio being offered by OceanFirst is fair to the holders of Central Jersey common stock from a financial point of view. A copy of this opinion is included as Annex C to this joint proxy statement/prospectus. You should read the opinion carefully to understand the procedures followed, assumptions made, matters considered and limitations of the review conducted by Sandler O'Neill. Central Jersey has agreed to pay Sandler O'Neill fees estimated to total approximately \$579,855 for its services in connection with the merger, including the issuance of a fairness opinion.

**Recommendation of OceanFirst Board of Directors (page [ ])**

The OceanFirst board of directors has unanimously approved the merger agreement and the proposed merger. The OceanFirst board believes that the merger agreement, including the merger contemplated by the merger agreement, is fair to, and in the best interests of, OceanFirst and its shareholders, and therefore **unanimously recommends that OceanFirst shareholders vote FOR the proposal to approve the merger agreement.** In reaching this decision, OceanFirst's board of directors considered many factors, which are described in the section captioned *Description of the Merger OceanFirst's Reasons for the Merger and Recommendation of the Board of Directors* beginning on page [ ].

**OceanFirst's Financial Advisor Believes the Merger Consideration is Fair to OceanFirst (page [ ])**

In deciding to approve the merger, OceanFirst's board of directors considered the opinion of Keefe, Bruyette and Woods, Inc. (Keefe, Bruyette and Woods). Keefe, Bruyette and Woods, which served as financial advisor to OceanFirst's board of directors, delivered its opinion dated May 26, 2009, that the merger consideration to be paid by OceanFirst is fair to OceanFirst from a financial point of view. A copy of this opinion is included as Annex B to this joint proxy statement/prospectus. You should read the opinion carefully to understand the procedures followed, assumptions made, matters considered and limitations of the review conducted by Keefe, Bruyette and Woods. OceanFirst has agreed to pay Keefe, Bruyette and Woods fees totaling approximately \$307,745 for its services in connection with the merger and to reimburse Keefe, Bruyette and

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Woods for certain expenses incurred in connection with serving as OceanFirst's financial advisor, for its services in connection with the merger.

### **Central Jersey Preferred Stock and Warrant Conversions (page [ ])**

On December 23, 2008, Central Jersey issued 11,300 shares of preferred stock to the U.S. Department of the Treasury in return for \$11.3 million in cash in connection with the Capital Purchase Program (the "Capital Purchase Program") established as part of the Troubled Asset Relief Program (the "TARP") of the U.S. Department of the Treasury. Each share of such Central Jersey preferred stock will be converted into one share of a series of OceanFirst preferred stock having identical powers, preferences and rights as the Central Jersey preferred stock. The OceanFirst preferred stock will be issued privately and not pursuant to this joint proxy statement/prospectus.

In addition, Central Jersey issued a warrant to the U.S. Department of the Treasury giving them the right to purchase 268,621 shares of Central Jersey's common stock at \$6.31 per share for up to 10 years so long as the preferred stock is outstanding. Under the merger agreement, such Central Jersey warrant will be converted into a warrant to buy OceanFirst's common stock on the same terms and conditions as were applicable under such Central Jersey warrant. The number and price of the warrants converted in connection with the merger will be adjusted by the exchange ratio.

### **Regulatory Approvals (page [ ])**

Under the terms of the merger agreement, the merger cannot be completed unless it is first approved by the Office of Thrift Supervision ("OTS"), and a waiver of Bank Holding Company Act compliance is obtained from the Federal Reserve Bank of New York. OceanFirst filed the required applications on [Date of Application]. As of the date of this document, OceanFirst has not received any approvals from those regulators. While OceanFirst does not know of any reason why it would not be able to obtain approval in a timely manner, OceanFirst cannot be certain when or if it will receive regulatory approval.

### **Conditions to the Merger (page [ ])**

The completion of the merger is subject to the fulfillment of a number of conditions, including:

approval of the merger agreement at the OceanFirst special meeting by at least a majority of the outstanding shares of OceanFirst common stock entitled to vote;

approval of the merger agreement at the Central Jersey special meeting by holders of a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting; provided, that a majority of the outstanding shares of Central Jersey common stock entitled to vote at the Central Jersey special meeting is present, in person or by proxy;

approval of the transaction by the appropriate regulatory authorities;

receipt by each party of an opinion from OceanFirst's legal counsel to the effect that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code; and

the continued accuracy of the representations and warranties made by OceanFirst and Central Jersey in the merger agreement.

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### **Termination (page [ ])**

The merger agreement may be terminated by mutual consent of OceanFirst and Central Jersey at any time prior to the completion of the merger. Additionally, subject to conditions and circumstances described in the merger agreement, either OceanFirst or Central Jersey may terminate the merger agreement if, among other things, any of the following occur:

the merger has not been consummated by December 31, 2009;

Central Jersey shareholders do not approve the merger agreement at the Central Jersey special meeting;

OceanFirst shareholders do not approve the merger agreement at the OceanFirst special meeting;

a required regulatory approval is denied or a governmental authority blocks the merger; or

there is a material breach by the other party of any representation, warranty, covenant or agreement contained in the merger agreement, which cannot be cured, or has not been cured within 30 days after the giving of written notice to such party of such breach.

OceanFirst may also terminate the merger agreement if Central Jersey materially breaches its agreements regarding the solicitation of other acquisition proposals and the submission of the merger agreement to shareholders or if the board of directors of Central Jersey does not recommend approval of the merger in this joint proxy statement/prospectus or withdraws or revises its recommendation in a manner adverse to OceanFirst.

Central Jersey may also terminate the merger agreement if, after it has received a superior proposal, Central Jersey or any of its subsidiaries enter into a definitive agreement with respect to, or consummates a transaction which is the subject of, the superior proposal.

### **Termination Fee (page [ ])**

Under certain circumstances described in the merger agreement, OceanFirst may demand from Central Jersey a \$2,400,000 termination fee in connection with the termination of the merger agreement. See *Description of the Merger Termination Fee* on page [ ] for a list of the circumstances under which the termination fee is payable.

### **Interests of Officers and Directors in the Merger that are Different from Yours (page [ ])**

You should be aware that some of Central Jersey's directors and officers may have interests in the merger that are different from, or in addition to, the interests of Central Jersey shareholders generally. These include: severance payments that certain officers will receive under existing change of control agreements (to the extent such officers are permitted to receive such benefits under the regulations of the U.S. Department of the Treasury established pursuant to the TARP relating to the compensation of executive officers, and to which Central Jersey is subject); the acceleration of stock options; provisions in the merger agreement relating to indemnification of directors and officers and insurance for directors and officers of Central Jersey for events occurring before the merger; the appointment of two directors of Central Jersey to the board of directors of OceanFirst and OceanFirst Bank; and the appointment of James S. Vaccaro as Executive Vice President of OceanFirst Bank and a member of the senior executive management team of OceanFirst Bank. Central Jersey's board of directors was aware of these interests and took them into account when approving the merger. See *Description of the Merger Interests of Certain Persons in the Merger* on page [ ].

### **Accounting Treatment of the Merger (page [ ])**

The merger will be accounted for as a purchase transaction in accordance with U.S. generally accepted accounting principles.





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### **Certain Differences in Shareholder Rights (page [ ])**

When the merger is completed, Central Jersey shareholders who are to receive shares of OceanFirst will become OceanFirst shareholders and their rights will be governed by Delaware law and by OceanFirst's certificate of incorporation and bylaws. See *Comparison of Rights of Shareholders* beginning on page [ ] for a summary of the material differences between the respective rights of Central Jersey and OceanFirst shareholders.

### **Dissenters' Rights (page [ ])**

Central Jersey shareholders may dissent from the merger and, upon complying with the requirements of New Jersey law, receive cash in the amount of the fair value of their shares instead of shares of OceanFirst common stock specified in the merger agreement. A copy of the section of the New Jersey Business Corporation Act pertaining to dissenters' rights is attached as Annex D to this joint proxy statement/prospectus. **You should read the statute carefully and consult with your legal counsel if you intend to exercise these rights.**

### **Tax Consequences of the Merger (page [ ])**

Central Jersey shareholders should not recognize gain or loss except with respect to the cash they receive in lieu of a fractional share of OceanFirst common stock.

**This tax treatment may not apply to all Central Jersey shareholders. Determining the actual tax consequences of the merger to Central Jersey shareholders can be complicated. Central Jersey shareholders should consult their own tax advisor for a full understanding of the merger's tax consequences that are particular to each shareholder.**

To review the tax consequences of the merger to Central Jersey shareholders in greater detail, please see the section captioned *Description of the Merger Tax Consequences of the Merger* beginning on page [ ].

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**RISK FACTORS**

*In addition to the other information included in and incorporated by reference into this joint proxy statement/prospectus, you should consider carefully the risk factors described below, which include all known material risks, in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document. Please refer to the section of this joint proxy statement/prospectus titled *Caution About Forward-Looking Statements* beginning on page [ ].*

**Risks Relating to the Merger**

***The exchange ratio is fixed and will not be adjusted in the event of any change in the price of either OceanFirst's or Central Jersey's common stock.***

Upon closing of the merger, each share of Central Jersey common stock will be converted into the right to receive 0.50 shares of OceanFirst common stock with cash paid in lieu of fractional shares. This exchange ratio is fixed in the merger agreement and will not be adjusted for changes in the market price of either OceanFirst's common stock or Central Jersey's common stock. Changes in the price of OceanFirst's common stock prior to the merger will affect the market value that Central Jersey's shareholders will receive on the date of the merger. Stock price changes may result from a variety of factors (many of which are beyond OceanFirst's or Central Jersey's control), including the following factors:

changes in OceanFirst's or Central Jersey's respective businesses, operations and prospects;

changes in market assessments of the business, operations and prospects of either company;

market assessments of the likelihood that the merger will be completed, including related considerations regarding regulatory approvals of the merger;

interest rates, general market and economic conditions and other factors generally affecting the price of OceanFirst's common stock and Central Jersey's common stock; and

federal, state and local legislation, governmental regulation and legal developments in the businesses in which OceanFirst and Central Jersey operate.

The price of OceanFirst common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this document and on the date of the shareholder meetings of OceanFirst and Central Jersey. As a result, the market value represented by the exchange ratio will also vary. For example, based on the range of closing prices of OceanFirst common stock during the period from May 26, 2009, the last trading day before public announcement of the merger, through [ ], 2009, the last practicable date before the date of this document, the exchange ratio represented a market value ranging from a low of [\$ ] to a high of [\$ ] for each share of Central Jersey common stock.

***Because the date that the merger is completed is expected to be later than the date of the shareholder meetings, at the time of your shareholder meeting, you may not know the exact market value of the OceanFirst common stock that Central Jersey shareholders will receive upon completion of the merger.***

You should consider the following aspects of a fixed exchange ratio:

If the price of OceanFirst common stock increases between May 26, 2009, the date the merger agreement was signed, and the effective time of the merger, Central Jersey shareholders will receive shares of OceanFirst common stock that have a market value upon completion of the merger that is greater than the market value of such shares on May 26, 2009, and OceanFirst will issue shares

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of its common stock with a market value greater than the market value calculated pursuant to the exchange ratio on such date. Therefore, while the exchange ratio is fixed, OceanFirst shareholders cannot be sure of the market value of the consideration that will be paid to Central Jersey shareholders upon completion of the merger.

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If the price of OceanFirst common stock declines between May 26, 2009 and the effective time of the merger, including for any of the reasons described in the previous risk factor, Central Jersey shareholders will receive shares of OceanFirst common stock that have a market value upon completion of the merger that is less than the market value of such shares on May 26, 2009. Therefore, while the number of OceanFirst shares to be issued in the merger is fixed, Central Jersey shareholders cannot be sure of the market value of the OceanFirst common stock they will receive upon completion of the merger or the market value of OceanFirst common stock at any time after the completion of the merger.

***The merger agreement does not require that the fairness opinion of Central Jersey's or OceanFirst's financial advisors be updated as a condition to the completion of the merger.***

On May 26, 2009, Central Jersey's financial advisor, Sandler O'Neill, delivered its opinion to the Central Jersey board of directors as to the fairness of the exchange ratio to the shareholders of Central Jersey from a financial point of view. As of such date, in the opinion of Sandler O'Neill, the exchange ratio was fair to the shareholders of Central Jersey from a financial point of view. Similarly, on May 26, 2009, OceanFirst's financial advisor, Keefe, Bruyette & Woods, delivered its opinion to the OceanFirst board of directors as to the fairness of the merger consideration to OceanFirst from a financial point of view. As of such date, in the opinion of Keefe, Bruyette & Woods, the merger consideration was fair to OceanFirst from a financial point of view. The merger agreement does not require that the fairness opinions of Sandler O'Neill or Keefe, Bruyette & Woods to be updated as a condition to the completion of the merger, and neither Central Jersey nor OceanFirst intend to request that the opinion be updated. As such, the fairness opinions do not reflect any changes that may occur or may have already occurred after May 26, 2009, the date of the merger agreement, to the operations and prospects of Central Jersey or OceanFirst, general market and economic conditions and other factors that may affect the relative values of Central Jersey and OceanFirst. As a result, Central Jersey shareholders should be aware that the opinion of Sandler O'Neill does not address the fairness of the exchange ratio at any time other than as of May 26, 2009, and OceanFirst shareholders should be aware that the opinion of Keefe, Bruyette & Woods does not address the fairness of the merger consideration at any time other than as of May 26, 2009.

***Governmental agencies, self-regulatory organizations or third parties may delay or impose conditions on approval of the merger, which may diminish the anticipated benefits of the merger.***

Completion of the merger is conditioned upon the receipt of all necessary consents, approvals and authorizations of any governmental authority, self-regulatory organization or third party. While OceanFirst and Central Jersey intend to vigorously pursue any and all required consents, approvals and authorizations and do not know of any reason why they would not be able to obtain the consents in a timely manner, the requirement to receive such consents before the merger could delay the completion of the merger, possibly for a significant period of time after the shareholders of each of OceanFirst and Central Jersey have approved the proposals required to effectuate the merger. In addition, these governmental agencies, self-regulatory organizations and third parties may attempt to condition their consents, approvals or authorizations on the imposition of conditions that could have a material adverse effect on the combined entity's operating results or the value of OceanFirst's common stock after the completion of the merger. Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction, such as difficulty in retaining key personnel or in pursuing business strategies.

We can provide no assurance that we will be able to obtain the necessary approvals in a timely manner, or at all, or that any conditions imposed upon such approvals will not have a material adverse effect on OceanFirst following the merger. In addition, we can provide no assurance that any such conditions will not result in the abandonment of the merger by OceanFirst or Central Jersey, or both companies. For a more detailed description of these approvals, see the section captioned *Description of the Merger Regulatory Matters Relating to the Merger* beginning on page .

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### ***Failure to complete the merger could negatively impact the stock prices and the future business and financial results of OceanFirst and Central Jersey.***

If the merger is not completed, the ongoing businesses of OceanFirst or Central Jersey may be adversely affected and OceanFirst or Central Jersey will be subject to several risks, including the following:

having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees, and

diverting the focus of management of each of the companies from pursuing other opportunities that could be beneficial to the companies,

in each case, without realizing any of the benefits of having the merger completed. If the merger is not completed, OceanFirst and Central Jersey cannot assure their shareholders that these risks will not materialize and will not materially affect the business, financial results and stock prices of OceanFirst or Central Jersey.

### ***The integration of the operations of OceanFirst and Central Jersey may be more difficult than anticipated.***

The success of the merger will depend on a number of factors, including, but not limited to, OceanFirst's ability to:

timely and successfully integrate the operations of OceanFirst and Central Jersey;

maintain existing relationships with Central Jersey Bank, N.A.'s account holders and depositors and to minimize withdrawals of deposits subsequent to the merger;

maintain and enhance existing relationships with borrowers to limit potential losses from loans made by Central Jersey Bank, N.A.;

control the incremental non-interest expense from OceanFirst to maintain overall operating efficiencies;

retain and attract qualified personnel at OceanFirst Bank and Central Jersey Bank, N.A.; and

compete effectively in the communities served by OceanFirst Bank and Central Jersey Bank, N.A.

The process of integrating operations could cause an interruption of, or loss of momentum in, OceanFirst's business and the loss of key personnel. The integration of the two companies will require the experience and expertise of certain key employees of Central Jersey who are expected to be retained by OceanFirst. OceanFirst may not be successful in retaining these employees for the time period necessary to successfully integrate Central Jersey's operations with those of OceanFirst. The diversion of management's attention and any delays or difficulties encountered in connection with the merger and the integration of the two companies' operations could have an adverse effect on the business and results of operations of OceanFirst following the merger.

### ***Central Jersey's shareholders will have less influence as shareholders of OceanFirst than as shareholders of Central Jersey.***

Central Jersey's shareholders currently have the right to vote in the election of the board of directors of Central Jersey and on other matters affecting the company. The shareholders of Central Jersey as a group will own approximately [29%] of the combined organization (OceanFirst and Central Jersey) immediately following the merger. When the merger occurs, each Central Jersey shareholder that receives shares of

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OceanFirst common stock will become a shareholder of OceanFirst with a percentage ownership of the combined organization that is significantly smaller than such shareholder's percentage ownership of Central Jersey. As a result, shareholders of Central Jersey will have less influence on the management and policies of OceanFirst than they now have on the management and policies of Central Jersey.

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***OceanFirst and Central Jersey are defendants in pending lawsuits in connection with the merger.***

On June 8, 2009, a purported class action complaint relating to the merger was filed against OceanFirst, Central Jersey and each director of Central Jersey in the Superior Court of New Jersey in Ocean County. On July 15, 2009, a second purported class action complaint relating to the merger was filed against OceanFirst, Central Jersey and each director of Central Jersey, except Robert S. Vuono, in the Superior Court of New Jersey in Ocean County. The complaints seek, among other things, damages and injunctive relief to enjoin OceanFirst, Central Jersey and Central Jersey's directors from consummating the transactions contemplated under the merger agreement, along with attorneys' fees and costs. While OceanFirst and Central Jersey believe that the allegations in the complaints are without merit and intend to vigorously defend against the claims and causes of action asserted therein, we cannot assure you as to the outcome of these lawsuits, including the costs associated with defending these claims or any other liabilities or costs OceanFirst or Central Jersey may incur in connection with the litigation or settlement of these claims, or the possibility that the Court might enjoin OceanFirst and Central Jersey from proceeding with the proposed merger transaction. For further information regarding the lawsuits, please see the section captioned *Description of the Merger - Legal Proceedings Relating to the Merger* on page [ ].

***OceanFirst and Central Jersey will be subject to business uncertainties while the merger is pending that could adversely affect their businesses.***

Uncertainty among employees, depositors and account holders, vendors and others about the effect of the merger may have an adverse effect on OceanFirst and Central Jersey and, consequently, on the combined company. Although OceanFirst and Central Jersey intend to take actions to reduce any adverse effects, these uncertainties may impair their ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, and could cause depositors, account holders, vendors and others that do business with OceanFirst and Central Jersey to seek to change existing business relationships with either or both companies.

***OceanFirst and Central Jersey will incur significant transaction costs which may diminish the anticipated benefits of the merger.***

OceanFirst and Central Jersey expect to incur costs associated with completing the merger, including integrating the operations of the two companies. In addition, OceanFirst and Central Jersey expect to incur an aggregate of approximately \$5.5 million in transaction costs. Substantially all transaction costs to be incurred by the two companies will be charged to operations and will not be included as a component of the purchase price for the purposes of purchase accounting. The amount of transaction costs expected to be incurred by OceanFirst and Central Jersey are preliminary estimates and are subject to change.

OceanFirst and Central Jersey are continuing to assess the magnitude of these costs, and, therefore, these estimates may change substantially as additional unanticipated costs may be incurred in the integration of the businesses of the two companies. Although OceanFirst and Central Jersey believe that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

***The price of OceanFirst common stock might decrease after the merger.***

Following the merger, many holders of Central Jersey common stock will become shareholders of OceanFirst. OceanFirst common stock could decline in value after the merger. For example, during the twelve-month period ending on [ ] (the most recent practicable date before the printing of this joint proxy statement/prospectus), the price of OceanFirst common stock varied from a low of [\$ ] to a high of [\$ ] and ended that period at [\$ ]. The market value of OceanFirst common stock fluctuates based upon general market economic conditions, OceanFirst's business and prospects and other factors.

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*The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Central Jersey.*

Until the completion of the merger, with some exceptions, Central Jersey is prohibited from soliciting, initiating, encouraging or participating in any discussion of or otherwise considering any inquiries or proposals that may lead to an acquisition proposal, such as a merger or other business combination transaction, with any person or entity other than OceanFirst. In addition, Central Jersey has agreed to pay a termination fee of \$2,400,000 to OceanFirst in certain circumstances specified in the merger agreement. These provisions could discourage other companies from trying to acquire Central Jersey even though those other companies might be willing to offer greater value to Central Jersey's shareholders than OceanFirst has offered in the merger. The payment of the termination fee could also have a material adverse effect on Central Jersey's financial condition.

*Certain of Central Jersey's officers and directors have interests that are different from, or in addition to, interests of Central Jersey's shareholders generally.*

You should be aware that the directors and officers of Central Jersey have interests in the merger that are different from, or in addition to, the interests of Central Jersey shareholders generally. The board of directors of each of OceanFirst and Central Jersey were aware of these interests and considered them, among other things, in their approval of the merger agreement and the transactions contemplated by the merger agreement. These interests include:

payments that certain officers of Central Jersey are entitled to receive under existing change of control agreements (to the extent such officers are permitted to receive such benefits under the regulations of the U.S. Department of the Treasury established pursuant to the TARP relating to the compensation of executive officers, and to which Central Jersey is subject);

provisions in the merger agreement relating to indemnification of directors and officers and insurance for directors and officers of Central Jersey for events occurring before the merger;

the appointment of two directors of Central Jersey to the board of directors of OceanFirst and OceanFirst Bank; and

the appointment of James S. Vaccaro, Chairman, President and Chief Executive Officer of Central Jersey, as Executive Vice President of OceanFirst Bank and a member of the senior executive management team of OceanFirst Bank.

You should consider these interests in conjunction with the recommendation of the board of directors of each of OceanFirst and Central Jersey with respect to the approval of the merger. For a more detailed discussion of these interests, see the section captioned *Description of the Merger Interests of Certain Persons in the Merger* beginning on page [ ].

## **Risks Associated with OceanFirst**

*Recent legislative and regulatory initiatives to address difficult market and economic conditions may not stabilize the United States banking system and the enactment of these initiatives may have a significant impact on OceanFirst's financial condition, results of operations, liquidity and stock price.*

The Emergency Economic Stabilization Act (the EESA), which established the TARP, was signed into law in October 2008. As part of the TARP, the United States Department of the Treasury established the Capital Purchase Program to provide up to \$700 billion of funding to eligible financial institutions through the purchase of capital stock and other financial instruments for the purpose of stabilizing and providing liquidity to the U.S. financial markets. The American Recovery and Reinvestment Act (the ARRA), signed into law in February 2009, was intended to stimulate the economy and provide for broad infrastructure, energy, health and education needs. It is unclear what the actual impact that the EESA and the ARRA, and their programs and initiatives, will have on the national economy or financial markets. The failure of these legislative measures to help stabilize the





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financial markets, together with a continued worsening of current conditions in the financial markets, could have a material adverse effect on OceanFirst's business, financial condition, results of operations, access to credit or the price of OceanFirst's common stock.

There have been numerous actions undertaken in connection with or following the EESA and the ARRA by the Board of Governors of the Federal Reserve System, Congress, the U.S. Department of the Treasury, the Federal Deposit Insurance Corporation (the FDIC), the SEC and others in efforts to address the current liquidity and credit crisis in the financial industry that followed the sub-prime mortgage crisis which began in 2007. These measures include homeowner relief that encourages loan restructuring and modification; the establishment of significant liquidity and credit facilities for financial institutions and investment banks; the lowering of the federal funds rate; emergency action against short selling practices; a temporary guaranty program for money market funds; the establishment of a commercial paper funding facility to provide back-stop liquidity to commercial paper issuers; and coordinated international efforts to address illiquidity and other weaknesses in the banking sector. The purpose of these legislative and regulatory actions is to help stabilize the U.S. banking system. The EESA, the ARRA and other regulatory initiatives described above may not have their desired effects. If the volatility in the markets continues and economic conditions do not improve, or if conditions worsen, OceanFirst's business, financial condition and results of operations could be materially and adversely affected.

### *Difficult market conditions have adversely affected the industry.*

OceanFirst is exposed to downturns in the U.S. housing market. Dramatic declines in the national housing market over the past year, with falling home prices and increasing foreclosures, unemployment and under-employment, have negatively impacted the credit performance of mortgage loans and resulted in significant write-downs of asset values by financial institutions, including government-sponsored entities, major commercial and investment banks, and regional and community financial institutions such as OceanFirst. Reflecting concern about the stability of the financial markets generally and the strength of counterparties, many lenders and institutional investors have reduced or ceased providing funding to borrowers, including to other financial institutions. This market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, increased market volatility and widespread reduction of business activity generally. The continuing economic pressure on consumers and lack of confidence in the financial markets may adversely affect OceanFirst's business, financial condition and results of operations. The difficult conditions in the financial markets are not likely to improve in the near future. A worsening of these conditions would likely exacerbate the adverse effects of these difficult market conditions on OceanFirst and others in the financial institutions industry. In particular, OceanFirst may face the following risks in connection with these events:

OceanFirst's stock price could be negatively impacted by these events and could remain under pressure until a market recovery is under way.

Increased regulation of the industry. Compliance with such regulation may increase costs and limit OceanFirst's ability to pursue business opportunities.

The process used to estimate losses inherent in the OceanFirst's credit exposure requires subjective and complex judgments, including forecasts of economic conditions and how these economic conditions might impair the ability of borrowers to repay their loans. The level of uncertainty concerning economic conditions may adversely affect the accuracy of estimates which may, in turn, impact the reliability of the financial statements.

Increased levels of nonperforming loans and loan losses may negatively impact earnings.

OceanFirst may be required to pay significantly higher FDIC deposit premiums because market developments have significantly depleted the insurance fund of the FDIC and reduced the ratio of reserves to insured deposits.

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Consumer confidence in financial institutions is deteriorating, which could lead to declines in deposit totals and impact liquidity. *A continued downturn in the local economy or in real estate values could hurt profits.*

Most of OceanFirst's loans are secured by real estate or are made to businesses in Ocean and Monmouth Counties, New Jersey and the surrounding area. As a result of this concentration, a downturn in the local economy could cause significant increases in nonperforming loans, which would hurt profits. Prior to 2008 there was a significant increase in real estate values in OceanFirst's market area. During 2008 and through 2009, there has been a weakening in the local economy coupled with declining real estate values. A further decline in real estate values could cause some residential and commercial mortgage loans to become inadequately collateralized, which would expose the Bank to a greater risk of loss.

*OceanFirst recently filed a Shelf Registration Statement on Form S-3 (the Shelf Registration Statement) with the SEC which allows OceanFirst to issue up to \$80.0 million of common stock, preferred stock, debt securities or warrants, or a combination thereof. The issuance of any of these securities will have an impact on the shareholders of OceanFirst.*

The board of directors of OceanFirst is authorized to issue the securities registered under the Shelf Registration Statement at any time, or from time to time, without the approval of the shareholders of OceanFirst. If the board of directors determines to issue shares of common stock under the Shelf Registration Statement, the board is authorized to issue such shares at such prices as determined by the board. Shareholders of OceanFirst do not have preemptive rights and therefore if the board of directors of OceanFirst determines to issue common stock, the current shareholders of OceanFirst will not have the right to subscribe for shares in an amount necessary to maintain their current percentage ownership. Consequently, the issuance of common stock may result in a dilution in the percentage ownership of OceanFirst by current shareholders.

If the board of directors of OceanFirst determines to issue preferred stock under the Shelf Registration Statement, the board is authorized by OceanFirst's certificate of incorporation to issue such shares at such prices and in such series, and to establish the designations, powers, preferences and rights of such shares as well as the limitations, qualifications and restrictions. Generally, preferred shares have a preference over common shares in the payment of dividends and upon liquidation.

The board of directors of OceanFirst may also issue, pursuant to the Shelf Registration Statement, senior or subordinated debt securities at such rates and with such terms and conditions as determined by the board. These securities will rank senior to OceanFirst's preferred or common stock upon liquidation of OceanFirst.

The Shelf Registration Statement also registered warrants to purchase common stock, preferred stock and debt securities.

The board of directors of OceanFirst has not determined to issue any securities under the Shelf Registration Statement. The board may consider current economic conditions, regulatory requirements, liquidity needs and other matters when determining if and when to issue such securities. Further, the board is authorized to determine the use of proceeds of such securities issuance, which may include future growth opportunities, general corporate purposes or repayment of preferred stock issued to the U.S. Department of the Treasury pursuant to the TARP.

*Continued capital and credit market volatility may adversely affect OceanFirst's ability to access capital and may have a material adverse effect on OceanFirst's business, financial condition and results of operations.*

The capital and credit markets have been experiencing volatility and disruption for more than a year. In recent months, the volatility and disruption has reached unprecedented levels. The markets have produced downward pressure on stock prices and credit availability for certain issuers without regard to those issuers

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underlying financial strength. If current levels of market disruption and volatility continue or worsen, there can be no assurance that OceanFirst will not experience an adverse effect, which may be material, on OceanFirst's ability to access capital. Additionally, OceanFirst's business, financial condition and results of operations may be adversely affected.

*Deposit insurance assessments have increased substantially, which will adversely affect profits.*

Federal law requires that the designated reserve ratio for the deposit insurance fund be established by the FDIC at 1.15% to 1.50% of estimated insured deposits. If this reserve ratio drops below 1.15% or the FDIC expects that it will do so within six months, the FDIC must, within 90 days, establish and implement a plan to restore the designated reserve ratio to 1.15% of estimated insured deposits within five years (absent extraordinary circumstances).

Recent bank failures coupled with deteriorating economic conditions have significantly reduced the deposit insurance fund's reserve ratio. As of June 30, 2008, the designated reserve ratio was 1.01% of estimated insured deposits as March 31, 2008. As a result of this reduced reserve ratio, on December 22, 2008, the FDIC published a final rule raising the current deposit insurance assessment rates uniformly for all institutions by seven basis points (to a range from 12 to 50 basis points) for the first quarter of 2009. On February 27, 2009, the FDIC adopted a final rule under which banks in the best risk category will pay initial base rates ranging from 12 to 16 cents per \$100 on an annual basis, beginning on April 1, 2009.

The FDIC also adopted an interim rule imposing a 10 basis point emergency special assessment on the industry on June 30, 2009. The assessment is to be collected on September 30, 2009. The interim rule would also permit the FDIC to impose an emergency special assessment after June 30, 2009, of up to 10 basis point if necessary to maintain public confidence in federal deposit insurance.

These actions will significantly increase OceanFirst's non-interest expense in 2009 and in future years as long as the increased premiums are in place.

*There is no guaranty that OceanFirst will be able to continue to pay a dividend or, if continued, will be able to pay a dividend at the current rate.*

The board of directors of OceanFirst determines at its discretion if, when and the amount of any dividends that may be paid on the common stock. In making such determination, the board takes into account various factors including economic conditions, earnings, liquidity needs, the financial condition of OceanFirst, applicable state law, regulatory requirements and other factors deemed relevant by the board. Although OceanFirst has a history of paying a quarterly dividend on its common stock, there is no guaranty that such dividends will continue to be paid in the future, particularly in the event of changes in those factors which may affect the board's determination to pay a dividend.

*OceanFirst's federal thrift charter may be eliminated under the Administration's Financial Regulatory Reform Plan*

The administration has proposed the creation of a new federal government agency, the National Bank Supervisor (NBS) that would charter and supervise all federally chartered depository institutions, and all federal branches and agencies of foreign banks. It is proposed that the NBS take over the responsibilities of the Office of the Comptroller of the Currency (the OCC), which currently charters and supervises nationally chartered banks, and the responsibility for the institutions currently supervised by the OTS, which supervises federally chartered thrift and thrift holding companies, such as OceanFirst Bank and OceanFirst. In addition, under the administration's proposal, the thrift charter, under which OceanFirst Bank is organized, would be eliminated. If the administration's proposal is finalized, OceanFirst Bank may be subject to a new charter mandated by the NBS. There is no assurance as to how this new charter, or the supervision by the NBS, will affect OceanFirst's operations going forward.

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The elimination of the OTS, as proposed by the administration, also would result in a new regulatory authority for OceanFirst. Such authority may impose restrictions which are the same as, or similar to, those made applicable to bank holding companies by the Board of Governors of the Federal Reserve System, including a holding company consolidated capital requirement. Currently as a savings and loan holding company supervised by the OTS, OceanFirst is not subject to a holding company consolidated capital requirement. OceanFirst expects that if it were to become subject to a consolidated capital requirement similar to that currently imposed on bank holding companies, it would meet the requirements to be categorized as well capitalized on a pro forma basis.

The administration's proposal also includes the creation of a new federal agency designed to enforce consumer protection laws. The Consumer Financial Protection Agency (CFPA) would have authority to protect consumers of financial products and services and to regulate all providers (bank and non-bank) of such services. The CFPA would be authorized to adopt rules for all providers of consumer financial services, supervise and examine such institutions for compliance and enforce compliance through orders, fines and penalties. The rules of the CFPA would serve as a floor and individual states would be permitted to adopt and enforce stronger consumer protection laws. If adopted as proposed, OceanFirst could become subject to multiple laws affecting its provision of home loans and other credit services to consumers, which may substantially increase the cost of providing such services.

It is unknown at this time whether the administration's proposal for regulatory reform will be adopted and if so, the final form of such proposal, and what the full impact on OceanFirst may be.

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**CAUTION ABOUT FORWARD-LOOKING STATEMENTS**

Certain statements contained in this document that are not historical facts may constitute forward-looking statements within the meaning of Section 27A of the Securities Act, and Section 21E of the Exchange Act, and are intended to be covered by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The sections of this document which contain forward-looking statements include, but are not limited to, *Questions And Answers About the Merger and the Special Meetings*, *Summary*, *Risk Factors*, *Description of the Merger*, *Background of the Merger*, *Description of the Merger*, *OceanFirst's Reasons for the Merger*, and *Description of the Merger*, *Central Jersey's Reasons for the Merger and Recommendation of the Board of Directors*. You can identify these statements from the use of the words may, will, should, could, would, plan, potential, estimate, project, believe, intend, anticipate, expect, target and similar.

These forward-looking statements are subject to significant risks, assumptions and uncertainties, including among other things, changes in general economic and business conditions and the risks and other factors set forth in the *Risk Factors* section beginning on page [ ].

Because of these and other uncertainties, OceanFirst's actual results, performance or achievements, or industry results, may be materially different from the results indicated by these forward-looking statements. In addition, OceanFirst's and Central Jersey's past results of operations do not necessarily indicate OceanFirst's and Central Jersey's combined future results. You should not place undue reliance on any forward-looking statements, which speak only as of the dates on which they were made. OceanFirst is not undertaking an obligation to update these forward-looking statements, even though its situation may change in the future, except as required under federal securities law. OceanFirst qualifies all of its forward-looking statements by these cautionary statements.

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**SELECTED HISTORICAL FINANCIAL INFORMATION**

The following tables provide summary historical consolidated financial data for OceanFirst and Central Jersey as of the end of and for each of the fiscal years in the five-year period ended December 31, 2008, and as of the end of and for the three months ended March 31, 2009 and 2008. The historical consolidated financial data as of the end of and for each of the fiscal years in the five-year period ended December 31, 2008 have been derived in part from OceanFirst's audited financial statements and related notes incorporated by reference into this document. The historical consolidated financial data as of the end of and for each of the fiscal years in the two-year period ended December 31, 2008 have been derived in part from Central Jersey's audited financial statements and related notes, which appear elsewhere in this joint proxy statement/prospectus. The historical consolidated financial data as of the end of and for each of the fiscal years in the three-year period ended December 31, 2006 have been derived in part from Central Jersey's audited financial statements and related notes, which do not appear in this joint proxy statement/prospectus, but were filed with the SEC. The historical consolidated financial data as of the end of and for the three months ended March 31, 2009 have been derived in part from OceanFirst's unaudited financial statements and related notes incorporated by reference into this document, and Central Jersey's unaudited financial statements and related notes, which appear elsewhere in this joint proxy statement/prospectus. The following information is only a summary and you should read it in conjunction with OceanFirst's financial statements and related notes incorporated by reference into this document, and Central Jersey's financial statements and related notes, which appear elsewhere in this joint proxy statement/prospectus.

Unaudited consolidated interim financial statements for OceanFirst at or for the three months ended March 31, 2009 and 2008 and unaudited consolidated interim financial statements for Central Jersey at or for the three months ended March 31, 2009 and 2008 include normal, recurring adjustments necessary to fairly present the data for those periods. The unaudited data is not necessarily indicative of expected results of a full year's operation.

**Table of Contents****Selected OceanFirst Consolidated Financial and Other Data**

<i>(dollars in thousands)</i>	Three Months Ended March 31,		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>Selected Financial Condition Data:</b>							
Total assets	\$ 1,913,733	\$ 1,905,471	\$ 1,857,946	\$ 1,927,499	\$ 2,077,002	\$ 1,985,357	\$ 1,914,275
Investment securities available for sale	27,557	53,191	34,364	57,625	82,384	83,861	83,960
Federal Home Loan Bank of New York stock	19,031	21,627	20,910	22,941	25,346	21,792	21,250
Mortgage-backed securities available for sale	97,271	50,263	40,801	54,137	68,369	85,025	124,478
Loans receivable, net	1,650,133	1,656,613	1,648,378	1,675,919	1,701,425	1,654,544	1,472,907
Mortgage loans held for sale	1,787	4,707	3,903	6,072	82,943	32,044	63,961
Deposits	1,313,470	1,280,809	1,274,132	1,283,790	1,372,328	1,356,568	1,270,535
Federal Home Loan Bank advances	320,000	375,200	359,900	393,000	430,500	354,900	312,000
Securities sold under agreements to repurchase and other borrowings	100,554	100,865	89,922	109,307	102,482	118,289	151,072
Stockholders equity	158,198	123,253	119,783	124,306	132,320	138,784	137,956
<b>Selected Operating Data:</b>							
Interest income	\$ 24,390	\$ 27,522	\$ 103,405	\$ 114,964	\$ 116,562	\$ 102,799	\$ 90,952
Interest expense	8,728	13,287	45,382	62,040	58,443	41,873	34,931
Net interest income	15,662	14,235	58,023	52,924	58,119	60,926	56,021
Provision for loan losses	800	375	1,775	700	150	350	300
Net interest income after provision for loan losses	14,862	13,860	56,248	52,224	57,969	60,576	55,721
Other income	3,194	3,770	12,823	2,531	13,608	24,090	20,740
Operating expenses	11,784	11,634	47,447	53,820	52,381	54,834	48,759
Income before provision (benefit) for income taxes	6,272	5,996	21,624	935	19,196	29,832	27,702
Provision (benefit) for income taxes	2,319	1,990	6,860	(140)	6,563	10,335	9,757
Net income	3,953	4,006	14,764	1,075	12,633	19,497	17,945
Dividends on preferred stock and warrant accretion	458						
Net income available to common stockholders	\$ 3,495	\$ 4,006	\$ 14,764	\$ 1,075	\$ 12,633	\$ 19,497	\$ 17,945
Basic earnings per share	\$ 0.30	\$ 0.34	\$ 1.27	\$ 0.09	\$ 1.09	\$ 1.65	\$ 1.48
Diluted earnings per share	\$ 0.30	\$ 0.34	\$ 1.26	\$ 0.09	\$ 1.07	\$ 1.60	\$ 1.42



**Table of Contents****Selected OceanFirst Consolidated Financial and Other Data (continued)**

	Three Months Ended March 31,		At or For the Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>Selected Financial Ratios and Other Data (1):</b>							
<b>Performance Ratios:</b>							
Return on average assets	0.84%	0.84%	0.78%	0.05%	0.62%	1.00%	0.98%
Return on average stockholders equity	10.46	12.98	11.98	.86	9.40	14.43	13.34
Stockholders equity to total assets	8.27	6.47	6.45	6.45	6.37	6.99	7.21
Tangible equity to tangible assets	8.27	6.47	6.45	6.45	6.32	6.93	7.13
Average interest rate spread (2)	3.25	2.87	3.00	2.50	2.69	3.07	3.03
Net interest margin (3)	3.47	3.14	3.24	2.79	2.98	3.30	3.23
Average interest-earning assets to average interest-bearing liabilities	111.60	108.94	109.47	108.96	109.53	109.74	110.24
Operating expenses to average assets	2.49	2.44	2.52	2.70	2.56	2.81	2.67
Efficiency ratio (4)	62.49	64.62	66.97	97.05	73.03	64.50	63.52
<b>Asset Quality Ratios:</b>							
Non-performing loans as a percent of total loans receivable (5)(6)	1.18	0.63	0.97	0.52	0.25	0.09	0.23
Non-performing assets as a percent of total assets (6)	1.11	0.60	0.92	0.48	0.23	0.09	0.20
Allowance for loan losses as a percent of total loans receivable (5)	0.72	0.64	0.70	0.62	0.57	0.62	0.69
Allowance for loan losses as a percent of total non-performing loans (6)	61.00	101.79	72.71	119.76	226.25	655.80	306.42
<b>Per Share Data:</b>							
Cash dividends per common share	\$ 0.20	\$ 0.20	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Book value per common share at end of period	9.78	9.97	9.69	10.07	10.79	10.93	10.59
Tangible book value per common share at end of period	9.78	9.97	9.69	10.07	10.70	10.83	10.49
Number of full-service customer facilities:	23	21	23	20	21	18	17

- (1) With the exception of end of year ratios, all ratios are based on average daily balances.
- (2) The average interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (3) The net interest margin represents net interest income as a percentage of average interest-earning assets.
- (4) Efficiency ratio represents the ratio of operating expenses to the aggregate of other income and net interest income.

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- (5) Total loans receivable includes loans receivable and loans held for sale.
  
- (6) Non-performing assets consist of non-performing loans and real estate acquired through foreclosure ( REO ). Non-performing loans consist of all loans 90 days or more past due and other loans in the process of foreclosure. It is the Company's policy to cease accruing interest on all such loans.

**Table of Contents****Selected Central Jersey Consolidated Financial and Other Data**

<i>(dollars in thousands)</i>	Three Months Ended		Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>Selected Financial Condition Data:</b>							
Total assets	\$ 576,223	\$ 525,985	\$ 599,385	\$ 503,506	\$ 516,299	\$ 514,563	\$ 254,115
Investment securities available for sale	48,312	1,250	36,761	4,010	72,971	83,021	35,327
Federal Home Loan Bank of New York stock	1,701	1,450	2,940	550	542	2,090	
Mortgage-backed securities available for sale	97,660	127,468	133,922	110,814	22,764	28,154	38,341
Loans receivable, net	354,241	317,805	356,257	311,765	312,093	307,168	139,697
Mortgage loans held for sale	425		400	658	242	3,127	
Intangible assets	28,297	28,762	28,401	28,883	29,435	30,326	
Deposits	430,555	398,933	418,815	403,290	427,277	407,554	232,853
Federal Home Loan Bank advances	21,187	20,000	48,705			35,000	
Securities sold under agreements to repurchase and other borrowings	35,807	30,056	23,036	24,564	17,099	3,191	
Shareholders equity	81,872	69,893	82,452	68,886	65,495	61,778	15,855
<b>Selected Operating Data:</b>							
Interest income	\$ 7,009	\$ 7,252	\$ 29,086	\$ 30,488	\$ 29,419	\$ 24,947	\$ 11,551
Interest expense	2,286	3,092	10,664	13,782	12,456	7,502	3,046
Net interest income	4,723	4,160	18,422	16,706	16,963	17,445	8,505
Provision for loan losses	3,135	65	1,319	165	500	426	260
Net interest income after provision for loan losses	1,588	4,095	17,103	16,541	16,463	17,019	8,245
Other income(loss)	2,166	613	2,732	(217)	1,740	1,624	849
Operating expenses	4,045	3,823	15,637	14,370	14,309	14,550	7,098
(Loss) income before (benefit) provision for income taxes	(291)	885	4,198	1,954	3,894	4,093	1,996
(Benefit) provision for income taxes	(601)	304	1,288	1,110	1,428	1,461	778
Net income	310	581	2,910	\$ 844	2,466	2,632	1,218
Dividend on preferred stock and accretion	185		12				
Net income available to common shareholders	\$ 125	\$ 581	\$ 2,898	\$ 844	\$ 2,466	\$ 2,632	\$ 1,218
Basic earnings per share	\$ 0.01	\$ 0.06	\$ 0.32	\$ 0.09	\$ 0.28	\$ 0.31	\$ 0.31
Diluted earnings per share	\$ 0.01	\$ 0.06	\$ 0.30	\$ 0.09	\$ 0.27	\$ 0.28	\$ 0.30

**Table of Contents****Selected Central Jersey Consolidated Financial and Other Data (continued)**

	Three Months Ended March 31,		At or For the Year Ended December 31,				
	2009	2008	2008	2007	2006	2005	2004
<b>Selected Financial Ratios and Other Data (1):</b>							
<b>Performance Ratios:</b>							
Return on average assets	0.21%	0.45%	0.54%	0.16%	0.48%	0.54%	0.50%
Return on average tangible assets	0.22	0.47	0.57	0.17	0.51	0.58	0.50
Return on average shareholders equity	1.77	3.37	4.20	1.27	3.88	4.31	7.93
Return on average tangible shareholders equity	2.95	5.77	7.13	2.27	7.32	8.51	7.93
Shareholders equity to total assets	14.21	13.29	13.76	13.68	12.69	12.01	6.24
Shareholders tangible equity to total tangible assets	9.78	8.27	9.47	8.43	7.41	6.50	6.24
Tangible common equity to tangible assets	7.72	8.27	7.49	8.43	7.41	6.50	6.24
Average interest rate spread (2)	3.31	3.36	3.20	2.77	2.94	3.59	3.47
Net interest margin (3)	3.51	3.53	3.73	3.58	3.67	4.08	3.69
Average interest-earning assets to average interest-bearing liabilities	127.1	126.7	124.9	127.8	126.8	127.5	116.6
Operating expenses to average assets	2.78	2.94	2.89	2.80	2.78	2.98	2.93
Efficiency ratio (4)	58.72	80.10	73.92	87.15	76.51	76.30	75.88
<b>Asset Quality Ratios:</b>							
Non-performing loans as a percent of total loans receivable (5)(6)	2.91%	0.08%	0.75%	0.07%	0.03%	0.03%	0.09%
Non-performing assets as a percent of total assets (6)	1.83	0.05	0.45	0.04	0.02	0.02	0.05
Allowance for loan losses as a percent of total loans receivable (5)	1.99	1.08	1.31	1.08	1.02	1.02	1.16
Allowance for loan losses as a percent of total non-performing loans (6)	68.21	1,316.67	176.25	1,592.52	3,548.35	4,018.99	1,279.69
<b>Per Share Data:</b>							
Cash dividends per common share	\$	\$	\$	\$	\$	\$	\$
Book value per common share at end of period	7.82	7.65	7.91	7.50	7.20	6.86	3.68
Tangible book value per common share at end of period	4.68	4.50	4.75	4.36	3.96	3.49	3.68
Number of full-service customer facilities:	13	12	13	12	14	14	7

(1) With the exception of end of year ratios, all ratios are based on average daily balances.

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- (2) The average interest rate spread represents the difference between the weighted average yield on interest-earning assets and the weighted average cost of interest-bearing liabilities.
- (3) The net interest margin represents net interest income as a percentage of average interest-earning assets.
- (4) Efficiency ratio represents the ratio of operating expenses to the aggregate of other income and net interest income.
- (5) Total loans receivable includes loans receivable and loans held for sale.
- (6) Non-performing assets consist of non-performing loans. Non-performing loans consist of all loans 90 days or more past due and other loans deemed to be impaired.

**Table of Contents****SUMMARY SELECTED PRO FORMA COMBINED DATA**

The following table shows selected financial information on a pro forma combined basis giving effect to the merger as if the merger had become effective at the end of the periods presented, in the case of balance sheet information, and at the beginning of each period presented, in the case of income statement information. The pro forma information reflects the acquisition method of accounting.

OceanFirst anticipates that the merger will provide the combined company with financial benefits that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of OceanFirst following the merger under one set of assumptions, does not reflect all of these benefits and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of OceanFirst would have been had our companies been combined during these periods.

An exchange ratio of 0.50 was used in preparing this pro forma information. You should read this summary pro forma information in conjunction with the information under *Pro Forma Financial Information* and with the historical information in this document on which it is based.

	<b>Three Months Ended March 31, 2009</b>	<b>Year Ended December 31, 2008</b>
	<b>(In thousands, except per share data)</b>	
<b>Pro forma combined income statement data:</b>		
Interest income	\$ 30,908	\$ 130,526
Interest expense	10,323	54,154
Net interest income	20,585	76,372
Provision for loan losses	3,935	3,094
Net interest income after provision for loan losses	16,650	73,278
Non-interest income	5,360	15,555
Non-interest expense	21,587	69,676
Income before income taxes	423	19,157
Income tax (benefit) expense	(357)	5,659
Net income	780	13,498
Dividends on preferred stock and accretion	643	12
Net income available to common shareholders	\$ 137	\$ 13,486
<b>Pro forma per share data:</b>		
Basic net income	\$ .01	\$ .83
Diluted net income	.01	.82

**March 31, 2009  
(In thousands)**

<b>Pro forma combined balance sheet data:</b>	
Total assets	\$ 2,472,312
Loans receivable, net	1,998,612
Deposits	1,746,058
Total stockholders' equity	220,576

**Table of Contents****COMPARATIVE PER SHARE DATA**

The following table shows information about OceanFirst's and Central Jersey's diluted income per common share, dividends per share and book value per share, and similar information giving effect to the merger (which we refer to as pro forma information). In presenting the comparative pro forma information for the time periods shown, we assumed that we had been merged on the dates or at the beginning of the periods indicated. See *Pro Forma Financial Information*.

The information listed as pro forma combined was prepared using an exchange ratio of 0.50. The information listed as per equivalent Central Jersey share was obtained by multiplying the pro forma amounts by an exchange ratio of 0.50. We present this information to reflect the fact that Central Jersey shareholders will receive shares of OceanFirst common stock for each share of Central Jersey common stock exchanged in the merger. OceanFirst anticipates that the combined company will derive financial benefits from the merger that include reduced operating expenses and the opportunity to earn more revenue. The pro forma information, while helpful in illustrating the financial characteristics of OceanFirst following the merger under one set of assumptions, does not reflect these benefits and, accordingly, does not attempt to predict or suggest future results. The pro forma information also does not necessarily reflect what the historical results of OceanFirst would have been had our companies been combined during these periods.

The information in the following table is based on, and should be read together with, the historical financial information that we have presented in this document. See *Pro Forma Financial Information*.

	OceanFirst Historical	Central Jersey Historical	Pro Forma Combined (1)(2)	Per Equivalent Central Jersey Share
<b>Book value per common share:</b>				
At March 31, 2009	\$ 9.78	\$ 7.82	\$ 10.14	\$ 5.07
<b>Tangible book value per common share:</b>				
At March 31, 2009	\$ 9.78	\$ 4.68	\$ 8.98	\$ 4.49
<b>Cash dividends declared per share:</b>				
Three months ended March 31, 2009	\$ .20	\$	\$ .20	\$ .10
Year ended December 31, 2008	.80		.80	.40
<b>Diluted net income per share:</b>				
Three months ended March 31, 2009	\$ .30	\$ .01	\$ .01	\$ .00
Year ended December 31, 2008	1.26	.30	.82	.41

- (1) Pro forma dividends per share represent OceanFirst's historical dividends per share.
- (2) The pro forma combined book value per share of OceanFirst common stock is based upon the pro forma combined common stockholders equity for OceanFirst and Central Jersey divided by total pro forma common shares of the combined entities.

**Table of Contents****MARKET PRICE AND DIVIDEND INFORMATION**

OceanFirst common stock is listed on The NASDAQ Global Select Market under the symbol OCFC. Central Jersey common stock is listed on The NASDAQ Global Market under the symbol CJBK. The following table lists the high and low prices per share for OceanFirst common stock and Central Jersey common stock and the cash dividends declared by each company for the periods indicated. Please note that the information set forth below reflects inter-dealer prices, without retail mark-up, mark-down or commission and may not represent actual transactions, and the information for Central Jersey has been adjusted to reflect the 5% stock dividends paid on July 1, 2008 and July 2, 2007.

Quarter Ended	OceanFirst Common Stock			Central Jersey Common Stock		
	High	Low	Dividends	High	Low	Dividends
September 30, 2009 (through July 22, 2009)	\$ 12.11	\$ 10.98	\$ 0.20	\$ 5.51	\$ 5.27	\$
June 30, 2009	14.23	10.55	0.20	6.70	4.90	
March 31, 2009	16.92	7.29	0.20	7.50	4.62	
December 31, 2008	18.12	12.53	0.20	7.44	5.40	
September 30, 2008	21.99	17.19	0.20	8.00	6.62	
June 30, 2008	20.77	16.39	0.20	8.74	7.66	
March 31, 2008	17.60	14.67	0.20	8.38	7.35	
December 31, 2007	17.72	14.95	0.20	8.51	6.98	
September 30, 2007	18.30	14.67	0.20	9.09	7.42	
June 30, 2007	18.44	16.82	0.20	11.30	8.49	
March 31, 2007	23.29	17.23	0.20	11.04	8.70	

**OceanFirst**

You should obtain current market quotations for OceanFirst common stock, as the market price of OceanFirst common stock will fluctuate between the date of this document and the date on which the merger is completed, and thereafter. You can get these quotations from a newspaper, on the Internet or by calling your broker.

As of [Record Date], there were approximately [ ] holders of record of OceanFirst common stock. As of [Record Date], there were approximately [ ] holders of record of Central Jersey common stock. These numbers do not reflect the number of persons or entities who may hold their stock in nominee or street name through brokerage firms.

Following the merger, the declaration of dividends will be at the discretion of OceanFirst's board of directors and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of OceanFirst, applicable state law and government regulations and other factors deemed relevant by OceanFirst's board of directors.



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The following table sets forth information as of July 22, 2009, and on a pro forma basis assuming the consummation of the merger of Central Jersey with and into OceanFirst, the beneficial ownership (as defined in Rule 13d-3 of the Exchange Act) of OceanFirst common stock, by (1) each person or group of persons known by OceanFirst to be the beneficial owner of greater than 5% of OceanFirst's outstanding common stock, (2) each director of OceanFirst, and (3) all directors and executive officers of OceanFirst as a group. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Also included in the number of shares owned are shares which may be acquired within 60 days of July 22, 2009 through the exercise of options.

Name	Total Number of Shares of OceanFirst Beneficially Owned	Percent of OceanFirst Common Stock Outstanding	Pro Forma Total Number of Shares of OceanFirst Beneficially Owned	Pro Forma Percent of OceanFirst Common Stock Outstanding (1)
<b>5% Owners</b>				
OceanFirst Bank, Employee Stock Ownership Plan ( ESOP ) and Matching Contribution ESOP	1,941,012	15.70%	1,941,012	11.38%
OceanFirst Foundation	1,419,593	11.48%	1,419,593	8.32%
<b>Directors</b>				
Joseph J. Burke	12,946	.10%	12,946	.08%
Angelo Catania	9,615	.08%	9,615	.06%
John W. Chadwick	32,639	.26%	32,639	.19%
Carl Feltz, Jr.	117,595	.95%	117,595	.69%
John R. Garbarino	896,349	7.03%	896,349	5.14%
Donald E. McLaughlin	86,675	.70%	86,675	.51%
Diane F. Rhine	68,780	.55%	68,780	.40%
John E. Walsh	79,022	.64%	79,022	.46%
<b>All directors and senior executive officers as a group</b> (12 persons)	1,866,073	14.17%	1,866,073	10.45%

(1) Based on the 12,371,768 shares of OceanFirst common stock outstanding on July 22, 2009, and the 4,694,805 shares of OceanFirst common stock estimated to be issued to the shareholders of Central Jersey as a result of the merger.

**Central Jersey**

As of [Record Date], the following were market makers for Central Jersey's common stock: UBS Securities LLC; Citadel Derivatives Group LLC; Susquehanna Capital Group; Sandler O'Neill; Knight Equity Markets, L.P.; Keefe, Bruyette & Woods; Sterne, Agee & Leach, Inc.; NASDAQ Execution Services LLC; Stifel Nicolaus & Co.; Int'l Securities Exchange; Hudson Securities, Inc.; Susquehanna Financial Group; and Domestic Securities, Inc.

As of [Record Date], the approximate number of registered holders of Central Jersey's common stock was [ ].

Central Jersey has not paid any cash dividends on its common stock and does not presently intend to declare or pay cash dividends. Central Jersey's dividend policy is subject to certain regulatory considerations and the discretion of its board of directors and depends upon a number of factors, including operating results, financial condition and general business conditions. Holders of Central Jersey common stock are entitled to receive dividends as, if and when declared by Central Jersey's board of directors out of funds legally available therefore, subject to the restrictions set forth under the Federal Bank Holding Company Act. Subject to the provisions of the

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Capital Purchase Program under the TARP, Central Jersey may pay cash dividends without regulatory approval if net income available to common shareholders fully funds the proposed dividends, and the expected rate of earnings retention is consistent with capital needs, asset quality and overall financial condition.

For so long as any shares of Central Jersey's series A preferred stock are outstanding, Central Jersey is not permitted to declare or pay cash dividends on its common stock unless all dividends on the shares of series A preferred stock have been paid in-full. Further, unless the shares of series A preferred stock are redeemed or fully transferred to third parties, Central Jersey is prohibited from increasing its common stock dividends without prior approval of the U.S. Department of the Treasury until December 23, 2011, which is the third anniversary of the investment by the U.S. Department of the Treasury in Central Jersey.

The following table sets forth the beneficial ownership (as defined in Rule 13d-3 of the Exchange Act) of OceanFirst common stock as of July 22, 2009 and on a pro forma basis assuming the consummation of the merger of Central Jersey with and into OceanFirst, by (1) each Central Jersey shareholder or group of Central Jersey shareholders known by Central Jersey to be the beneficial owner of greater than 5% of Central Jersey's outstanding common stock, (2) each director of Central Jersey, and (3) all directors and executive officers of Central Jersey as a group. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities.

Name	Total Number of OceanFirst Shares Beneficially Owned	Percent of OceanFirst Common Stock Outstanding	Pro Forma Total Number of Shares of OceanFirst Beneficially Owned (1)	Pro Forma Percent of OceanFirst Common Stock Outstanding (2)
<b>5% Owners</b>				
Linda Brockriede (3)	0		234,695	1.38%
<b>Directors</b>				
James G. Aaron, Esq.	0		108,521	0.64%
Mark R. Aikins, Esq.	0		41,147	0.24%
John A. Brockriede (3)	0		234,695	1.38%
George S. Callas	0		68,632	0.40%
Paul A. Larson, Jr.	0		31,133	0.18%
John F. McCann	0		83,336	0.49%
Carmen M. Penta, CPA	544	*	36,810	0.22%
Mark G. Solow	0		75,684	0.44%
James S. Vaccaro	0		49,981	0.29%
Robert S. Vuono	0		24,831	0.15%
<b>All directors and senior executive officers as a group (11 persons)</b>	544	*	768,051(4)	4.50%

\* Indicates less than one-hundredth of 1%

- (1) The number of shares of OceanFirst common stock that each beneficial owner will receive at the closing of the merger with respect to options to acquire shares of Central Jersey common stock is dependent upon the closing price of Central Jersey's common stock on the last trading day before the closing relative to the exercise prices of the options held by him or her. For the purpose of this calculation, we have assumed a share price of \$5.30 per share for Central Jersey's common stock, which is the closing price of Central Jersey's common stock on July 22, 2009. As a result, share numbers are estimates and are subject to change based on the closing price of Central Jersey's common stock on the last trading day before the closing of the merger.

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- (2) Based on the 12,371,768 shares of OceanFirst common stock outstanding on July 22, 2009, and the 4,694,805 shares of OceanFirst common stock estimated to be issued to the shareholders of Central Jersey as a result of the merger.
  
- (3) John A. Brockriede and Linda Brockriede are husband and wife and together beneficially own a total of 494,813 shares of Central Jersey common stock, which represents 5.42% of Central Jersey's outstanding common stock.
  
- (4) Includes 13,281 shares beneficially owned by Anthony Giordano, III. Mr. Giordano is the Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Central Jersey.

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**SPECIAL MEETING OF CENTRAL JERSEY SHAREHOLDERS**

**Date, Place, Time and Purpose**

Central Jersey's board of directors is sending you this document to request that you allow your shares of Central Jersey common stock to be represented at the special meeting by the persons named in the enclosed proxy card. At the special meeting, the Central Jersey board of directors will ask you to vote your shares on a proposal to approve the merger agreement. You also will be asked to vote your shares on a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement. The special meeting will be held at [Place of Central Jersey Meeting] at [10:00 a.m.], local time, on [Date of Meeting].

**Who Can Vote at the Meeting**

You are entitled to vote if the records of Central Jersey showed that you held shares of Central Jersey common stock as of the close of business on [Record Date]. As of the close of business on that date, a total of [ ] shares of Central Jersey common stock were outstanding. Each share of Central Jersey common stock has one vote. If you are a beneficial owner of shares of Central Jersey common stock held by a broker, bank or other nominee (*i.e.*, in street name ) and you want to vote your shares in person at the special meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

**Quorum; Vote Required**

The special meeting will conduct business only if a majority of the outstanding shares of Central Jersey common stock entitled to vote is represented in person or by proxy at the special meeting. If you return valid proxy instructions or attend the special meeting in person, your shares will be counted for purposes of determining whether there is a Quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a Quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares of Central Jersey common stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Approval of the merger agreement will require the affirmative vote by holders of a majority of the outstanding shares of Central Jersey common stock voted at the Central Jersey special meeting; provided that a Quorum is established at the special meeting. Broker non-votes and failure to return a properly executed proxy card or to vote in person will not be counted as a vote for or against the proposal to approve the merger agreement. Abstentions from voting will have the same effect as voting against the proposal to approve the merger agreement.

The affirmative vote of the majority of votes cast is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

**Shares Held by Central Jersey Officers and Directors and by OceanFirst**

As of [Record Date], directors and executive officers of Central Jersey beneficially owned [ ] shares of Central Jersey common stock, not including shares that may be acquired upon the exercise of stock options. This equals [ ]% of the outstanding shares of Central Jersey common stock. As of the same date, OceanFirst and its subsidiaries and their directors and executive officers owned [ ] shares of Central Jersey common stock. This equals [ ]% of the total outstanding shares of Central Jersey common stock.

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### **Voting and Revocability of Proxies**

You may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, Central Jersey recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting.

Central Jersey shareholders whose shares are held in street name by their broker, bank or other nominee must follow the instructions provided by their broker, bank or other nominee to vote their shares. Your broker or bank may allow you to deliver your voting instructions via the telephone or the Internet.

Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares of Central Jersey common stock will be voted as you have directed. You may vote for, against, or abstain with respect to the proposal to approve the merger agreement and the proposal to adjourn the special meeting. If you are the record holder of your shares of Central Jersey common stock and submit your proxy without specifying a voting instruction, your shares of Central Jersey common stock will be voted FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement. Central Jersey's board of directors recommends a vote FOR the proposal to approve the merger agreement and FOR approval of the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

You may revoke your proxy before it is voted by:

filing with the Secretary of Central Jersey a duly executed revocation of proxy;

submitting a new proxy with a later date; or

voting in person at the special meeting.

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to:

Central Jersey Bancorp

Robert S. Vuono, Secretary

1903 Highway 35

Oakhurst, New Jersey 07755

If any matters not described in this document are properly presented at the special meeting, the persons named in the proxy card will use their own judgment to determine how to vote your shares of Central Jersey common stock. Central Jersey does not know of any other matters to be presented at the special meeting.

### **Solicitation of Proxies**

Central Jersey will pay for this proxy solicitation. In addition to soliciting proxies by mail, Georgeson, Inc., a proxy solicitation firm, will assist Central Jersey in soliciting proxies for the special meeting. Central Jersey will pay \$5,000 for these services. Central Jersey will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. Additionally, directors, officers and employees of Central Jersey may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies.



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**SPECIAL MEETING OF OCEANFIRST SHAREHOLDERS**

**Date, Place, Time and Purpose**

OceanFirst's board of directors is sending you this document to request that you allow your shares of OceanFirst common stock to be represented at the special meeting by the persons named in the enclosed proxy card. At the special meeting, the OceanFirst board of directors will ask you to vote your shares on a proposal to approve the merger agreement. You also will be asked to vote your shares on a proposal to adjourn the special meeting if necessary to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement. The special meeting will be held at [Place of OceanFirst Meeting at [10:00 a.m.], local time, on [Date of Meeting].

**Who Can Vote at the Meeting**

You are entitled to vote if the records of OceanFirst showed that you held shares of OceanFirst common stock as of the close of business on [Record Date]. As of the close of business on that date, a total of [ ] shares of OceanFirst common stock were outstanding. Each share of OceanFirst common stock has one vote. If you are a beneficial owner of shares of OceanFirst common stock held by a broker, bank or other nominee (*i.e.*, in street name ) and you want to vote your shares in person at the special meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

**Quorum; Vote Required**

The special meeting will conduct business only if a majority of the outstanding shares of OceanFirst common stock entitled to vote is represented in person or by proxy at the special meeting. If you return valid proxy instructions or attend the special meeting in person, your shares will be counted for purposes of determining whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted for purposes of determining the existence of a quorum. A broker non-vote occurs when a broker, bank or other nominee holding shares of OceanFirst common stock for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received voting instructions from the beneficial owner.

Approval of the merger agreement will require the affirmative vote of a majority of the outstanding shares of OceanFirst common stock entitled to vote at the special meeting. Failure to return a properly executed proxy card or to vote in person will have the same effect as a vote against the proposal to approve the merger agreement. Broker non-votes and abstentions from voting will have the same effect as voting against the proposal to approve the merger agreement.

The affirmative vote of the majority of votes cast is required to approve the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

**Shares Held by OceanFirst Officers and Directors and by Central Jersey**

As of [Record Date], directors and executive officers of OceanFirst beneficially owned [ ] shares of OceanFirst common stock, not including shares that may be acquired upon the exercise of stock options. This equals [ ]% of the outstanding shares of OceanFirst common stock. As of the same date, Central Jersey and its subsidiaries and their directors and executive officers owned [ ] shares of OceanFirst common stock. This equals [ ]% of the total outstanding shares of OceanFirst common stock.

**Voting and Revocability of Proxies**

You may vote in person at the special meeting or by proxy. To ensure your representation at the special meeting, OceanFirst recommends that you vote by proxy even if you plan to attend the special meeting. You can always change your vote at the special meeting.

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OceanFirst shareholders whose shares are held in street name by their broker, bank or other nominee must follow the instructions provided by their broker, bank or other nominee to vote their shares. Your broker or bank may allow you to deliver your voting instructions via the telephone or the Internet.

Voting instructions are included on your proxy form. If you properly complete and timely submit your proxy, your shares of OceanFirst common stock will be voted as you have directed. You may vote for, against, or abstain with respect to the proposal to approve the merger agreement and the proposal to adjourn the special meeting. If you are the record holder of your shares of OceanFirst common stock and submit your proxy without specifying a voting instruction, your shares of OceanFirst common stock will be voted FOR the proposal to approve the merger agreement and FOR the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement. OceanFirst's board of directors recommends a vote FOR the proposal to approve the merger agreement and FOR approval of the proposal to adjourn the special meeting if necessary to permit further solicitation of proxies on the proposal to approve the merger agreement.

You may revoke your proxy before it is voted by:

filing with the Secretary of OceanFirst a duly executed revocation of proxy;

submitting a new proxy with a later date; or

voting in person at the special meeting.

Attendance at the special meeting will not, in and of itself, constitute a revocation of a proxy. All written notices of revocation and other communication with respect to the revocation of proxies should be addressed to:

OceanFirst Financial Corp.

John K. Kelly, Secretary

975 Hooper Avenue

Toms River, NJ 08754

If any matters not described in this document are properly presented at the special meeting, the persons named in the proxy card will use their own judgment to determine how to vote your shares of OceanFirst common stock. OceanFirst does not know of any other matters to be presented at the special meeting.

## **Solicitation of Proxies**

OceanFirst will pay for this proxy solicitation. In addition to soliciting proxies by mail, Georgeson, Inc., a proxy solicitation firm, will assist OceanFirst in soliciting proxies for the special meeting. OceanFirst will pay \$9,000 for these services. OceanFirst will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. Additionally, directors, officers and employees of OceanFirst may solicit proxies personally and by telephone. None of these persons will receive additional or special compensation for soliciting proxies.



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**RIGHTS OF DISSENTING SHAREHOLDERS**

The following summary of Sections 14A:11-1 through 14A:11-11 of the New Jersey Business Corporation Act does not purport to be complete and is qualified in its entirety by reference to Appendix D hereto, which contains the complete text of those sections:

**General.** Central Jersey is a New Jersey corporation subject to the New Jersey Business Corporation Act. Section 14A:11-1 of the New Jersey Business Corporation Act provides that holders of Central Jersey common stock have the right to dissent from the merger and receive the fair value of their shares of Central Jersey common stock as determined in accordance with the provisions of Sections 14A:11-1 through 14A:11-11 of the New Jersey Business Corporation Act.

A Central Jersey shareholder may dissent from the merger and demand the fair value of his, her or its shares of Central Jersey common stock, provided that the Central Jersey shareholder sends written notice to Central Jersey of his, her or its dissent and demand for payment of the fair value of his, her or its shares, and does not vote for the approval of the merger proposal. If the merger is not consummated for any reason, the demand by a Central Jersey shareholder for the fair value of his, her or its shares of Central Jersey common stock will terminate and be of no effect.

**Notice of Dissent.** A shareholder wishing to exercise his, her or its right to dissent from the merger must file with the Secretary of Central Jersey, a written notice of dissent stating that such shareholder intends to demand payment for his, her or its shares of Central Jersey common stock if the merger is completed. This objection to the merger must be received by the Secretary of Central Jersey, 1903 Highway 35, Oakhurst, New Jersey 07755, before the vote on the merger proposed is taken at the Central Jersey special meeting. Voting against the merger proposal, by proxy or otherwise, is not sufficient to enable a Central Jersey shareholder to perfect the rights of a dissenting shareholder. However, any shareholder who files the required notice of dissent and votes in favor of the merger proposal, whether in person or by proxy (including those shareholders who return the enclosed proxy card executed but without a designation as to the vote on the merger proposal) will be deemed to have waived the right to qualify as a dissenter.

**Written Demand.** Within ten days after the effective date of the merger, OceanFirst, as the surviving corporation, will give written notice of the effective date of the consummation of the merger by certified mail to each shareholder who filed written notice of dissent and who did not vote in favor of the merger. A dissenting shareholder who filed a timely written objection and did not vote in favor of the merger, must within twenty days of the mailing of such notice, make written demand on OceanFirst for payment of the fair value of his, her or its shares.

**Delivery of Shares for Notation.** Within twenty days of demanding payment for his, her or its shares, a dissenting shareholder must submit the certificate(s) representing his, her or its shares of Central Jersey common stock to OceanFirst for notation thereon that a demand for payment has been made, after which the certificate(s) will be returned to the shareholder. If those shares are transferred, each new certificate issued for such shares shall bear similar notation, and the transferee shall acquire the rights the dissenting shareholder had. If the shareholder does not submit the stock certificate(s) for notation, OceanFirst may elect to terminate the shareholder's status as a dissenting shareholder.

Unless a Central Jersey shareholder files a written notice of dissent prior to the vote on the merger and also makes demand for the payment of the fair value of such shares within the applicable time period, the shareholder will be conclusively presumed to have consented to the merger and will be bound by the terms of the merger. Purchasers of shares of Central Jersey common stock as to which dissenters' rights have been exercised are bound by that exercise and acquire no rights in Central Jersey other than the rights of a dissenting shareholder.

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**Termination of Demand.** Once made, a demand for payment cannot be withdrawn except with the consent of Central Jersey or, if after the effective date of the merger, OceanFirst. A dissenting shareholder's right to payment of fair value shall terminate (a) if the merger is abandoned, (b) if the approval of the merger is rescinded, (c) if a court of competent jurisdiction determines that the shareholder is not entitled to payment, (d) the fair value of the shares is not agreed upon by OceanFirst and the dissenting shareholder and an action for the determination of such fair value is not commenced by the dissenting shareholder within a specified time period, (e) the demand is withdrawn with the consent of Central Jersey, or, if after the effective date of the merger, OceanFirst, (f) a court permanently enjoins the merger from being completed, or (g) the dissenting shareholder fails to present his, her or its certificates for notation, unless a court having jurisdiction, for good and sufficient cause shown, shall otherwise direct. Upon withdrawal or upon termination of the right to be paid fair value, such person's status as a Central Jersey shareholder will be restored retroactively.

**Statement of Financial Condition.** Not later than ten days after the expiration of the period within which shareholders must make written demand for payment, OceanFirst will deliver to dissenting shareholders a statement of financial condition, a statement of shareholders' equity, and a statement of income as of and for the latest available date, but dated not more than twelve months prior to such delivery. OceanFirst may include with such statements an offer for payment of a specified price deemed fair value by OceanFirst (the Offer).

**Demand that OceanFirst Institute Lawsuit.** If the fair value of the shares can be agreed upon between OceanFirst and a dissenting shareholder within thirty days after the Offer by OceanFirst is made (the Negotiation Period), OceanFirst shall pay the agreed value to that shareholder upon surrender of the certificate(s) representing Central Jersey common stock held by that shareholder. If the shareholder and OceanFirst cannot agree to a fair value during the Negotiation Period, the shareholder may make written demand upon OceanFirst not later than thirty days after the expiration of the Negotiation Period for commencement of a judicial determination of fair value, and OceanFirst would have to commence such determination proceeding within thirty days of such demand. If OceanFirst fails to commence the judicial proceeding within that time, any dissenting shareholder may commence such judicial proceeding in the name of OceanFirst not later than sixty days after such failure.

Under New Jersey law, the costs and expenses of a judicial proceeding shall be determined by the court and shall be apportioned and assessed upon the parties as the court may find equitable.

FAILURE TO FOLLOW THE STEPS REQUIRED BY SECTIONS 14A:11-1 THROUGH 14A:11-11 OF THE NEW JERSEY BUSINESS CORPORATION ACT FOR PERFECTING DISSENTERS' RIGHTS MAY RESULT IN THE LOSS OF SUCH RIGHTS, IN WHICH EVENT YOU ONLY WILL BE ENTITLED TO RECEIVE THE CONSIDERATION WITH RESPECT TO YOUR DISSENTING SHARES IN ACCORDANCE WITH THE MERGER AGREEMENT. NO NOTIFICATION OF THE BEGINNING OR END OF ANY STATUTORY PERIOD WILL BE GIVEN BY OCEANFIRST OR CENTRAL JERSEY TO ANY DISSENTING SHAREHOLDER EXCEPT AS REQUIRED BY LAW. CENTRAL JERSEY SHAREHOLDERS WHO ARE CONSIDERING DISSENTING FROM THE MERGER ARE URGED TO CONSULT THEIR OWN LEGAL COUNSEL.

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**DESCRIPTION OF THE MERGER**

*The following summary of the merger agreement is qualified by reference to the complete text of the merger agreement. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated by reference into this joint proxy statement/prospectus. You should read the merger agreement completely and carefully as it, rather than this description, is the legal document that governs the merger.*

**General**

The merger agreement provides for the merger of Central Jersey with and into OceanFirst, with OceanFirst as the surviving entity. Immediately following the merger of Central Jersey with Ocean First, Central Jersey Bank, N.A. will merge with and into OceanFirst Bank, with OceanFirst Bank as the surviving entity.

**Background of the Merger**

At various times in recent years, the board of directors of Central Jersey, together with its senior management, has reviewed and discussed strategic alternatives that might be available to Central Jersey, including from time to time combining with a larger banking organization, in pursuing its objective of enhancing shareholder value.

On December 12, 2008, Mr. James S. Vaccaro, Chairman, President and Chief Executive Officer of Central Jersey, met with Mr. John R. Garbarino, Chairman, President and Chief Executive Officer of OceanFirst, Mr. Vito R. Nardelli, Chief Operating Officer of OceanFirst and a fourth individual who is a retired prominent banker who remains involved in the financial services industry. The meeting was held to discuss views on the direction, dynamics and potential future of the banking industry, including market challenges and opportunities in the volatile financial services sector. Each of Messrs. Vaccaro, Garbarino and Nardelli are career banking executives who have become acquainted with one another over the years. The meeting was set up by Messrs. Vaccaro and the retired banker. At the meeting, the combination of Central Jersey and OceanFirst was conceptually discussed.

On December 17, 2008, Mr. Garbarino reported to the board of directors of OceanFirst that informal discussions had been had with Mr. Vaccaro regarding a potential combination with Central Jersey and that further formal discussions regarding the possibility of such transaction will occur in early 2009.

Messrs. Vaccaro and Garbarino met again on January 13, 2009 to continue the discussion of financial industry market challenges and opportunities. At that meeting, Messrs. Vaccaro and Garbarino also spoke about the potential advantages of combining Central Jersey and OceanFirst. A potential purchase price, form of consideration or other specifics regarding a possible business combination transaction were not discussed.

At a regularly scheduled monthly board of directors meeting held on January 28, 2009, Mr. Vaccaro informed the Central Jersey board of directors of his conversation with Mr. Garbarino on January 13, 2009 regarding a possible combination of Central Jersey and OceanFirst. The Central Jersey board of directors fully endorsed continued active communication between Messrs. Vaccaro and Garbarino.

On February 2, 2009, Mr. Nardelli discussed the potential for a transaction with Central Jersey with the investment banking firm of Keefe, Bruyette & Woods. Mr. Nardelli outlined the discussions held to date and instructed Keefe, Bruyette & Woods to begin an analysis of a potential transaction.

On February 6, 2009, Mr. Vaccaro met with Messrs. Garbarino and Nardelli to continue discussions of the potential advantages of a combination of Central Jersey and OceanFirst. Mr. Vaccaro reported the February 6, 2009 discussions to the Central Jersey board of directors at its regularly scheduled monthly board meeting on February 25, 2009, indicating that a more specific and less conceptual discussion with OceanFirst would be

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required to determine whether a combination of Central Jersey and OceanFirst would be in the best interests of Central Jersey and its shareholders. The Central Jersey board of directors directed that Sandler O'Neill meet with OceanFirst's financial advisor, Keefe Bruyette & Woods, to discuss a possible combination of Central Jersey and OceanFirst.

On March 11, 2009, representatives of Sandler O'Neill and Keefe Bruyette & Woods met to discuss a potential combination of Central Jersey and OceanFirst and observed that the then current market conditions were not favorable to a transaction at that time. The representatives of the respective firms recommended, however, that dialogue between representatives of Central Jersey and OceanFirst should continue inasmuch as the organizations were complimentary to each other and a future combination could enhance shareholder value.

Mr. Vaccaro met with Messrs. Garbarino and Nardelli again on March 23, 2009 to discuss further the strategic and operating strengths of their respective organizations and, on a conceptual level, opportunities in the marketplace if the organizations were combined.

The March 23, 2009 discussions were reported by Mr. Vaccaro to the Central Jersey board of directors at its regularly scheduled monthly board meeting on March 25, 2009.

On April 6, 2009, Mr. Vaccaro and Mr. Garbarino met briefly to continue discussions. On April 21, 2009, Mr. Vaccaro again met with Messrs. Garbarino and Nardelli, at which time the relative stock values of Central Jersey and OceanFirst were discussed for the first time among the executives. In addition, Messrs. Vaccaro, Garbarino and Nardelli discussed market metrics as they pertained to recent combination transactions and discussed potential transaction structures and prices in the then-current market. It was decided by the executives that each party's respective investment banking firm should meet again to discuss potential deal structure and price.

Mr. Vaccaro reported on the ongoing discussions with Messrs. Garbarino and Nardelli to the Central Jersey board of directors at its regularly scheduled meeting on April 22, 2009. The Central Jersey board of directors authorized Mr. Vaccaro to continue discussions with OceanFirst and to negotiate the terms of a combination transaction between Central Jersey and OceanFirst.

Similarly, Mr. Garbarino reported on the ongoing discussions with Mr. Vaccaro to the OceanFirst board of directors at its regularly scheduled meeting on April 22, 2009. Mr. Garbarino reported that various issues had been discussed including potential deal structure, pricing, capital raises and TARP issues. He further advised that a subsequent meeting was planned for April 27, 2009, with the respective investment bankers present to further discuss potential terms. The OceanFirst board of directors authorized Mr. Garbarino to continue discussions with Central Jersey and to negotiate the terms of a combination transaction between Central Jersey and OceanFirst.

On April 27, 2009, Messrs. Vaccaro, Garbarino and Nardelli met, together with representatives of Central Jersey's and OceanFirst's respective financial advisors, Sandler O'Neill and Keefe Bruyette & Woods, to discuss a specific range of valuation metrics for a potential merger transaction between Central Jersey and OceanFirst.

Sandler O'Neill received a preliminary term sheet from Keefe Bruyette & Woods outlining the terms of a proposed merger of Central Jersey and OceanFirst on April 29, 2009. The term sheet was updated by Keefe Bruyette & Woods, providing clarity on certain provisions of the initial term sheet, and a revised term sheet was delivered to Sandler O'Neill by Keefe Bruyette & Woods on April 30, 2009. The revisions made to the April 29, 2009 initial term sheet were not substantive but provided additional specificity regarding an exchange ratio that would create a market premium and also the potential role of Mr. Vaccaro with the surviving corporation.

The Central Jersey board of directors held a special meeting on May 6, 2009 to determine whether to pursue a transaction with OceanFirst. Mr. Vaccaro reviewed the substance of his meetings with Messrs. Garbarino and Nardelli, the business strategy of OceanFirst and OceanFirst's proposal as set forth in its April 30, 2009 term

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sheet. The board meeting was attended by members of Central Jersey's senior management, representatives of Giordano, Halleran & Ciesla, P.C., Central Jersey's legal counsel, and representatives of Sandler O'Neill. The representatives of Giordano, Halleran & Ciesla, P.C. discussed with the Central Jersey board of directors fiduciary duties in reviewing the non-binding proposal made by OceanFirst. Mr. Vaccaro reviewed with the board Central Jersey's business opportunities and anticipated challenges over the course of at least the next 3 years in the event it were to remain an independent company. As part of the discussion, anticipated earnings per share and market multiples were reviewed. Representatives of Sandler O'Neill described the significant volatility in the financial services sector and discussed with the board financial considerations relating to OceanFirst's proposal as well as their views on Central Jersey's potential strategic alternatives and the prospects of a third party having the ability and desire to make a proposal that would be competitive with OceanFirst's proposal, which was viewed at that time as possible, but not likely. The Central Jersey board of directors considered the advantages and disadvantages of initiating conversations with third parties about a potential business combination transaction and determined, after discussing the matter with Sandler O'Neill, that the likelihood of eliciting a proposal competitive to that of OceanFirst was low and would probably increase the risk of information leaks that could have negative effects on the operations of Central Jersey's business. The Sandler O'Neill representatives (1) described how the transaction terms proposed by OceanFirst compared to comparable completed transactions and the financial impact of the transaction on OceanFirst on a pro forma basis, and (2) discussed the projected valuation of Central Jersey if it were to remain independent as well as operating efficiencies and synergies that would be attained by OceanFirst as a result of the proposed merger. The Central Jersey board of directors considered, among other things, the immediate economic benefit that would be obtained by the Central Jersey shareholders as a result of the proposed merger, including the liquidity of their investment, the effect on the pro forma earnings and tangible book value and the potential dividends that may be paid on OceanFirst stock. The strong OceanFirst fundamentals, along with incremental liquidity, current stock valuation and historical cash dividend activity, provided the board of directors of Central Jersey comfort that a fixed exchange ratio was in the best interest of its shareholders.

On May 9, 2009, OceanFirst conducted a due diligence review of Central Jersey at Central Jersey's headquarters. Representatives of OceanFirst completed their due diligence review of Central Jersey on May 13, 2009. On May 18, 2009, Central Jersey conducted a due diligence review of OceanFirst at OceanFirst's headquarters. Representatives of Central Jersey completed their due diligence review of OceanFirst on May 22, 2009.

On May 20, 2009, Locke, Lord Bissell & Liddell, LLP, legal counsel to OceanFirst, delivered a draft merger agreement to Giordano, Halleran & Ciesla, P.C. Giordano, Halleran & Ciesla, P.C. delivered comments on the draft merger agreement to Locke, Lord, Bissell & Liddell, LLP on May 22, 2009. Thereafter, between May 23, 2009 and May 26, 2009, Central Jersey, OceanFirst and their respective representatives engaged in negotiations of the terms of the merger agreement.

On May 20, 2009, the board of directors of OceanFirst met with representatives of Keefe, Bruyette & Woods to discuss the potential transaction with Central Jersey. Keefe, Bruyette & Woods representatives provided a comprehensive overview of the merger analysis. The representatives provided the board with a general summary of the due diligence which had been performed on Central Jersey by OceanFirst representatives. The representatives reviewed details regarding pro forma branch franchise; financial highlights of Central Jersey; pro forma loan portfolio; pro forma deposit portfolio; financial and market performance of peer groups; and a one year stock price performance of the two companies. The Keefe, Bruyette & Woods representatives provided a detailed transaction overview, which included general assumptions regarding stock price, earnings and EPS impact, mark to market adjustments in the loan portfolio, TARP funds received, pre-tax cost savings, restructuring charges, pre-tax cost of cash and core deposit intangibles. The board discussed the Central Jersey loan portfolio, and noted the additional adjustment of \$8.0 million to the loan portfolio, on top of current reserves of \$7.2 million. The Keefe, Bruyette & Woods representatives provided an analysis on comparable transactions, both nationwide and in the mid-Atlantic area, and discussed with the board an internal rate of return analysis. The Keefe, Bruyette & Woods representatives advised that Keefe, Bruyette & Woods

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would be able to issue a fairness opinion based upon the analysis provided to the board. Following the Keefe, Bruyette & Woods presentation, the board met and discussed the proposed transaction's stock structure, pricing, exchange ratio, impact on capital ratios, termination issues, and the number of OceanFirst board seats to be provided to Central Jersey. A review of Central Jersey executive management took place and Chairman Garbarino noted that it was anticipated that Central Jersey's Chairman, President and Chief Executive Officer, James S. Vaccaro, would be invited to join OceanFirst's executive management team. Discussion took place regarding Central Jersey's TARP position, as well as the impact of the proposed transaction on OceanFirst's TARP position. The board noted the necessity for transaction approval by Central Jersey and OceanFirst shareholders. The proposed timing for the transaction and coordination with Central Jersey for public disclosure was reviewed. A consensus was reached by the board that it was in OceanFirst's interest to continue negotiations.

The board of directors of Central Jersey held a special meeting on May 21, 2009 to review and discuss the terms of the proposed merger agreement and to otherwise review updated information from members of senior management on the status of negotiations between Central Jersey and OceanFirst. Members of senior management also reported to the board on the due diligence review being conducted on OceanFirst's business and prospects. Representatives of Giordano, Halleran & Ciesla, P.C. reviewed in detail the proposed terms of the merger agreement. Mr. Vaccaro also advised the members of the Central Jersey board of directors that between May 6, 2009 and May 21, 2009 representatives of two other companies (Company A and Company B) had contacted him to discuss two separate and distinct strategic alternatives, one of which involved an infusion of capital into Central Jersey and the other of which involved a business combination and privatization transaction. Mr. Vaccaro reported on his discussions with the representatives of Company A and Company B, noting that the strategic alternative proposed by each of them was conceptual in nature and that neither party was prepared to provide more specific terms at that time. The Central Jersey board of directors concluded that neither Company A nor Company B would be in a position to provide more detailed terms of a transaction for the Central Jersey board to evaluate prior to making a determination on the proposed OceanFirst transaction and that the likelihood of either such alternative being more beneficial to Central Jersey's shareholders than the OceanFirst proposal was very limited, particularly since both had the potential of being dilutive to Central Jersey's existing shareholders assuming that specific terms could be negotiated and the prospects for completing either of the transactions were very uncertain. OceanFirst was not made aware of the discussions between Mr. Vaccaro and representatives of Company A or Company B.

At 5:00 p.m. on May 26, 2009, the Central Jersey board of directors held a special meeting and reviewed the terms and conditions of the proposed merger. At the meeting, representatives of Giordano, Halleran & Ciesla, P.C. once again reviewed with the directors the fiduciary duties of the members of the board and the proposed terms of the merger agreement, including, among others, termination events and termination fees. The termination fee of \$2.4 million was viewed by the Central Jersey board, in consultation with its advisors, as not discouraging a third party from making a proposal superior to that of OceanFirst if it were so inclined. The merger agreement provided for Central Jersey designating two members from its current board of directors for election to the OceanFirst board of directors upon completion of the merger. Such selection would be predicated upon the intended designees meeting the governance qualification criteria of OceanFirst. Specific persons who would serve on the OceanFirst board of directors were not determined at the time that the Central Jersey board of directors voted on the merger agreement. Representatives of Sandler O'Neill separately reviewed with the board its financial analysis of the exchange ratio to be applied to determine the number of shares of OceanFirst common stock to be issued to the holders of Central Jersey common stock. Sandler O'Neill rendered to the Central Jersey board of directors its oral opinion, which was subsequently confirmed in writing, dated May 26, 2009, to the effect that, as of such date, and based on and subject to the various assumptions, qualifications and limitations set forth in such opinion, the exchange ratio was fair, from a financial point of view, to the holders of Central Jersey common stock. Following consideration of (1) the proposed merger agreement and the merger, including the facts and circumstances regarding the alternatives available to Central Jersey and the fact that the transaction would provide immediate economic benefit to Central Jersey's shareholders and compelling long term value creation for the combined company, and (2) the opinion rendered by Sandler O'Neill, the Central Jersey board of directors determined that the merger agreement and the transactions contemplated thereby,

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including the merger, are advisable and fair to, and in the best interests of Central Jersey and its shareholders. Thereafter, with the exception of director John A. Brockriede, the Central Jersey board of directors approved the merger agreement and the merger and resolved to recommend that Central Jersey shareholders vote in favor of the adoption of the merger agreement.

Similarly, at 5:00 p.m. on May 26, 2009, the OceanFirst board of directors held a special meeting to review and discuss the terms and conditions of the proposed merger. Also present at the meeting were members of OceanFirst's executive management team as well as representatives of Keefe, Bruyette & Woods and a representative of outside counsel Locke Lord Bissell & Liddell LLP. Chairman Garbarino presented to the board for consideration and discussion the merger agreement by and between OceanFirst and Central Jersey and a proposed joint press release regarding same. He noted that the boards of directors of Central Jersey were meeting to consider the merger agreement concurrent with OceanFirst's board meeting. Chairman Garbarino noted the extensive discussions already conducted on the proposed merger at the board of directors' meeting of May 20, 2009, at which time a detailed presentation of the proposal was provided by representatives of Keefe, Bruyette & Woods. Chairman Garbarino requested representatives of Keefe, Bruyette & Woods to review updated transaction materials and Keefe, Bruyette & Woods' fairness opinion on the proposed transaction. The representatives of Keefe, Bruyette & Woods highlighted the strategic benefits of the proposal, including the pro forma branch franchise map. They also reviewed the comparable transactions analysis, summarizing bank transactions announced after January 1, 2007 and the proposed price to book and deposit premium comparison to similar 2008 transactions. They reviewed the contribution analysis and the impact on earnings per share. They reviewed the discounted cash flow and internal rate of return analysis and the impact of share price movements on goodwill. Based upon its analysis, Keefe, Bruyette & Woods rendered to OceanFirst's board of directors its oral opinion, which was subsequently confirmed in writing, dated May 26, 2009, to the effect that, as of such date, and based on and subject to the various assumptions, qualifications and limitations set forth in such opinion, the merger consideration was fair, from a financial point of view, to OceanFirst. Representatives of Locke Lord Bissell & Liddell LLP then reviewed the key terms of the proposed merger agreement between OceanFirst and Central Jersey, including the fixed exchange ratio and the provision allowing two directors from Central Jersey to be appointed to OceanFirst's board. The Locke Lord Bissell & Liddell LLP representative noted that the Central Jersey board candidates would be subject to OceanFirst's eligibility requirements, corporate governance standards, and age and independence limitations. The Locke Lord Bissell & Liddell LLP representative reviewed the provisions governing the conversion of Central Jersey shares, including options and stock appreciation rights and the terms of voting agreements required to be executed by the directors and executive officers at both institutions. He noted the provisions governing Central Jersey's executive officers who will resign, except for James S. Vaccaro, current Chairman, President and Chief Executive Officer of Central Jersey, who will become an OceanFirst Executive Vice President and a member of the senior executive management team. Discussion took place on the treatment of Mr. Vaccaro's current and proposed change-in-control agreement and the cost of providing Central Jersey's directors and officers with insurance tail coverage. Discussion also took place regarding the impact of the proposed transaction on OceanFirst's and Central Jersey's TARP positions. The Locke Lord Bissell & Liddell LLP representative reviewed the merger agreement's termination provisions, highlighting the provision which allows the Central Jersey Board the fiduciary ability to accept a more favorable offer if one is presented. The OceanFirst board also reviewed the joint draft press release. Following the discussions, the OceanFirst board of directors unanimously approved the merger agreement and the merger and resolved to recommend that OceanFirst shareholders vote in favor of the adoption of the merger agreement.

Over the course of the evening on May 26, 2009, representatives of Locke Lord Bissell & Liddell, LLP and Giordano, Halleran & Ciesla, P.C. finalized the merger agreement and other related documents and the merger agreement was executed by Central Jersey and OceanFirst as of May 26, 2009.

On May 27, 2009, prior to the opening of trading on the NASDAQ Global Market, Central Jersey and OceanFirst issued a joint press release announcing the transaction.

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**Central Jersey's Reasons for the Merger and Recommendation of the Board of Directors**

Central Jersey's board of directors carefully evaluated the merger agreement and the transactions contemplated thereby. The board determined that the merger agreement and the transactions contemplated thereby, including the proposed merger, are advisable and fair to, and in the best interest of, Central Jersey and its shareholders. At a meeting held on May 26, 2009, with the exception of director John A. Brockriede, the Central Jersey board of directors approved the merger agreement and the transactions contemplated thereby, including the proposed merger and resolved to recommend to the shareholders of Central Jersey that they vote for the adoption of the merger agreement.

In determining to make its recommendation to the shareholders, the Central Jersey board of directors consulted with Central Jersey's senior management and its financial advisor and outside legal counsel. The board considered a number of factors and potential benefits and detriments of the merger to Central Jersey and its shareholders. The Central Jersey board of directors believed that, taken as a whole, the following factors supported its decision to approve the proposed merger:

*Consideration; Historical Market Prices.* The value of the shares of OceanFirst to be received by Central Jersey shareholders pursuant to the merger as of May 20, 2009 of \$6.54 per share, represented a significant premium over the market prices at which Central Jersey common stock had previously traded, including an approximate premium as follows:

- Ø 26.7% over the closing price of Central Jersey common stock of \$5.16 per share on May 20, 2009; and
- Ø 15.1% over the average closing price of Central Jersey common stock for one month prior to May 20, 2009.

*Uncertainty of Future Common Stock Market Price.* The Central Jersey board of directors considered Central Jersey's business, financial condition, operating results, competitive position and prospects, together with current industry, economic and stock and credit market conditions. The board considered Central Jersey's business plan and the potential execution risks associated with such plan and the effects of the economic downturn on Central Jersey specifically, and the banking industry, generally. The board also considered the risk that the Central Jersey shareholders selling shares of Central Jersey common stock in the open market might receive less than the merger consideration, especially in view of the volatility in the stock market.

*Participation in Potential Benefits.* The benefits of the combined company that may result from the merger, including an enhanced competitive and financial position, and expanded services, products and geographic coverage and the potential to realize significant cost synergies and the fact that since the merger consideration will be paid in OceanFirst stock, Central Jersey shareholders would have the opportunity to participate in any future earnings or growth of the combined company and future appreciation in the value of OceanFirst common stock following the merger should they retain the OceanFirst common stock issuable to them in the merger.

*Fixed Exchange Ratio.* The fact that the stock issuable to Central Jersey shareholders in the merger is a fixed number of shares of OceanFirst common stock, Central Jersey shareholders will have the opportunity to benefit from any increase in the trading price of OceanFirst common stock between the announcement of the merger and the completion of the merger.

*Absence of Competing Offers.* The Central Jersey board of directors believed, after consultation with its financial advisors, that it was unlikely that any strategic purchaser would make a higher offer for Central Jersey based on market conditions. In addition, the strategic alternatives presented by Company A and Company B were conceptual in nature and the likelihood of either alternative being more beneficial to Central Jersey shareholders than the OceanFirst proposal was very limited. The board also considered the fact that if a third party were to make an alternative proposal to Central Jersey, Central Jersey would be able to consider an unsolicited proposal after the execution of the merger agreement



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and to enter into an agreement with respect to a superior proposal under certain conditions, including the payment of a termination fee to OceanFirst. The Central Jersey board of directors, in consultation with Central Jersey's financial and legal advisors, believed that the termination fee payable by Central Jersey in such circumstances was at a level consistent with or favorable to termination fees payable in comparable merger transactions and that such fee would not unduly impede the ability of third parties from a superior bid to acquire Central Jersey if such third parties were so inclined.

*Availability of Dissenters' Rights.* The fact that dissenters' rights would be available to holders of Central Jersey common stock under New Jersey law. The merger agreement was conditioned upon the holders of no more than 10% of the holders of Central Jersey's outstanding common stock exercising dissenters' rights.

*Financial Advisor's Opinion.* The fact that the Central Jersey board of directors received an opinion, dated May 26, 2009, from Sandler O'Neill as to the fairness, from a financial point of view and as of the date of such opinion, of the exchange ratio, as more fully described under the section captioned *Opinion of Central Jersey's Financial Advisor* beginning on page [ ].

The Central Jersey board of directors also considered certain potentially negative factors in its review and evaluation of the merger, including the following:

*Fixed Exchange Ratio.* Because the merger consideration is a function of a fixed exchange ratio of shares of OceanFirst common stock to Central Jersey common stock, Central Jersey shareholders could be adversely affected by a decrease in the trading price of OceanFirst common stock during the pendency of the merger, and the fact that the merger agreement does not provide Central Jersey with a price based termination right or other similar protection. The board determined that the fixed exchange ratio was appropriate and the risk acceptable in view of its review of the relative intrinsic values and financial performance of OceanFirst and Central Jersey.

*Possible Failure to Achieve Synergies.* The risk that the potential benefits and synergies sought in the merger will not be realized or will not be realized within the expected time period, and the risks associated with the integration of OceanFirst and Central Jersey.

*Risks of Non-Completion.* The possibility that the merger might not be completed as a result of the failure of Central Jersey's or OceanFirst's shareholders to approve the merger agreement or otherwise, and the effect that a public announcement of termination of the merger agreement may have on the trading price of Central Jersey's common stock and its operating results, especially because of the costs incurred in connection with the transaction.

*Possible Adverse Effect on Competing Offers.* The risk that various provisions of the merger agreement, including the requirement that Central Jersey must pay to OceanFirst a break up fee of \$2.4 million if the merger agreement is terminated under certain circumstances may discourage other parties potentially interested in an acquisition, or combination with, Central Jersey from pursuing that opportunity.

*Potential Disruption of the Business and Costs and Expenses.* The potential disruption to Central Jersey's business that may result from the merger, the potential distraction of the attention of Central Jersey's management and potential attrition of Central Jersey employees, together with the costs and expenses associated with completing the merger.

*Other Risks.* The risks described in the section captioned *Risk Factors* beginning on page [ ].

The Central Jersey board of directors determined that the potentially negative factors associated with the proposed merger were outweighed by the potential benefits that it expected the Central Jersey shareholders would achieve as a result of the merger, including the belief of the Central Jersey board of directors that the proposed merger would maximize the immediate value of Central Jersey's shareholders' shares and eliminate the risks and uncertainty affecting the future prospects of Central Jersey including the potential risks of executing its



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business plan. Accordingly, the Central Jersey board of directors determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to, and in the best interests of, Central Jersey and its shareholders.

Further, the Central Jersey board of directors considered the interests that Central Jersey's directors and executive officers may have with respect to the merger that differ from, or are in addition to, their interests as shareholders of Central Jersey generally, as described in the section captioned *Interests of Certain Persons in the Merger* beginning on page .

Central Jersey believes that the foregoing includes a discussion of all material factors considered by the Central Jersey board of directors in connection with the proposed merger with OceanFirst. The board did not quantify or otherwise assign relative or specific weight or values to any of these factors. Instead, the Central Jersey board of directors considered its approval and recommendation as being based on an overall analysis of all of the factors considered. The individual directors may have assigned different weight to different factors. After careful consideration of all of this information, the Central Jersey board of directors approved the merger agreement and the merger, and recommended that Central Jersey shareholders adopt the agreement.

The above explanation of Central Jersey's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read taking into account the factors described under the section captioned *Caution About Forward-Looking Statements* beginning on page .

**Opinion of Central Jersey's Financial Advisor**

***Opinion of Sandler O'Neill + Partners, L.P.*** By letter dated January 29, 2007, Central Jersey retained Sandler O'Neill to act as its financial advisor in connection with a possible business combination with another financial institution. Sandler O'Neill is a nationally recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

Sandler O'Neill acted as financial advisor to Central Jersey in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of a definitive merger agreement on May 26, 2009. At the May 26, 2009 meeting at which Central Jersey's board considered and approved the merger agreement, Sandler O'Neill delivered to the board its oral opinion, that, as of such date, the exchange ratio was fair to the holders of Central Jersey common stock from a financial point of view. **The full text of Sandler O'Neill's opinion is attached as Annex C to this joint proxy statement/prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O'Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion. Central Jersey's shareholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the Central Jersey board and is directed only to the fairness of the exchange ratio to the holders of Central Jersey common stock from a financial point of view. It does not address the underlying business decision of Central Jersey to engage in the merger or any other aspect of the merger and is not a recommendation to any Central Jersey shareholder as to how such shareholder should vote at the special meeting with respect to the merger or any other matter.**

In connection with rendering its May 26, 2009 opinion, Sandler O'Neill reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of Central Jersey that Sandler O'Neill deemed relevant;

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- (3) certain publicly available financial statements and other historical financial information of OceanFirst that Sandler O Neill deemed relevant;
- (4) internal financial projections for Central Jersey for the years ending December 31, 2009 through 2012 as discussed with senior management of Central Jersey;
- (5) publicly available consensus earnings estimates for OceanFirst for the years ending December 31, 2009 and 2010 as discussed with senior management of OceanFirst;
- (6) the pro forma financial impact of the Merger on OceanFirst, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by the senior management of OceanFirst;
- (7) the publicly reported historical price and trading activity for Central Jersey's and OceanFirst's common stock, including a comparison of certain financial and stock market information for Central Jersey and OceanFirst and similar publicly available information for certain other companies the securities of which are publicly traded;
- (8) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;
- (9) the current market environment generally and the banking environment in particular; and
- (10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of senior management of Central Jersey the business, financial condition, results of operations and prospects of Central Jersey and held similar discussions with certain members of senior management of OceanFirst regarding the business, financial condition, results of operations and prospects of OceanFirst.

In performing its reviews and analyses and in rendering its opinion, Sandler O Neill relied upon the accuracy and completeness of all the financial and other information that was available to it from public sources, that was provided to Sandler O Neill by Central Jersey or OceanFirst or their respective representatives or that was otherwise reviewed by Sandler O Neill, and has assumed such accuracy and completeness for purposes of rendering this opinion. Sandler O Neill further relied on the assurances of the management of each of Central Jersey and OceanFirst that they were not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O Neill has not been asked to undertake, and has not undertaken, an independent verification of any of such information and Sandler O Neill does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing the assets or the liabilities (contingent or otherwise) of Central Jersey or OceanFirst or any of their subsidiaries, or the collectibility of any such assets, nor has Sandler O Neill been furnished with any such evaluations or appraisals. Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of Central Jersey or OceanFirst nor has Sandler O Neill reviewed any individual credit files relating to Central Jersey or OceanFirst. Sandler O Neill assumed, with Central Jersey's consent, that the respective allowances for loan losses for both Central Jersey and OceanFirst were adequate to cover such losses.

The internal financial projections as provided by senior management of Central Jersey and the publicly available earnings estimates for OceanFirst were discussed with Central Jersey and OceanFirst senior managements, respectively, and each confirmed to Sandler O Neill that those projections and estimates reflected the best currently available estimates and judgments of the future financial performance of Central Jersey and OceanFirst, respectively. All projections of transaction costs, purchase accounting adjustments and expected cost savings related to the merger were provided by senior management of OceanFirst and such senior management confirmed to Sandler O Neill that those projections reflected to best currently available estimates and judgments of such senior management. Sandler O Neill assumed that the financial performances reflected in all budgets,



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estimates and projections used by it in its analyses would be achieved. Sandler O'Neill expressed no opinion as to such budgets, estimates or projections or the assumptions on which they were based. Sandler O'Neill also assumed that there has been no material change in the assets, financial condition, results of operations, business or prospects of Central Jersey or OceanFirst since the date of the last financial statements made available to them and that Central Jersey and OceanFirst will remain as going concerns for all periods relevant to the analyses.

With respect to the merger agreement, Sandler O'Neill assumed that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under the agreements, that the conditions precedent in the merger agreement are not waived and that the merger will be a tax-free reorganization for federal income tax purposes. Finally, Sandler O'Neill did not provide any legal, accounting or tax advice relating to the merger agreement and the other transactions contemplated by the agreement.

Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O'Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date hereof. Sandler O'Neill expressed no opinion as to what the value of OceanFirst's common stock will be when issued to Central Jersey's shareholders pursuant to the agreement or the prices at which the common stock of Central Jersey or OceanFirst may trade at any time. Sandler O'Neill's opinion was approved by Sandler O'Neill's fairness opinion committee.

In rendering its May 26, 2009 opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses to be considered without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to Central Jersey or OceanFirst and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of Central Jersey and OceanFirst and the companies to which they are being compared.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of Central Jersey, OceanFirst and Sandler O'Neill. The analysis performed by Sandler O'Neill is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to Central Jersey's board at the board's May 26, 2009 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of Central Jersey or OceanFirst common stock or the prices at which Central Jersey or OceanFirst common stock may be sold at any time. The combined analysis of Sandler O'Neill and the opinions provided by each were among a number of factors taken into consideration by Central Jersey's board in making its determination to adopt the plan of merger contained in the merger agreement and the analyses described below should not be

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viewed as determinative of the decision of Central Jersey's board or management with respect to the fairness of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O'Neill or the presentation made by Sandler O'Neill to Central Jersey's board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

In arriving at its opinion, Sandler O'Neill did not attribute any particular weight to any analysis or factor that it considered. Rather it made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Sandler O'Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support their respective opinions; rather Sandler O'Neill made its determination as to the fairness of the exchange ratio on the basis of its experience and professional judgment after considering the results of all their analyses taken as a whole. Accordingly, Sandler O'Neill believes that the analysis and the summary of the analysis must be considered as a whole and that selecting portions of the analysis and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying their analyses and opinions. The tables alone do not constitute complete descriptions of the financial analyses presented in such tables.

**Summary of Proposal.** Sandler O'Neill reviewed the financial terms of the proposed transaction. Using a fixed exchange ratio of 0.500 shares of OceanFirst common stock for each share of Central Jersey common stock and based upon the May 22, 2009 closing price of OceanFirst's stock of \$13.00, Sandler O'Neill calculated a \$6.50 price per share for the exchange of all of Central Jersey's shares into shares of OceanFirst in the merger. Based upon per share financial information for Central Jersey for the twelve months ended March 31, 2009, Sandler O'Neill calculated the following transaction ratios:

**Transaction Ratios**

Transaction Value/Last Twelve Months Net Income	26.0x
Transaction Value/Estimated 2009 Net Income (1)	65.2x
Transaction Value/Book Value	82%
Transaction Value/Tangible Book Value	136%
Tangible Book Premium/ Core Deposits (2)	5.0%
Premium over Current Market Price	20.6%

(1) Assuming an internal Central Jersey estimate of \$0.10 EPS for 2009

(2) Core deposits exclude time deposits with account balances greater than \$100,000. Tangible book premium/core deposits calculated by dividing the excess of the aggregate transaction value over tangible book value by core deposits.

Sandler O'Neill calculated the aggregate transaction value to be approximately \$61 million, based upon the offer price per share of \$6.50, 9,027,282 shares outstanding, 1,289,948 options outstanding at a weighted average exercise price of \$4.71 and 268,621 TARP warrants outstanding at a weighted average exercise price of \$6.31.

**Comparable Company Analysis.** Sandler O'Neill used publicly available information to perform a comparison of selected financial and market trading information for Central Jersey and OceanFirst.

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*Central Jersey.* Sandler O'Neill used publicly available information to compare selected financial and market trading information for Central Jersey and a group of financial institutions selected by Sandler O'Neill. The Central Jersey peer group consisted of the following publicly traded commercial banks headquartered in New Jersey with total assets between \$250 million and \$1.0 billion:

1st Constitution Bancorp	Parke Bancorp, Inc.
Bancorp of New Jersey, Inc.	Somerset Hills Bancorp
BCB Bancorp, Inc.	Sterling Banks, Inc.
Community Bank of Bergen County	Stewardship Financial Corporation
Community Partners Bancorp	Sussex Bancorp
Hopewell Valley Community Bank	Unity Bancorp, Inc.

The analysis compared publicly available financial information for Central Jersey and the high, low, mean, and median financial and market trading data for the Central Jersey peer group as of and for the twelve months ended March 31, 2009. The table below sets forth the data for Central Jersey as of and for the twelve months ended March 31, 2009 and the median data for Central Jersey's peer group as of and for the twelve months ended March 31, 2009, with pricing data as of May 22, 2009.

**Comparable Group Analysis**

	Central Jersey	Comparable Group Median Result
Total Assets ( <i>in millions</i> )	\$ 576	\$ 534
Tangible Equity / Tangible Assets	9.78%	8.60%
Tangible Common Equity / Tangible Assets	7.90%	7.81%
Return on Average Assets	0.47%	0.53%
Return on Average Equity	3.6%	4.8%
Most Recent Quarter Net Interest Margin	3.21%	3.32%
Most Recent Quarter Efficiency Ratio	77.3%	73.4%
Reserves / Gross Loans	1.98%	1.32%
Nonperforming Assets / Total Assets	0.80%	1.61%
Price / Tangible Book Value	113%	63%
Price / Last Twelve Months Earnings per Share	21.6x	17.6x
Market Capitalization ( <i>in millions</i> )	\$ 49	\$ 27

*OceanFirst.* OceanFirst's peer group consisted of the following publicly traded thrifts headquartered in the Mid-Atlantic with total assets between \$1.0 billion and \$7.0 billion:

Abington Bancorp, Inc.	Flushing Financial Corporation
Beacon Federal Bancorp, Inc.	Parkvale Financial Corporation
Cape Bancorp, Inc.	Provident Financial Services, Inc.
Dime Community Bancshares, Inc.	Provident New York Bancorp
ESB Financial Corporation	TrustCo Bank Corp NY
ESSA Bancorp, Inc.	WSFS Financial Corporation



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The analysis compared publicly available financial and market trading information for OceanFirst and the high, low, mean, and median data for OceanFirst's peer group as of and for the twelve months ended March 31, 2009. The table below sets forth the data for OceanFirst and the median data for the OceanFirst peer group as of and for the twelve months ended March 31, 2009, with pricing data as of May 22, 2009.

**Comparable Group Analysis**

	OceanFirst	Comparable Group Median Result
Total Assets ( <i>in millions</i> )	\$ 1,914	\$ 2,468
Tangible Equity / Tangible Assets	8.27%	7.84%
Tangible Common Equity / Tangible Assets	6.32%	7.57%
Return on Average Assets	0.78%	0.60%
Return on Average Equity	11.3%	7.3%
Most Recent Quarter Net Interest Margin	3.45%	2.82%
Most Recent Quarter Efficiency Ratio	62.5%	61.6%
Reserves / Gross Loans	0.72%	1.30%
Nonperforming Assets / Total Assets	1.11%	1.19%
Price / Tangible Book Value	133%	102%
Price / Last Twelve Months Earnings per Share	10.7x	13.2x
Price / Estimated 2009 Earnings per Share (1)	11.8x	17.5x
Price / Estimated 2010 Earnings per Share (1)	10.8x	18.3x
Market Capitalization ( <i>in millions</i> )	\$ 161	\$ 180

(1) Based on publicly available consensus estimates outstanding

**Stock Trading History.** Sandler O'Neill reviewed the history of the publicly reported trading prices and volume of Central Jersey common stock for the three-year period ended May 22, 2009. Sandler O'Neill then compared the relationship between the movements in the price of Central Jersey common stock against the movements in the prices of the Standard & Poor's 500 Index, the NASDAQ Bank Index, the Standard & Poor's Bank Index and the performance of a composite peer group—a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. Sandler O'Neill also compared the relationship between the movements in the prices of OceanFirst common stock to movements in the prices of the Standard & Poor's 500 Index, the NASDAQ Bank Index, the Standard & Poor's Bank Index, and the performance of a composite peer group—a weighted average (by market capitalization) composite of publicly traded comparable depository institutions selected by Sandler O'Neill. The composition of the peer group for Central Jersey is discussed under the relevant section under Comparable Group Analysis above. The composition of the peer group for OceanFirst is discussed under the relevant section under Comparable Group Analysis above.

During the three-year period ended May 22, 2009, Central Jersey common stock outperformed the various indices and the peer group to which it was compared, with the exception of the S&P 500 Index.

**Central Jersey's Three-Year Stock Performance**

	Beginning Index Value May 22, 2006	Ending Index Value May 22, 2009
Central Jersey	100.00%	63.7%
Selected Peer Group (1)	100.00	42.5
NASDAQ Bank Index	100.00	48.6
S&P Bank Index	100.00	28.1
S&P 500 Index	100.00	70.3

- (1) Refers to the peer group outlined in the Comparable Group Analysis section above.

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During the three-year period ended May 22, 2009, OceanFirst common stock underperformed the peer group to which it was compared as well as the S&P 500 Index, while it outperformed the other indices to which it was compared.

**OceanFirst's Three-Year Stock Performance**

	<b>Beginning Index Value May 22, 2006</b>	<b>Ending Index Value May 22, 2009</b>
OceanFirst	100.00%	58.2%
Selected Peer Group (1)	100.00	59.2
NASDAQ Bank Index	100.00	48.6
S&P Bank Index	100.00	28.1
S&P 500 Index	100.00	70.3

(1) Refers to the peer group outlined in the Comparable Group Analysis section above.

**Analysis of Selected Merger Transactions.** Sandler O'Neill reviewed 18 merger transactions announced nationwide from June 30, 2008 through May 22, 2009 involving community banks as acquired institutions with announced transaction values greater than \$15 million and less than \$100 million. Sandler O'Neill reviewed the following multiples: transaction price at announcement to last twelve months' earnings per share, transaction value to book value, transaction value to tangible book value, tangible book premium to core deposits and premium to market price and then computed high, low, mean and median multiples and premiums for the transactions. The median multiples were applied to Central Jersey's financial information as of and for the twelve months ended March 31, 2009. As illustrated in the following table, Sandler O'Neill derived an imputed range of values for a share of Central Jersey common stock of \$5.57 to \$9.26 based upon the median multiples for the nationwide transactions. For the merger, Sandler O'Neill calculated an actual transaction value of \$6.50 per share.

**Transaction Multiples**

	<b>Nationwide Median Multiple</b>	<b>Implied Value</b>
Price per Share / Last twelve months' Earnings per Share	22.8x	\$ 5.71
Price per Share / Book Value	117%	\$ 9.26
Price per Share / Tangible Book Value	117%	\$ 5.63
Core Deposit Premium (1)	1.8%	\$ 5.57
Market Premium	42.9%	\$ 7.70

(1) Core deposits are defined as total deposits less time deposits over \$100,000. The core deposit premium is calculated by taking transaction value, less tangible book value, divided by core deposits.

**Net Present Value Analysis.** Sandler O'Neill performed an analysis that estimated the net present value per share of Central Jersey common stock under various circumstances. In the analysis, Sandler O'Neill assumed Central Jersey performed in accordance with the internal financial projections for the years ending December 31, 2009 through 2012 as discussed with senior management of Central Jersey. To approximate the terminal value of Central Jersey common stock at December 31, 2012, Sandler O'Neill applied price to last twelve months' earnings multiples of 10.0x to 18.0x and multiples of tangible book value ranging from 50% to 150%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0%, chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Central Jersey's common stock.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for Central Jersey common stock of \$2.40 to \$4.99 when applying the price/earnings multiples to the matched budget and \$1.87 to \$6.48 when applying multiples of tangible book value to the matched budget.



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<i>Discount Rate</i>	<b>10.0x</b>	<b>12.0x</b>	<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>
9.00%	\$ 2.77	\$ 3.33	\$ 3.88	\$ 4.44	\$ 4.99
10.00%	\$ 2.67	\$ 3.21	\$ 3.74	\$ 4.28	\$ 4.81
11.00%	\$ 2.58	\$ 3.09	\$ 3.61	\$ 4.13	\$ 4.64
12.00%	\$ 2.49	\$ 2.98	\$ 3.48	\$ 3.98	\$ 4.48
13.00%	\$ 2.40	\$ 2.88	\$ 3.36	\$ 3.84	\$ 4.32

**Tangible Book Value Per Share Multiples**

<i>Discount Rate</i>	<b>50%</b>	<b>75%</b>	<b>100%</b>	<b>125%</b>	<b>150%</b>
9.00%	\$ 2.16	\$ 3.24	\$ 4.32	\$ 5.40	\$ 6.48
10.00%	\$ 2.08	\$ 3.12	\$ 4.17	\$ 5.21	\$ 6.25
11.00%	\$ 2.01	\$ 3.01	\$ 4.02	\$ 5.02	\$ 6.03
12.00%	\$ 1.94	\$ 2.91	\$ 3.88	\$ 4.85	\$ 5.82
13.00%	\$ 1.87	\$ 2.81	\$ 3.74	\$ 4.68	\$ 5.61

Sandler O'Neill also performed an analysis that estimated the net present value per share of OceanFirst common stock under various circumstances. In the analysis, Sandler O'Neill assumed OceanFirst performed in accordance with the publicly available consensus earnings estimates for OceanFirst for the years ending December 31, 2009 and 2010 as discussed with senior management of OceanFirst. To approximate the terminal value of OceanFirst common stock at December 31, 2012, Sandler O'Neill applied price to last twelve months earnings multiples of 10.0x to 18.0x and multiples of tangible book value ranging from 75% to 175%. The terminal values were then discounted to present values using different discount rates ranging from 9.0% to 13.0%, chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of OceanFirst common stock.

As illustrated in the following tables, the analysis indicated an imputed range of values per share for OceanFirst common stock of \$11.23 to \$20.92 when applying the price/earnings multiples and \$7.91 to \$17.38 when applying multiples of tangible book value.

**Earnings Per Share Multiples**

<i>Discount Rate</i>	<b>10.0x</b>	<b>12.0x</b>	<b>14.0x</b>	<b>16.0x</b>	<b>18.0x</b>
9.00%	\$ 12.81	\$ 14.84	\$ 16.87	\$ 18.90	\$ 20.92
10.00%	\$ 12.39	\$ 14.34	\$ 16.30	\$ 18.26	\$ 20.21
11.00%	\$ 11.98	\$ 13.87	\$ 15.76	\$ 17.64	\$ 19.53
12.00%	\$ 11.60	\$ 13.42	\$ 15.24	\$ 17.06	\$ 18.88
13.00%	\$ 11.23	\$ 12.99	\$ 14.74	\$ 16.50	\$ 18.26

**Tangible Book Value Per Share Multiples**

<i>Discount Rate</i>	<b>75%</b>	<b>100%</b>	<b>125%</b>	<b>150%</b>	<b>175%</b>
9.00%	\$ 8.97	\$ 11.07	\$ 13.17	\$ 15.28	\$ 17.38
10.00%	\$ 8.69	\$ 10.71	\$ 12.74	\$ 14.77	\$ 16.79
11.00%	\$ 8.41	\$ 10.37	\$ 12.32	\$ 14.28	\$ 16.23
12.00%	\$ 8.15	\$ 10.04	\$ 11.93	\$ 13.81	\$ 15.70
13.00%	\$ 7.91	\$ 9.73	\$ 11.55	\$ 13.37	\$ 15.19

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In connection with its analyses, Sandler O'Neill considered and discussed with the Central Jersey board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income. Sandler O'Neill noted that the terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

**Pro Forma Merger Analysis.** Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the 4<sup>th</sup> quarter of 2009; (2) the deal value per share is equal to a \$6.50 per Central Jersey share; (3) Central Jersey performed in accordance with internal financial projections for Central Jersey for the years ending December 31, 2009 through 2012 as discussed with senior management of Central Jersey; and (4) OceanFirst performed in accordance with publicly available consensus earnings estimates for OceanFirst for the years ending December 31, 2009 and 2010 as discussed with senior management of OceanFirst. The analyses indicated that for the year ending December 31, 2010, excluding projected transaction expenses, the merger would be accretive to OceanFirst's projected earnings per share and, at December 31, 2009, the merger would be dilutive to OceanFirst's tangible book value per share. From the standpoint of a Central Jersey stockholder, for the year ending December 31, 2010, the merger would be accretive to earnings per share and, at December 31, 2009, the merger would be dilutive to tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

**Miscellaneous.** Central Jersey has agreed to pay Sandler O'Neill a transaction fee in connection with the merger of approximately \$579,855, of which \$150,000 became due when Sandler O'Neill rendered its opinion, and the balance of which is contingent, and payable, upon closing of the merger. Central Jersey has also agreed to reimburse certain of Sandler O'Neill reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents, and controlling persons against certain expenses and liabilities, including liabilities under the securities laws.

Sandler O'Neill has, in the past, provided certain investment banking services to both Central Jersey and OceanFirst and has received compensation for such services. In the ordinary course of its respective broker and dealer businesses, Sandler O'Neill may purchase securities from, and sell securities to, Central Jersey and OceanFirst and their affiliates. Sandler O'Neill may also actively trade the debt and/or equity securities of Central Jersey and/or OceanFirst or their affiliates for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a long or short position in such securities.

### **OceanFirst's Reasons for the Merger and Recommendation of the Board of Directors**

OceanFirst's board of directors carefully evaluated the merger agreement and the transactions contemplated thereby. The board determined that the merger agreement and the transactions contemplated thereby, including the proposed merger, are advisable and fair to, and in the best interest of, OceanFirst and its shareholders. At a meeting held on May 26, 2009, the OceanFirst board of directors approved the merger agreement and the transactions contemplated thereby, including the proposed merger and resolved to recommend to the shareholders of OceanFirst that they vote for the adoption of the merger agreement.

In determining to make its recommendation to the shareholders, the OceanFirst board of directors consulted with OceanFirst's senior management and its financial advisor and outside legal counsel. The board considered a number of factors and potential benefits and detriments of the merger to OceanFirst and its shareholders. The OceanFirst board of directors believed that, taken as a whole, the following factors supported its decision to approve the proposed merger:

*The Central Jersey branch network is one that OceanFirst would seek to replicate as a natural expansion into an adjacent market. The merger will result in OceanFirst's expansion with branches into the affluent Monmouth County, New Jersey, market. As of December 31, 2008, the median household income for Monmouth County was \$83,784, as compared to \$60,541 for Ocean County, \$72,646 for the State of New Jersey and \$54,749 nationally.*

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*Familiarity with Central Jersey's operations and ability to achieve synergies/cost savings.* The board considered its understanding of OceanFirst's business, operations, financial condition, earnings and prospects and of Central Jersey's business, operations, financial condition, earnings and prospects and the complementary nature of the businesses, market areas and corporate cultures of OceanFirst and Central Jersey. The board viewed these factors in determining the likely cost savings and operating synergies that could be achieved in the merger.

*Potential benefits of the transaction.* The board considered the addition of Central Jersey's commercial real estate lending capabilities to OceanFirst and the opportunity to bring OceanFirst's residential lending expertise, as well as trust services, mutual funds and annuity products to customers of Central Jersey. Based on assumed cost savings of 37.5% of Central Jersey's operating expenses, the merger is expected to be accretive to OceanFirst's 2010 earnings per share.

*Current operating environment for financial institutions.* The board considered the current and prospective environment in which OceanFirst and Central Jersey operate, including national and local economic conditions, the competitive environment for financial institutions generally and continuing consolidation in the financial services industry, and the likely effect of these factors on OceanFirst in light of, and in absence of, the proposed transaction. The board considered the ability of OceanFirst to compete as a larger community bank following the merger.

*Continued strong capital position.* On a pro forma basis, OceanFirst will have tangible, Tier 1 and total risk-based capital ratios of 8.93%, 12.94% and 13.80%, respectively, and will be considered well capitalized under regulatory requirements.

*Favorable transaction metrics.* The board reviewed the price to last twelve months earnings, price to book value, price to tangible book value and core deposit premium ratios for the merger as compared to such ratios for other comparable bank transactions in the Mid-Atlantic since January 1, 2008 and January 1, 2007 and found the ratios for the merger with Central Jersey to be favorable;

*Due diligence findings.* The reports of OceanFirst management and the financial presentation by Keefe, Bruyette & Woods to OceanFirst's board of directors concerning, among other things, the operations, financial condition and prospects of Central Jersey and the expected financial impact of the merger on the combined company, including pro form assets, earnings, deposits and regulatory capital ratios;

*The merger structure.* The review by the OceanFirst board of directors with its management and legal and financial advisors of the structure of the merger and the financial and other terms of the merger, the consideration to be paid to Central Jersey shareholders and the expectation of OceanFirst's legal advisors that the merger will qualify as a transaction of a type that is generally tax-free to OceanFirst and Central Jersey shareholders for U.S. federal income tax purposes;

*Future management.* OceanFirst's management team will remain intact following the merger and OceanFirst and OceanFirst Bank's boards of directors will be increased to accommodate the addition of two current members of the Central Jersey board of directors. In addition, James S. Vaccaro, the current Chairman, President and Chief Executive Officer of Central Jersey, will be appointed as an Executive Vice President and member of OceanFirst Bank's senior management team;

*Fixed Exchange Ratio.* The fact that the stock issuable to Central Jersey shareholders in the merger is a fixed number of shares of OceanFirst common stock and therefore the interests of Central Jersey shareholders are aligned with the interests of OceanFirst's shareholders immediately.

*Financial Advisor's Opinion.* The OceanFirst board of directors received an opinion, dated May 26, 2009, from Keefe, Bruyette & Woods as to the fairness, from a financial point of view and as of the date of such opinion, of the merger consideration, as more fully

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described under the section captioned *Opinion of OceanFirst's Financial Advisor* beginning on page [ ].



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The OceanFirst board of directors also considered certain potentially negative factors in its review and evaluation of the merger, including the following:

*Fixed Exchange Ratio.* Because the merger consideration is a function of a fixed exchange ratio of shares of OceanFirst common stock to Central Jersey common stock, the amount paid to Central Jersey shareholders would be increased in the event of an increase in the trading price of OceanFirst common stock during the pendency of the merger. In addition, the merger agreement does not provide OceanFirst with a maximum price based termination right or other similar protection. The board determined that the fixed exchange ratio was appropriate and the risk acceptable in view of its review of the relative intrinsic values and financial performance of OceanFirst and Central Jersey.

*Mark to market adjustment.* The board considered the \$15.2 million pre-tax loan mark to market adjustment resulting from the merger, consisting of an \$8.0 million adjustment to the Central Jersey loan portfolio in addition to the \$7.2 million in current reserves. The Board believes that the negative impact from the mark to market adjustment is offset by the potential accretion to earnings per share, enhanced franchise value, expanded branch network and continued capital strength resulting from the merger.

*Possible Failure to Achieve Synergies.* The risk that the potential benefits and synergies sought in the merger will not be realized or will not be realized within the expected time period, and the risks associated with the integration of OceanFirst and Central Jersey.

*Risks of Non-Completion.* The possibility that the merger might not be completed as a result of the failure of Central Jersey's or OceanFirst's shareholders to approve the merger agreement or otherwise, and the potential costs incurred in connection with the non-completion of the transaction.

*Potential Disruption of the Business and Costs and Expenses.* The potential disruption to OceanFirst's business that may result from the merger, the potential distraction of the attention of OceanFirst's management, together with the costs and expenses associated with the merger.

*Other Risks.* The risks described in the section captioned *Risk Factors* beginning on page .

The OceanFirst board of directors determined that the potentially negative factors associated with the proposed merger were outweighed by the potential benefits that are as a result of the merger. Accordingly, the OceanFirst board of directors determined that the merger agreement and the transactions contemplated thereby, including the merger, are advisable and fair to, and in the best interests of, OceanFirst and its shareholders.

OceanFirst believes that the foregoing includes a discussion of all material factors considered by the OceanFirst board of directors in connection with the proposed merger with Central Jersey. The OceanFirst board of directors did not quantify or otherwise assign relative or specific weight or values to any of these factors. Instead, the OceanFirst board of directors considered its approval and recommendation as being based on an overall analysis of all of the factors considered. The individual directors may have assigned different weight to different factors, based on the factors that each of them considered appropriate. The terms of the merger were the result of arm's-length negotiations between representatives of OceanFirst and representatives of Central Jersey. After careful consideration of all of this information, the OceanFirst board of directors approved the merger agreement and the merger, and recommended that OceanFirst shareholders adopt the merger agreement.

The above explanation of OceanFirst's reasons for the merger and other information presented in this section is forward-looking in nature and, therefore, should be read taking into account the factors described under the section captioned *Caution About Forward-Looking Statements* beginning on page .

### **Opinion of OceanFirst's Financial Advisor**

OceanFirst engaged Keefe, Bruyette and Woods to render financial advisory and investment banking services in connection with a possible acquisition of Central Jersey. OceanFirst selected Keefe, Bruyette and Woods because Keefe, Bruyette and Woods is a nationally-recognized investment banking firm with substantial



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experience in transactions similar to this acquisition and is familiar with OceanFirst and its business. As part of its investment banking business, Keefe, Bruyette and Woods is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

On May 26, 2009, the OceanFirst board held a meeting to evaluate the proposed acquisition of Central Jersey. At this meeting, Keefe, Bruyette and Woods reviewed the financial aspects of the proposed merger and rendered an oral opinion to OceanFirst's board of directors that, as of such date, and based upon and subject to the factors and assumptions described, the consideration to be paid by OceanFirst in the merger was fair, from a financial point of view, to OceanFirst. Keefe, Bruyette and Woods' oral opinion was subsequently confirmed in writing.

The full text of Keefe, Bruyette and Woods' written opinion, dated May 26, 2009, is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion. Holders of OceanFirst common stock are urged to read the opinion in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Keefe, Bruyette and Woods in connection with the rendering of its opinion.

Keefe, Bruyette and Woods' opinion is directed to the OceanFirst board and addresses only the fairness, from a financial point of view, of the merger consideration to be paid by OceanFirst. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any OceanFirst shareholder as to how the shareholder should vote at the OceanFirst special meeting on the merger or any related matter.

In connection with its opinion, Keefe, Bruyette and Woods reviewed, analyzed and relied upon material bearing upon the merger and the financial and operating condition of OceanFirst and Central Jersey and the merger, including among other things, the following:

the merger agreement;

certain historical financial and other information concerning Central Jersey, including the Annual Report to Stockholders and Annual Report on Form 10-K for the year ended December 31, 2008 and regulatory call reports for the three years ended December 31, 2008 and interim regulatory reports and reports on Form 10-Q;

certain historical financial and other information concerning OceanFirst, including Annual Reports to Stockholders and Annual Reports on Form 10-K and interim reports on Form 10-Q;

held discussions with members of senior management of OceanFirst and Central Jersey regarding past and current business operations, regulatory matters, financial condition and future prospects;

reviewed the historical stock prices and trading volumes of the common stock of Central Jersey and OceanFirst;

analyzed certain publicly available financial information and valuation multiples of other financial institutions deemed comparable or otherwise relevant, and compared Central Jersey to those institutions;

compared the financial terms of the merger with the financial terms of certain other transactions deemed comparable or otherwise relevant; and

performed other studies and analyses that it considered appropriate.

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In conducting its review and arriving at its opinion, Keefe, Bruyette and Woods relied upon and assumed the accuracy and completeness of all of the financial and other information provided to or otherwise made available to Keefe, Bruyette and Woods or that was discussed with, or reviewed by Keefe, Bruyette and Woods, or that

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was publicly available. Keefe, Bruyette and Woods did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Keefe, Bruyette and Woods relied upon the management of OceanFirst and Central Jersey as to the reasonableness and achievability of the financial and operating forecasts and projections (and assumptions and bases therefore) provided to Keefe, Bruyette and Woods and Keefe, Bruyette and Woods assumed that such forecasts and projections reflect the best currently available estimates and judgments of such managements and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such managements. Keefe, Bruyette and Woods is not an expert in the independent valuation of the adequacy of allowances for loan and lease losses and without independent verification, assumed that the aggregate allowances for loan and lease losses for Central Jersey and OceanFirst are adequate to cover those losses. Keefe, Bruyette and Woods did not make or obtain any evaluations or appraisals of any properties, assets or liabilities of Central Jersey or OceanFirst, nor did they examine or review any individual credit files.

Keefe, Bruyette and Woods was not asked to, and it did not, offer any opinion as to the terms, other than the merger consideration to the extent expressly specified in Keefe, Bruyette and Woods' opinion, of the merger agreement or the form of the merger. Additionally, Keefe, Bruyette and Woods' opinion did not address the relative merits of the merger as compared to any alternative business strategies that might exist for OceanFirst, nor does it address the effect of any other business combination in which OceanFirst might engage.

For purposes of rendering its opinion, Keefe, Bruyette and Woods assumed that, in all respects material to its analyses:

there has been no material change in Central Jersey's or OceanFirst's assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available prior to rendering the opinion;

the merger will be completed substantially in accordance with the terms set forth in the merger agreement;

the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the agreement and plan of merger are true and correct;

each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;

all conditions to the completion of the merger will be satisfied without any waivers;

the merger will qualify as a tax-free reorganization for federal income tax purposes; and

in the course of obtaining the necessary regulatory, contractual or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings, revenue enhancements and related expenses expected to result from the merger.

Keefe, Bruyette and Woods' opinion is not an expression of an opinion as to the prices at which shares of OceanFirst common stock or Central Jersey common stock will trade following the announcement of the merger or the value of the shares of OceanFirst common stock when issued pursuant to the merger, or the prices at which the shares of the OceanFirst common stock will trade following the completion of the merger.

In performing its analyses, Keefe, Bruyette and Woods made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of Keefe, Bruyette and Woods, OceanFirst and Central Jersey. Any estimates or projections contained in the analyses performed by Keefe, Bruyette and Woods are not necessarily indicative of actual values or future



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results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty.

The merger consideration was determined through negotiations between OceanFirst and Central Jersey and the decision to enter into the merger was solely that of OceanFirst's board of directors. In addition, the Keefe, Bruyette and Woods opinion was among several factors taken into consideration by the OceanFirst board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described herein should not be viewed as determinative of the decision of the OceanFirst board with respect to the fairness of the merger consideration.

**Summary of Analyses by Keefe, Bruyette and Woods**

The following is a summary of the material financial analyses presented by Keefe, Bruyette and Woods to the OceanFirst Board of Directors in connection with rendering the fairness opinion described above. The following summary is not a complete description of the financial analyses underlying the Keefe, Bruyette and Woods opinion or the presentation made by Keefe, Bruyette and Woods to the OceanFirst board, but summarizes the analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Keefe, Bruyette and Woods did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Keefe, Bruyette and Woods did not form an opinion as to whether any individual analysis or factor considered in isolation supported or failed to support its opinion; rather Keefe, Bruyette and Woods made its determination as to the fairness of the merger consideration on the basis of its experience and professional judgment, after considering the results of all its analyses taken as a whole. Accordingly, Keefe, Bruyette and Woods believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of Keefe, Bruyette and Woods' financial analyses.

*Summary of Proposal.* Pursuant to the merger agreement, each outstanding share of Central Jersey common stock will be converted into the right to receive 0.50 shares of OceanFirst common stock. As of the close of trading on May 22, 2009, the transaction was valued at \$62.0 million or \$6.50 per Central Jersey share.

*Selected Peer Group Analysis.* Using publicly available information, Keefe, Bruyette and Woods compared the financial performance, financial condition and market valuations of Central Jersey to those of a group of comparable publicly traded New Jersey banks with assets between \$300 million and approximately \$4 billion.

Companies included in Central Jersey's selected peer group were:

Sun Bancorp, Inc.  
 Lakeland Bancorp, Inc.  
 Peapack-Gladstone Financial Corp.  
 Center Bancorp, Inc.  
 Unity Bancorp, Inc.  
 Stewardship Financial Corporation  
 Parke Bancorp, Inc.

Community Partners Bancorp  
 BCB Bancorp, Inc.  
 1<sup>st</sup> Constitution Bancorp  
 Sussex Bancorp  
 Sterling Banks, Inc.  
 Bancorp of New Jersey, Inc.  
 Somerset Hills Bancorp

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To perform this analysis, Keefe, Bruyette and Woods used financial information as of and for the latest quarter available. Market price information was as of May 22, 2009.

Keefe, Bruyette and Woods analysis showed the following concerning Central Jersey's financial performance:

	Central Jersey	Peer Group Average	Peer Group Median
Core Return on Average Assets (1)	(0.58%)	0.36%	0.28%
Core Return on Average Equity (1)	(4.15%)	3.92%	3.26%
Net Interest Margin	3.21%	3.24%	3.29%
Fee Income / Revenue (1)	7.4%	12.9%	11.0%
Efficiency Ratio	77.3%	73.8%	73.1%

Keefe, Bruyette and Woods analysis showed the following concerning Central Jersey's financial condition:

	Central Jersey	Peer Group Average	Peer Group Median
Equity / Assets	14.21%	9.86%	8.77%
Tangible Equity / Tangible Assets	9.78%	8.90%	8.33%
Tangible Common Equity / Tangible Assets	7.90%	7.55%	6.51%
Total Risk-Based Capital	14.50%	14.16%	13.72%
Loans / Deposits	83.9%	90.2%	89.1%
Secs. / Assets	28.1%	16.3%	16.1%
Loan Loss Reserve / Loans	1.98%	1.41%	1.32%
Non-performing Assets / Loans + OREO	1.27%	2.08%	2.09%
Net Charge-Offs / Average Loans	0.77%	0.38%	0.21%

Keefe, Bruyette and Woods analysis showed the following concerning Central Jersey's market valuations:

	Central Jersey	Peer Group Average	Peer Group Median
Stock Price / Book Value per Share	0.68x	0.83x	0.74x
Stock Price / Tangible Book Value per Share	1.13x	0.95x	0.76x
Stock Price / 2009 Estimated EPS	NM	13.1x	13.1x
Stock Price / 2010 Estimated EPS	19.3x	9.7x	9.0x
Core Deposit Premium	1.6%	(0.6%)	(2.7%)
Dividend Yield	0.0%	1.7%	0.7%
Estimated 2010 Dividend Payout Ratio	0.0%	14.3%	0.0%

(1) Excluded (i) revenue and expense items deemed non-recurring or extraordinary and (ii) gains or losses on the sale of investment securities.



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*Comparable Transaction Analysis.* Keefe, Bruyette and Woods reviewed publicly available information related to selected comparable acquisitions, defined as all Mid-Atlantic bank transactions announced after January 1, 2007 with announced transaction values between \$10 million and \$400 million (excluding any merger of equals transactions or transactions in which the seller's NPA / Assets ratio was greater than 4.0%). The transactions included in the group were:

**Acquirer**

Penseco Financial Services Corporation  
 Pennsylvania Commerce Bancorp, Inc.  
 First Chester County Corporation  
 First Perry Bancorp, Inc.  
 NOVA Financial Holdings, Inc.  
 Valley National Bancorp  
 F.N.B. Corporation  
 S&T Bancorp, Inc.  
 Eagle Bancorp, Inc.  
 Tompkins Financial Corporation  
 F.N.B. Corporation  
 Watertown Savings Bank  
 Cape Bancorp, Inc.  
 National Penn Bancshares, Inc.  
 Delaware Bancshares, Inc.  
 Harleysville National Corporation  
 First Keystone Corporation  
 UCBH Holdings, Inc.  
 Community Bank System, Inc.  
 Northwest Bancorp, Inc. (MHC)

**Acquiree**

Old Forge Bank  
 Republic First Bancorp, Inc.  
 American Home Bank, N.A.  
 HNB Bancorp, Inc.  
 Pennsylvania Business Bank  
 Greater Community Bancorp  
 Iron & Glass Bancorp, Inc.  
 IBT Bancorp, Inc.  
 Fidelity & Trust Financial Corporation  
 Sleepy Hollow Bancorp, Inc.  
 Omega Financial Corporation  
 Northern New York Bancorp, Inc.  
 Boardwalk Bancorp, Inc.  
 Christiana Bank & Trust Company  
 Stamford Bank Corporation  
 East Penn Financial Corporation  
 Pocono Community Bank  
 CAB Holding, LLC  
 TLNB Financial Corp.  
 Penn Laurel Financial Corp

The results of Keefe, Bruyette and Woods' analysis are set forth in the following tables:

*Transactions Announced Since 1/1/2008*

Pricing Measures	OceanFirst/Central Jersey	Comparable Transaction Average	Comparable Transaction Median
Price / LTM EPS	26.0x	24.6x	22.3x
Price / Book Value	82%	158%	137%
Price / Tang Book Value	136%	166%	137%
Core Deposit Premium	5.4%	10.7%	8.4%
1-Day Market Premium	20.6%	25.6%	22.1%
1 Month Market Premium	12.8%	25.3%	20.2%

*Transactions Announced Since 1/1/2007*

Pricing Measures	OceanFirst/Central Jersey	Comparable Transaction Average	Comparable Transaction Median
Price / LTM EPS	26.0x	30.7x	25.4x
Price / Book Value	82%	202%	207%
Price / Tang Book Value	136%	214%	228%
Core Deposit Premium	5.4%	16.1%	15.3%
1-Day Market Premium	20.6%	38.0%	30.2%
1 Month Market Premium	12.8%	38.9%	38.2%

No company or transaction used as a comparison in the above analysis is identical to OceanFirst, Central Jersey or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.



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*Merger Analysis.* Keefe, Bruyette and Woods analyzed the estimated financial impact of the merger on OceanFirst's estimated earnings per share and estimated cash earnings per share for 2010. In the course of this analysis, Keefe, Bruyette and Woods used OceanFirst's street consensus estimates of earnings for 2009 and 2010 and OceanFirst management's estimates of earnings for Central Jersey for 2009 and 2010. In addition, Keefe, Bruyette and Woods assumed, based on management forecasts, that the merger will result in some cost savings. The analysis indicated that the transaction is expected to be accretive to OceanFirst's GAAP and cash earnings per share in 2010, the expected first full fiscal year of operation. Furthermore, the analysis indicated that OceanFirst's leverage, tier 1 risk-based, and total risk-based capital ratios would all remain above regulatory minimums for well capitalized institutions. For all of the above analysis, the actual results achieved by OceanFirst following the merger will vary from the projected results, and the variations may be material.

*Discounted Cash Flow Analysis.* Keefe, Bruyette and Woods performed an analysis of the present value of estimated future cash flows to an acquirer of Central Jersey. Keefe, Bruyette and Woods assumed an acquisition of Central Jersey at December 31, 2009. From 2010 through 2015, Keefe, Bruyette and Woods utilized projections of Central Jersey's estimated cash earnings, after tax synergies and estimates regarding capital required to be retained to support asset growth.

Keefe, Bruyette and Woods estimated the range for the present value of Central Jersey by varying the following assumptions:

A range of terminal value multiples from 10.0x to 12.0x

A range of discount rates from 10.0% to 14.0%

A range of cost savings from 30.0% to 40.0%

A range of targeted tangible common equity / tangible assets from 5.50% to 7.50%

This analysis resulted in a range for the implied present value of Central Jersey of \$6.85 per share to \$10.10 per share.

*Internal Rate of Return Analysis.* Keefe, Bruyette and Woods performed an analysis of the internal rate of return of the transaction value vs. estimated future cash flows to an acquirer of Central Jersey. Keefe, Bruyette and Woods used the same assumptions and estimated cash flows for this analysis as the discounted cash flow analysis.

Keefe, Bruyette and Woods estimated the range for the internal rate of return of Central Jersey by varying the following assumptions:

A range of terminal value multiples from 10.0x to 12.0x

A range of cost savings from 30.0% to 40.0%

A range of targeted tangible common equity / tangible assets from 5.50% to 7.50%

This analysis resulted in a range for the implied internal rate of return of Central Jersey of 13.3% to 24.4%.

The discounted cash flow and internal rate of return analyses are widely used valuation methodologies, but the results of such methodologies are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, and discount rates. The analyses did not purport to be indicative of the actual values or expected values and actual return or expected return of Central Jersey.

*Other Analyses.* Keefe, Bruyette and Woods provided an overview of Central Jersey which included branch network information, loan portfolio composition, deposit portfolio composition, historical financial metrics, historical stock charts and an earnings analysis.



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Keefe, Bruyette and Woods prepared this analysis for the purposes of providing its opinion to the OceanFirst Board as described above. The board of directors of OceanFirst retained Keefe, Bruyette and Woods as an independent contractor to act as financial advisor to OceanFirst regarding the merger. As part of its investment banking business, Keefe, Bruyette and Woods is continually engaged in the valuation of the securities of banks and bank holding companies in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, Keefe, Bruyette and Woods has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Keefe, Bruyette and Woods may, from time to time, purchase securities from, and sell securities to, OceanFirst and Central Jersey and as a market maker Keefe, Bruyette and Woods may from time to time have a long or short position in, and buy or sell, debt or equity securities of OceanFirst and Central Jersey for Keefe, Bruyette and Woods' own account and for the accounts of its customers. To the extent Keefe, Bruyette and Woods had any such positions as of the date of its opinion it was disclosed to the OceanFirst board.

OceanFirst will pay Keefe, Bruyette and Woods a fee for its services as financial advisor in connection with the merger of approximately \$307,745, of which \$102,582 became due upon the signing of the merger agreement, a portion of the fee is due upon the mailing of this document and the remainder of the fee is due upon the closing of the transaction. In addition, OceanFirst has agreed to reimburse Keefe, Bruyette and Woods for its reasonable out-of-pocket expenses, including certain fees and disbursements of Keefe, Bruyette and Woods' legal counsel. OceanFirst has also agreed to indemnify Keefe, Bruyette and Woods and certain related persons against certain liabilities, including liabilities under federal securities law, relating to, or arising out of, its engagement. OceanFirst has also granted Keefe, Bruyette and Woods, for a period of one year from the date of the closing, a right of first refusal to provide financial advisory and investment banking services to OceanFirst as a co-lead in connection with transactions undertaken by OceanFirst during such one-year period for which Keefe, Bruyette and Woods may receive compensation.

**Consideration to be Received in the Merger**

When the merger becomes effective, each share of Central Jersey common stock issued and outstanding immediately before the completion of the merger will automatically be converted into the right to receive 0.50 share of OceanFirst common stock and cash in lieu of fractional shares.

If OceanFirst declares a stock dividend or distribution on shares of its common stock or subdivides, splits, reclassifies or combines the shares of OceanFirst common stock prior to the effective time of the merger, then the exchange ratio will be adjusted to provide Central Jersey shareholders with the same economic effect as contemplated by the merger agreement prior to any of these events.

Central Jersey shareholders will not receive fractional shares of OceanFirst common stock. Instead, Central Jersey shareholders will receive a cash payment for any fractional shares in an amount equal to the such fractional part (to the nearest thousandth) of the fair market value of OceanFirst common stock immediately prior to effective time of the merger.

**Central Jersey Stock Options and Stock Appreciation Rights**

As of and immediately prior to the effective time of the merger, all rights with respect to stock options granted by Central Jersey under Central Jersey equity incentive and stock option plans and all rights with respect to Central Jersey stock appreciation rights granted by Central Jersey under Central Jersey equity incentive and stock option plans, shall be canceled effective at the effective time of the merger and shall be converted into the right to receive such number of shares of Central Jersey Stock, to be issued by Central Jersey as set forth below.

The amount of Central Jersey common stock to be issued by Central Jersey to an option holder or stock appreciation rights holder shall be equal to the product of (1) a fraction, the numerator of which is the difference between (A) the fair market value of the Central Jersey common stock immediately prior to the effective time of

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the merger, and (B) the per share exercise price of each such option or stock appreciation right, and the denominator of which is the fair market value of the Central Jersey common stock immediately prior to the effective time of the merger, multiplied by (2) the number of shares that may be purchased pursuant to such option or the number of shares for which rights were granted pursuant to such stock appreciation right. At the effective time of the merger, each such share of Central Jersey common stock paid to the option holder and stock appreciation rights holder shall be converted into 0.50 share of OceanFirst.

### **Surrender of Stock Certificates**

After the completion of the merger, the exchange agent will mail to Central Jersey shareholders who do not exercise their dissenters' rights a letter of transmittal, together with instructions for the exchange of their Central Jersey common stock certificates for the merger consideration. Until Central Jersey shareholders surrender their Central Jersey stock certificates for exchange after completion of the merger, Central Jersey shareholders will not be paid dividends or other distributions declared after the merger with respect to any OceanFirst common stock into which their Central Jersey shares have been converted. When Central Jersey shareholders surrender their Central Jersey stock certificates, OceanFirst will pay any unpaid dividends or other distributions, without interest. After the completion of the merger, there will be no further transfers of Central Jersey common stock. Central Jersey stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

If a Central Jersey shareholder's stock certificates have been either lost, stolen or destroyed, the Central Jersey shareholder will have to prove his, her or its ownership of the lost, stolen or destroyed certificates and that such certificates were lost, stolen or destroyed before the Central Jersey shareholder will receive any consideration for the shares of Central Jersey common stock represented by such stock certificates.

### **Central Jersey Preferred Shares and Warrant**

On December 23, 2008, Central Jersey, as part of the Capital Purchase Program, sold (1) 11,300 shares of its preferred stock, and (2) a warrant to purchase up to 268,621 of Central Jersey's common stock at an exercise price of \$6.31 per share. The warrant has a term of 10 years so long as the preferred stock is outstanding. Under the merger agreement, at the effective time, each preferred share of Central Jersey shall be converted into a preferred share of OceanFirst with the same rights, preferences, privileges and voting powers, and limitations and restrictions, taken as a whole, that are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and limitations and restrictions of the Central Jersey preferred shares immediately prior to the effective time. In addition, the warrant to buy Central Jersey common stock that is outstanding and not yet exercised immediately prior to the effective time will be converted into a warrant to acquire, on the same terms and conditions as were applicable under such Central Jersey warrant, the number of shares of OceanFirst common stock equal to (a) the number of shares of Central Jersey common stock subject to the Central Jersey warrant, multiplied by (b) the exchange ratio, rounded down to the nearest whole number, or 134,310 shares. The exercise price per share (rounded to the nearest whole cent) of each replacement warrant shall equal (y) the exercise price per share for the shares of Central Jersey common stock pursuant to such Central Jersey warrant divided by the (z) exchange ratio, or \$12.62 per share.

### **Accounting Treatment**

OceanFirst will account for the merger under the purchase method of accounting in accordance with U.S. generally accepted accounting principles. Using the purchase method of accounting, the assets and liabilities of Central Jersey will be recorded by OceanFirst at their respective fair values at the time of the completion of the merger. The excess of OceanFirst's purchase price over the net fair value of the assets acquired and liabilities assumed will then be allocated to identified intangible assets, with any remaining unallocated cost recorded as goodwill. The value of the shares exchanged will be valued at the acquisition date and all merger related costs will be expensed when incurred.

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**Tax Consequences of the Merger**

**General.** The following summary discusses the material anticipated U.S. federal income tax consequences of the merger applicable to a holder of shares of Central Jersey common stock who surrenders all of the shareholder's common stock for shares of OceanFirst common stock. This discussion is based upon the Internal Revenue Code, Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (IRS), and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to U.S. residents and citizens who hold their shares as capital assets for U.S. federal income tax purposes (generally, assets held for investment). No attempt has been made to comment on all U.S. federal income tax consequences of the merger and related transactions that may be relevant to holders of shares of Central Jersey common stock. This discussion also does not address all of the tax consequences that may be relevant to a particular person or the tax consequences that may be relevant to persons subject to special treatment under U.S. federal income tax laws (including, among others, tax-exempt organizations, dealers in securities or foreign currencies, banks, insurance companies, financial institutions or persons who hold their shares of Central Jersey common stock as part of a hedge, straddle, constructive sale or conversion transaction, persons whose functional currency is not the U.S. dollar, holders that exercise dissenters' rights, persons that are, or hold their shares of Central Jersey common stock through, partnerships or other pass-through entities, or persons who acquired their shares of Central Jersey common stock through the exercise of an employee stock option or otherwise as compensation). In addition, this discussion does not address any aspects of state, local, non-U.S. taxation or U.S. federal taxation other than income taxation. No ruling has been requested from the IRS regarding the U.S. federal income tax consequences of the merger. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

**Central Jersey shareholders are urged to consult their tax advisors as to the U.S. federal income tax consequences of the merger, as well as the effects of state, local, non-U.S. tax laws and U.S. tax laws other than income tax laws.**

**Opinion Conditions.** It is a condition to the obligations of OceanFirst and Central Jersey that both parties shall have received an opinion by Locke Lord Bissell & Liddell LLP to the effect that the merger will constitute a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a)(1)(A) of the Internal Revenue Code. OceanFirst expects to be able to obtain the tax opinions if, as expected:

OceanFirst and Central Jersey are able to deliver customary representations to OceanFirst's tax counsel; and

there is no adverse change in U.S. federal income tax law.

Although the merger agreement allows both OceanFirst and Central Jersey to waive the condition that the tax opinion be delivered by Locke Lord Bissell & Liddell LLP, neither party currently anticipates doing so. However, if this condition were waived, Central Jersey would re-solicit the approval of its shareholders before completing the merger.

In addition, in connection with the filing of the registration statement of which this joint proxy statement/prospectus forms a part, Locke Lord Bissell & Liddell LLP has delivered its opinion to OceanFirst and Central Jersey, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. A copy of this opinion has been filed as Exhibit 8.1 to the registration statement. Such opinion has been rendered on the basis of facts, representations and assumptions set forth or referred to in the opinion and factual representations contained in certificates of officers of OceanFirst and Central Jersey, as of the date of the opinion.

If any of the representations or assumptions upon which the opinions are based are inconsistent with the actual facts, the tax consequences of the merger could be adversely affected. The determination by tax counsel as to whether the proposed merger will be treated as a reorganization within the meaning of Section 368(a) of the

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Internal Revenue Code will depend upon the facts and law existing at the effective time of the proposed merger. The following discussion assumes that the merger will constitute a reorganization for U.S. federal income tax purposes within the meaning of Section 368(a) of the Internal Revenue Code.

***Exchange Solely for OceanFirst Common Stock.*** No gain or loss will be recognized by a Central Jersey shareholder who receives solely shares of OceanFirst common stock (except for cash received in lieu of fractional shares, as discussed below) in exchange for all of his, her or its shares of Central Jersey common stock. The tax basis of the shares of OceanFirst common stock received by a Central Jersey shareholder in such exchange will be equal (except for the basis attributable to any fractional shares of OceanFirst common stock, as discussed below) to the basis of the Central Jersey common stock surrendered in exchange for the OceanFirst common stock. The holding period of the OceanFirst common stock received will include the holding period of shares of Central Jersey common stock surrendered in exchange for the OceanFirst common stock, provided that such shares were held as capital assets of the Central Jersey shareholder at the effective time of the merger.

***Cash in Lieu of Fractional Shares.*** A Central Jersey shareholder who holds Central Jersey common stock as a capital asset and who receives in the merger, in exchange for such stock, solely OceanFirst common stock and cash in lieu of a fractional share interest in OceanFirst common stock will be treated as having received such cash in full payment for such fractional share of stock and as capital gain or loss.

***Backup Withholding.*** Unless an exemption applies under the backup withholding rules of Section 3406 of the Internal Revenue Code, the exchange agent shall be required to withhold, and will withhold, 28% of any cash payments to which a Central Jersey shareholder is entitled pursuant to the merger, unless the Central Jersey shareholder signs the substitute Internal Revenue Service Form W-9 enclosed with the letter of transmittal sent by the exchange agent. Unless an applicable exemption exists and is proved in a manner satisfactory to the exchange agent, this completed form provides the information, including the Central Jersey shareholder's taxpayer identification number, and certification necessary to avoid backup withholding.

***Tax Treatment of the Entities.*** No gain or loss will be recognized by OceanFirst or Central Jersey as a result of the merger.

## **Regulatory Matters Relating to the Merger**

Consummation of the acquisition and the subsidiary merger are subject to receipt of certain regulatory approvals.

***Office of Thrift Supervision.*** OceanFirst intends to acquire Central Jersey by way of a merger, whereby Central Jersey will merge with and into OceanFirst, with OceanFirst as the surviving company and by merging Central Jersey Bank with OceanFirst Bank. The merger of Central Jersey Bank with and into OceanFirst Bank is subject to the prior approval of the OTS under the Home Owners' Loan Act. OceanFirst Bank and Central Jersey Bank have filed applications with the OTS to obtain prior approval of the merger of Central Jersey Bank with and into OceanFirst Bank. In reviewing applications, the OTS considers:

the effect of the transaction upon competition;

the financial and managerial resources and future prospects of the merging and resulting institutions;

the capital levels of the surviving savings institution;

the performance of the applicants in helping to meet the credit needs of the relevant communities, including low- and moderate-income neighborhoods; and

the convenience and needs of the community served.



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The OTS will not approve a transaction:

that would result in a monopoly or would be in furtherance of any combination, conspiracy or attempt to monopolize the business of banking in any part of the United States; or

whose effect in any section of the United States may be to substantially lessen competition, or tend to create a monopoly, or which in any other manner would be in restraint of trade, unless the probable effects of the transaction in meeting the convenience and needs of the community clearly outweigh the anti-competitive effects of the transaction.

Any transaction approved by the OTS may not be completed until 30 days after the OTS approval, during which time the U.S. Department of Justice may challenge such transaction on antitrust grounds. With the approval of the OTS and the U.S. Department of Justice, the waiting period may be reduced to 15 days.

*Federal Reserve Bank of New York:* Through the various Federal Reserve Banks headquartered in districts across the country, the Federal Reserve Board serves as the primary regulator of holding companies that own banks chartered with the OCC. Because the OCC granted Central Jersey Bank, N.A. its charter, and because Central Jersey is the holding company of Central Jersey Bank, N.A., the Federal Reserve Bank of New York is the primary regulator of Central Jersey.

For the brief time between the acquisition of Central Jersey and its merger into OceanFirst, and then the subsequent merger of Central Jersey Bank, N.A. into OceanFirst Bank, OceanFirst will be deemed by the Federal Reserve Board to be a bank holding company. However, upon application by OceanFirst, it is anticipated that the Federal Reserve Bank of New York will waive formal compliance by OceanFirst with the laws, regulations and procedures governing changes in control of bank holding companies, since those requirements will have no substantive applicability to the transaction once the mergers are fully consummated.

*Status of Applications and Notices.* OceanFirst and Central Jersey have filed all required applications with applicable regulatory authorities in connection with the merger of Central Jersey with and into OceanFirst and the subsidiary merger. There can be no assurance that all requisite approvals will be obtained, that such approvals will be received on a timely basis or that such approvals will not impose any term, condition or restriction which either party reasonably determines in good faith would materially or adversely affect the economic or business benefits of the merger to such party, as to render inadvisable in its reasonable good faith judgment the consummation of the merger of Central Jersey with and into OceanFirst. If any such term, condition or restriction is imposed, either OceanFirst or Central Jersey may elect not to consummate the merger. See *Conditions to Completing the Merger*.

The approval of any application merely implies the satisfaction of regulatory criteria for approval, which does not include review of the acquisition from the standpoint of the adequacy of the merger consideration to be received by Central Jersey stockholders. Furthermore, regulatory approvals do not constitute an endorsement or recommendation of the acquisition.

**Legal Proceedings Relating to the Merger**

On June 8, 2009, and July 15, 2009, purported class action complaints were filed against OceanFirst, Central Jersey and each director of Central Jersey (except that Robert S. Vuono was not named in the second class action complaint) in the Superior Court of New Jersey in Ocean County. The actions were brought by two separate alleged shareholders of Central Jersey, each on behalf of himself and all others similarly situated. The complaints allege, among other things, that the directors of Central Jersey are in breach of their fiduciary duties to shareholders in connection with Central Jersey's entry into the merger agreement with OceanFirst. The complaints also allege that OceanFirst and Central Jersey knowingly assisted the Central Jersey directors' alleged breaches of fiduciary duty in connection with the proposed merger.

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The complaints seek, among other things, damages and injunctive relief to enjoin OceanFirst, Central Jersey and Central Jersey's directors from consummating the transactions contemplated under the merger agreement, along with attorneys' fees and costs. OceanFirst and Central Jersey believe that the allegations in the complaints are without merit and intend to vigorously defend against the claims and causes of action asserted in these legal matters.

**Interests of Certain Persons in the Merger**

**Share Ownership.** On the record date for the Central Jersey special meeting, Central Jersey's directors and officers beneficially owned, in the aggregate, [ ] shares of Central Jersey's common stock (excluding shares that may be acquired upon the exercise of stock options), representing approximately [ ]% of the outstanding shares of Central Jersey common stock.

As described below, certain of Central Jersey's officers and directors have interests in the merger that are in addition to, or different from, the interests of Central Jersey's shareholders generally. Central Jersey's board of directors was aware of these conflicts of interest and took them into account when approving the merger.

**Change of Control/Termination Agreements.** Central Jersey has entered into change of control agreements with the following executives: James S. Vaccaro, Robert S. Vuono, Anthony Giordano, III, Robert K. Wallace and Lisa A. Borghese. Under the agreements, upon the executive's termination of employment pursuant to a change of control, the executive will be entitled to severance. Both Mr. Vaccaro and Mr. Vuono are entitled to 30 months severance, Mr. Giordano 24 months severance, Mr. Wallace 18 months and Ms. Borghese 12 months. The amount of severance payable to an executive will be based upon his monthly salary in effect at the time of the change of control, a percentage of the previous cash bonus payments made to him or her and the cash equivalent of the monthly benefits provided to him or her at the time of the change of control. In the event that the executive is to receive severance, the severance shall be payable in-full within 10 business days after the effective date of the change of control or by December 31 of the year the termination of employment occurred, whichever is earlier (to the extent such officers are permitted to receive such benefits under the regulations of the U.S. Department of the Treasury established pursuant to the TARP relating to the compensation of executive officers, and to which Central Jersey is subject).

In connection with the merger, James S. Vaccaro will be appointed Executive Vice President of OceanFirst Bank and a member of the senior executive management team of OceanFirst Bank. Mr. Vaccaro will enter into a mutually agreeable change in control agreement with OceanFirst Bank. Mr. Vaccaro will not receive benefits under his Central Jersey change of control agreement; however, his OceanFirst change in control agreement will provide, among other things, that the benefits that would have otherwise been payable to Mr. Vaccaro under his Central Jersey change of control agreement shall be payable by OceanFirst in the event of termination of Mr. Vaccaro's employment by OceanFirst within 30 months following the Effective Time, other than (1) in the event of a termination for cause (as such term is defined in OceanFirst's Two Year Change in Control Agreements currently in effect), or (2) in the event of a change in control of OceanFirst pursuant to which Mr. Vaccaro will receive payment under his change in control agreement with OceanFirst.

**Equity-Based Awards.** Pursuant to Central Jersey's existing stock-based plans, all unvested options to purchase shares of Central Jersey common stock and stock appreciation rights will become vested and exercisable upon consummation of the merger. The following table sets forth the number of unvested options and stock appreciation rights which were held by the executive officers of Central Jersey and all non-employee directors of Central Jersey as a group as of [Record Date].

Name	Number of SARs	Weighted Average Exercise Price	Number of Unvested Stock Options	Weighted Average Exercise Price
James S. Vaccaro	4,341	\$ 9.40		N/A
Robert S. Vuono	4,417	\$ 9.40		N/A
Anthony Giordano, III	2,170	\$ 9.40		N/A
All non-employee directors as a group	11,578	\$ 9.40		N/A

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The merger agreement provides that upon completion of the merger, all rights with respect to stock options granted by Central Jersey under Central Jersey equity incentive and stock option plans and all rights with respect to Central Jersey stock appreciation rights granted by Central Jersey under the Central Jersey equity incentive and stock option plans, shall be canceled effective at the effective time of the merger and shall be converted into the right to receive such number of shares of Central Jersey common stock, to be issued by Central Jersey as set forth below.

The amount of shares of Central Jersey common stock to be issued by Central Jersey to an option holder or stock appreciation rights holder shall be equal to the product of (1) a fraction, the numerator of which is the difference between (A) the fair market value of the Central Jersey common stock immediately prior to the effective time of the merger and (B) the per share exercise price of each such stock option or stock appreciation right, and the denominator of which is the fair market value of the Central Jersey common stock immediately prior to the effective time of the merger, multiplied by (2) the number of shares that may be purchased pursuant to such stock option or the number of shares for which rights were granted pursuant to such stock appreciation right. At the effective time of the merger, each such share of Central Jersey common stock paid to the option holder and stock appreciation rights holder shall be converted into 0.50 share of OceanFirst. See *Central Jersey Stock Options and Stock Appreciation Rights*.

***Appointment of Directors to the OceanFirst Board of Directors.*** The merger agreement requires OceanFirst to appoint two of Central Jersey's non-officer directors, as selected by Central Jersey, to the boards of directors of OceanFirst and OceanFirst Bank at the closing. Central Jersey has selected James G. Aaron, Esq. and Mark G. Solow to be appointed to the boards.

***Continued Director and Officer Liability Coverage.*** For a period of six years following the effective time of the merger, OceanFirst has agreed to indemnify and hold harmless each person entitled to indemnification from Central Jersey occurring at or prior to the effective time of the merger (including, without limitation, transactions contemplated by the merger) to the same extent and subject to the conditions set forth in Central Jersey's certificate of incorporation or bylaws, in each case as in effect as of the date of the merger agreement. After the effective time of the merger agreement, directors, officers and employees of Central Jersey, except for the indemnification rights in the previous sentence, shall have indemnification rights having prospective application only. These prospective indemnification rights shall consist of such rights to which directors, officers and employees of OceanFirst and OceanFirst Bank would be entitled under the certificate of incorporation and bylaws of OceanFirst, the charter and bylaws of OceanFirst Bank or the particular subsidiary for which they are serving as officers, directors or employees and under such directors' and officers' liability insurance policy as OceanFirst or OceanFirst Bank may then make available to officers, directors and employees of OceanFirst and OceanFirst Bank. For a period of six years following the effective time of the merger, OceanFirst has also agreed to provide coverage to the officers and directors of Central Jersey immediately prior to the effective time of the merger under the directors' and officers' liability insurance policy currently maintained by Central Jersey or under a policy with comparable or better coverage; provided, however, if the amount of premium that is necessary to maintain or procure such insurance coverage exceeds \$360,000, OceanFirst shall use its reasonable efforts to maintain the most advantageous policies of directors' and officers' liability insurance obtainable for a premium equal to \$360,000.

## **Employee Matters**

Nothing in the merger agreement shall be construed as constituting an employment agreement between OceanFirst, OceanFirst Bank or any of their affiliates and any director, officer or employee of Central Jersey or any of its subsidiaries or an obligation on the part of OceanFirst, OceanFirst Bank or any of their affiliates to employ any such directors, officers or employees.

All employees of Central Jersey or any of its subsidiaries who continue employment with OceanFirst or any subsidiary following the effective time of the merger and who were participating immediately prior to the merger

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in employee benefit plans of Central Jersey or any of its subsidiaries for which OceanFirst or OceanFirst Bank maintains a corresponding plan shall commence participation in OceanFirst's or OceanFirst Bank's corresponding plan upon the later of the effective time of the merger or the date of termination of coverage under the employee benefit plans of Central Jersey or any of its subsidiaries without any gap or interruption in coverage. OceanFirst and OceanFirst Bank agree that the officers and employees of Central Jersey or any of its subsidiaries who OceanFirst or OceanFirst Bank employ shall be eligible to participate in OceanFirst's or OceanFirst Bank's employee benefit plans, including, without limitation, welfare and fringe benefit plans, sick leave, vacation, holiday pay and similar payroll practices, on the same basis as and subject to the same conditions as are applicable to any newly-hired employee of OceanFirst or OceanFirst Bank; provided, however, that (1) with respect to each OceanFirst Health Plan, OceanFirst and OceanFirst Bank shall waive all waiting periods under said plans for pre-existing conditions; and (2) credit for each such employee's past service with Central Jersey or any of its subsidiaries prior to the effective time of the merger ( Past Service Credit ) shall be given by OceanFirst and OceanFirst Bank to continuing Central Jersey employees for purposes of establishing eligibility for participation in and vesting under OceanFirst's and OceanFirst Bank's welfare, fringe benefit and retirement plans, provided however that such Past Service Credit shall not be given for purposes of accrual of benefits under such plans or for any purpose under OceanFirst Bank's employee stock ownership plans.

Any employee of Central Jersey whose employment with OceanFirst or OceanFirst Bank is involuntarily terminated by OceanFirst Bank, absent termination for cause, shall receive severance benefits in accordance with the policy and years of service information set forth in the merger agreement. Severance benefits to an employee will be contingent upon the employee executing and delivering to OceanFirst Bank a general release satisfactory to OceanFirst Bank releasing OceanFirst Bank and its affiliates, and their respective officers, employees and directors, from any and all claims the employee may have against any of these entities or individuals, including, but not limited to, any claims arising out of the employee's termination. Any employee whose employment is terminated voluntarily shall not be entitled to receive severance benefits.

### **Operations of OceanFirst Bank after the Merger**

After the merger of OceanFirst Bank and Central Jersey Bank, N.A., the former offices of Central Jersey Bank, N.A. will operate as branch offices of OceanFirst Bank under the name OceanFirst Bank.

### **Restrictions on Resale of Shares of OceanFirst Common Stock**

All shares of OceanFirst common stock issued to Central Jersey's shareholders in connection with the merger will be freely transferable, except that shares received by persons deemed to be affiliates of Central Jersey under the Securities Act at the time of the Central Jersey special meeting may be resold only in transactions permitted by Rule 145 under the Securities Act or otherwise permitted under the Securities Act. This joint proxy statement/prospectus does not cover any resales of the shares of OceanFirst common stock to be received by Central Jersey's shareholders upon completion of the merger, and no person may use this joint proxy statement/prospectus in connection with any resale. Based on the number of shares of OceanFirst common stock anticipated to be received in the merger, it is expected that Rule 145 will limit the amount of shares that certain affiliates of Central Jersey will be able to sell into the market. Persons who may be deemed affiliates of Central Jersey for this purpose generally include directors, executive officers and the holders of 10% or more of the outstanding shares of Central Jersey's common stock.

### **Time of Completion**

Unless the parties agree otherwise and unless the merger agreement has otherwise been terminated, the closing of the merger will take place on the 10th business day following the date on which all of the conditions to the merger contained in the merger agreement are satisfied or waived. See *Conditions to Completing the Merger*. On the closing date, OceanFirst will file a certificate of merger with the Delaware Secretary of State and with the State of New Jersey, Department of the Treasury merging Central Jersey into OceanFirst. The merger will become effective at the time stated in the certificates of merger.

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OceanFirst and Central Jersey are working to complete the merger quickly. It is currently expected that the merger will be completed in the fourth calendar quarter of 2009. However, because completion of the merger is subject to regulatory approvals and other conditions, the parties cannot be certain of the actual timing.

### **Conditions to Completing the Merger**

OceanFirst's and Central Jersey's obligations to consummate the merger are conditioned on the following:

approval of the merger agreement by each of OceanFirst and Central Jersey shareholders;

receipt of all required regulatory approvals and the expiration of all statutory waiting periods;

there shall be no actual or threatened causes of action, investigations or proceedings (1) challenging the validity or legality of the merger agreement or the consummation of the merger, or (2) seeking damages in connection with the merger, or (3) seeking to restrain or invalidate the merger; unless actual or threatened causes of action, investigations or proceedings would not have a material adverse effect on OceanFirst or Central Jersey, as the case may be;

no party to the merger being subject to any legal order, decree or injunction that prohibits consummating any part of the transaction, no governmental entity having instituted any proceeding to block the transaction and the absence of any statute, rule or regulation that prohibits completion of any part of the transaction;

the registration statement of which this joint proxy statement/prospectus forms a part being declared effective by the SEC, the absence of any pending or threatened proceeding by the SEC to suspend the effectiveness of the registration statement and the receipt of all required state "blue sky" approvals;

receipt by each party of opinion from OceanFirst's legal counsel to the effect that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

receipt by each party of all consents and approvals from third parties (other than those required from government agencies) required to complete the merger, unless failure to obtain those consents or approvals would not have a material adverse effect on OceanFirst after completion of the merger; and

the other party having performed in all material respects its obligations under the merger agreement, the other party's representations and warranties being true and correct as of the date of the merger agreement and as of the closing date, and receipt of a certificate signed by the other party's chief executive officer to that effect.

OceanFirst's obligations to consummate the merger are also conditioned on the following:

there shall be no action taken by an regulatory authority, which, in connection with approval of the merger, will require OceanFirst to sell or dispose of any significant amount of assets of Central Jersey, its subsidiaries or any OceanFirst subsidiary;

if required, Central Jersey has delivered executed stock option and stock appreciation right cancellation agreements from all holders;

Central Jersey shall have delivered executed voting agreement on the date of the merger agreement from certain executive officers and directors of Central Jersey;

aggregate total shares of Central Jersey common stock whose shareholders are exercising their dissenter's rights shall not represent more than 10% of the outstanding Central Jersey common stock;

Central Jersey shall have terminated each Central Jersey 401(k) plan in accordance with the merger agreement; and

OceanFirst shall have received certain settlement agreements regarding certain Central Jersey officers in accordance with the merger agreement.

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Central Jersey's obligations to consummate the merger are also conditioned on the following

the OceanFirst common stock to be issued in connection with the merger shall be duly authorized and validly issued and fully paid and nonassessable, issued free of preemptive rights and free and clear of all liens and encumbrances created by or through OceanFirst and shall have been approved for listing on the Nasdaq Global Market;

OceanFirst shall have delivered executed voting agreement on the date of the merger agreement from certain executive officers and directors of OceanFirst; and

OceanFirst Bank shall have delivered to Central Jersey a certificate of the secretary of OceanFirst Bank, dated as of the closing of the merger, certifying the resolutions of the OceanFirst board of directors which appoint James S. Vaccaro Executive Vice President and a member of the senior executive management team of OceanFirst Bank, effective as of the effective time of the merger, and OceanFirst Bank and Vaccaro shall have entered into and delivered a fully executed change in control agreement which shall be effective as of the effective time of the merger which shall contain certain provisions as required under the merger agreement.

OceanFirst and Central Jersey cannot guarantee whether all of the conditions to the merger will be satisfied or waived by the party permitted to do so.

### **Conduct of Business Before the Merger**

Central Jersey and OceanFirst each have agreed that, until completion of the merger, it and its subsidiaries will:

#### ***General Business***

conduct its business in the usual, regular and ordinary course consistent with past practice and prudent banking principles and in compliance in all material respects with all applicable laws and regulations;

use reasonable best efforts to maintain and preserve intact its business organization, employees, goodwill with customers and advantageous business relationships and retain the services of its officers and key employees;

preserve the goodwill of its customers and its subsidiaries and others with whom business relationships exist;

except as required by law or regulation, take no action which would adversely affect or delay the ability of the OceanFirst and Central Jersey to obtain any consent from any regulatory authority or other approvals required for the consummation of the transactions contemplated by the merger agreement or to perform its respective covenants and agreements under the merger agreement;

not take any action that is intended or may reasonably be expected to result in any of the conditions to the merger set forth in merger agreement not being satisfied;

not knowingly commit any act or omission which constitutes a material breach or default under any agreement with any regulatory authority or under any material contract to which any of them is a party or by which any of them or their respective parties is bound;

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not knowingly take any action that would, or would reasonably be expected to, prevent the merger from qualifying as a reorganization within the meaning of Section 368 of the Internal Revenue Code;

not enter into any new material line of business; change its material lending, investment, underwriting, risk and assets/liability management and other material banking and operating policies, except as required by applicable law, regulation or policies imposed;  
or



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not knowingly take any action or fail to take any action that is intended or is reasonably likely to result in any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at any time at or prior to the effective time of the merger, or a material violation of any provision of the merger agreement, except in each case as may be required by applicable law or regulation.

Central Jersey has agreed that, until completion of the merger and unless permitted by OceanFirst, neither it nor its subsidiaries will:

***Indebtedness***

incur any material liabilities or material obligations (other than deposit liabilities, Federal Home Loan Bank borrowings and short-term borrowings in the ordinary course of business and consistent with past practice), whether directly or by way of guaranty, including any obligation for borrowed money, or whether evidenced by any note, bond, debenture, or similar instrument;

***Capital Stock***

change the number of shares of the authorized, issued or outstanding capital stock of Central Jersey (except for the issuance of Central Jersey common stock pursuant to outstanding stock options), including any issuance, purchase, redemption, split, combination or reclassification thereof;

issue, grant or modify any option warrant, call, commitment subscription, right or agreement to purchase relating to the authorized or issued capital stock of Central Jersey;

declare, set aside or pay any dividend or other distribution with respect to the outstanding capital stock of Central Jersey;

***Dispositions***

sell, transfer, convey or otherwise dispose of any real property (including other real estate owned ) or interest therein except in the ordinary course of business;

***Investments***

acquire 5% or more of the assets or equity securities of any person or business or acquire direct or indirect control of any person or business;

***Contracts***

enter into or extend any agreement, lease or license relating to real property (other than capital expenditures permitted under the merger agreement), personal property, data processing or bankcard functions relating to Central Jersey;

***Loans***

originate, purchase, extend or grant any loan other than in the ordinary course of business;

***Employees***

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unless previously disclosed by Central Jersey, pay any bonuses to any employee, director other than in the ordinary course of business consistent with past practices;

unless previously disclosed by Central Jersey, grant any salary increases to officers except merit-based or annual salary increases in the ordinary course of business consistent with past practices;

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enter into, establish, adopt, amend, modify or terminate, any employment, change of control, pension, retirement, supplemental executive retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any current or former director, officer or employee of Central Jersey or its subsidiaries;

take any action to accelerate the vesting or exercisability of stock options (other than as a result of the execution of the merger agreement or consummation of the merger), restricted stock or other compensation or benefits payable thereunder;

### ***Governing Documents***

amend its certificate of incorporation or bylaws;

### ***Deposits***

increase or decrease the rate of interest paid on time deposits or on certificates of deposits, except in a manner and pursuant to policies consistent with Central Jersey's past practices;

### ***Capital Expenditures***

other than certain capital expenditures previously disclosed by Central Jersey, make any capital expenditures in excess of \$25,000 individually or \$100,000 in the aggregate;

### ***Branches***

file any applications or make any contract with respect to branching by Central Jersey or any of its subsidiaries or acquire or construct, or enter into any agreement to acquire or construct, any interest in real property other than in connection with foreclosing proceedings;

### ***Accounting***

change any method of accounting principles or practices other than changes required by applicable law or United States generally accepted accounting principles or regulatory accounting principles; or

### ***Other Agreements***

form any new subsidiary or cause or permit a material change in the activities presently conduct by any subsidiary or make additional investments in any subsidiary.

### **Covenants of Central Jersey and OceanFirst in the Merger Agreement**

***Agreement Not to Solicit Other Proposals.*** Except as otherwise provided in the merger agreement, Central Jersey and its officers, directors, employees and representatives have agreed not to: (1) solicit, initiate, encourage or facilitate any acquisition proposal by a third party; (2) participate in discussions or negotiations regarding an acquisition proposal; (3) enter into any agreement requiring it to abandon or terminate the merger agreement with OceanFirst; (4) except as to employees who are not executive officers, make any public statement critical of OceanFirst, its board of directors, its management or the merger; or (5) except as to employees who are not executive officers, join with or assist any person or entity in opposing the merger. An acquisition proposal includes the following:

any merger, consolidation, share exchange, business combination, recapitalization, liquidation or dissolution or other similar transaction involving Central Jersey or any subsidiary of Central Jersey whose assets, individually or in the aggregate, constitute more than 10% of the consolidated assets of Central Jersey;

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any sale, lease, exchange, mortgage, pledge (except in the ordinary course of business consistent with past practice), transfer or other disposition of assets (including for this purpose the outstanding capital stock of any subsidiary of Central Jersey and the capital stock of any entity surviving any merger or business combination involving any subsidiary of Central Jersey) and/or liabilities that constitute 10% or more of the assets of Central Jersey and its subsidiaries taken as a whole in a single transaction or series of transactions;

any purchase or other acquisition of or tender offer or exchange offer that if consummated would result in such person(s) beneficially owning 10% or more of the outstanding stock of Central Jersey or any of its subsidiaries whose assets, individually or in the aggregate, constitute more than 10% of the consolidated assets of Central Jersey; or

any public announcement by any person (which shall include any regulatory application or notice, whether in draft or final form) of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

Despite the agreement of Central Jersey not to solicit other acquisition proposals, Central Jersey may generally negotiate or have discussions with, or provide information to, a third party who makes an unsolicited, written, bona fide acquisition proposal, provided that the Central Jersey board of directors:

after consultation with and receipt of advice from outside legal counsel, in good faith deems such action to be necessary for the proper discharge of its fiduciary duties to Central Jersey shareholders under applicable law; and

after consultation with its outside legal counsel and its financial advisor, determines in good faith that the transaction presented by such unsolicited acquisition proposal, taking into account all legal, financial and regulatory aspects of the proposal and the person making the proposal, is a more favorable transaction than the transactions contemplated by the merger agreement with OceanFirst and such unsolicited acquisition proposal (1) is not conditioned on obtaining financing, (2) is for at least 50% of Central Jersey's common stock, and (3) contains terms and conditions that, in the view of Central Jersey's financial advisor, are more favorable to the shareholders of Central Jersey from a financial point of view than the transactions contemplated by the merger agreement (referred to in this document as a superior proposal).

If Central Jersey receives a proposal or information request from a third party or enters into negotiations with a third party regarding a superior proposal, Central Jersey must immediately notify OceanFirst and provide OceanFirst with information about the third party and its superior proposal.

***Certain Other Covenants.*** The merger agreement also contains other agreements relating to the conduct of OceanFirst and Central Jersey before consummation of the merger, including the following:

each party will give the other party reasonable access during normal business hours to its property, books, records and personnel and furnish all information the other party may reasonably request;

each party shall cause to be prepared and filed all required applications and filings with the regulatory authorities which are necessary or contemplated for obtaining the consents of the regulatory authorities or consummation of the merger;

each party will cooperate with each other and use their best efforts to prepare and execute all necessary documentation, to effect all necessary or contemplated filings and to obtain all necessary or contemplated permits, consents, approvals, rulings and authorizations of government agencies and third parties which are necessary or contemplated to consummate the transactions contemplated by the merger agreement, including, without limitation, those required or contemplated from the regulatory authorities, and the shareholders of Central Jersey and OceanFirst;



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each party shall have the right to review any filing, to the extent permitted by law, made with, or written material submitted to, any government agencies in connection with the transactions contemplated by the merger agreement;

Central Jersey will invite a non-voting designee of OceanFirst to attend all regular and special board of directors or Central Jersey loan committee meetings of Central Jersey or Central Jersey Bank, Inc. Central Jersey may exclude the representative of OceanFirst from access to any meeting or materials, or portion thereof, if a majority of the Central Jersey board of directors determines, in good faith, that such exclusion is reasonably necessary to (1) preserve attorney-client privilege or (2) to protect confidential or proprietary information that OceanFirst does not contractually have the right to have access to under the terms of the merger agreement (additionally, any such OceanFirst representative shall at the request of the Central Jersey board of directors, any committee thereof, or any officers of Central Jersey, as the case may be, excuse himself or herself from any such meeting in the event that the merger agreement or any other acquisition proposal is the subject of discussion);

Central Jersey and OceanFirst will each take all actions necessary to convene a meeting of its respective shareholders to vote on the merger agreement;

The Central Jersey board of directors and the OceanFirst board of directors will each recommend at its respective shareholder meeting that the shareholders vote to approve the merger agreement and will use its reasonable best efforts to solicit shareholder approval; provided, however, that the Central Jersey board of directors may change or withdraw its recommendation if: (1) Central Jersey has properly called its meeting of shareholders; (2) has received a superior proposal; and (3) Central Jersey's board of directors, after consultation with and based on the advice of counsel, determines, in good faith, that making such a recommendation would result in a violation of its fiduciary duties under applicable law;

each party will furnish the other with all information concerning itself, its subsidiaries, directors, trustees, officers, shareholders and depositors, and such other matters as may be necessary or advisable in connection with any statement or application made by or on behalf of either party to any governmental body in connection transactions, applications or filings contemplated by the merger agreement;

each party will promptly furnish each other with copies of written communications received by them or their respective subsidiaries from any government body in respect of the merger;

OceanFirst shall use its reasonable best efforts to cause a registration statement, which shall include the form of joint proxy statement/prospectus for the meetings of Central Jersey's shareholders and OceanFirst's shareholders to be held for the purpose of having such shareholders vote upon the approval of the merger agreement, to be filed with the SEC within sixty days of the date of the merger agreement and shall use its best efforts to cause such registration statement to be declared effective;

each party shall cooperate with the other and use their respective reasonable best efforts to promptly (1) supply the information required to be included in the registration statement with respect to each party's business and affairs, and (2) request and obtain all appropriate opinions, consents, and letters from financial advisors and independent auditors, in connection with any filings related to the registration statement;

OceanFirst shall take all actions required to qualify or obtain exemptions from such qualifications for the OceanFirst shares of common stock to be issued in connection with the transactions contemplated by the merger agreement under applicable state blue sky securities laws, as appropriate;

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OceanFirst shall use its reasonable best efforts to cause the OceanFirst common stock to be issued in the merger to be approved for listing for quotation on the Nasdaq Global Market as of the effective time of the merger;

Central Jersey and OceanFirst will consult with one another prior to issuing any press release or otherwise making public statements with respect to the merger;



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Central Jersey shall terminate any severance/retention plan for employees and shall not enter into any agreements, contracts or understandings with any officer or employee under any such plan; and

Central Jersey will use its reasonable best efforts to cause each person who is an affiliate of it under Rule 145 of the Securities Act to deliver to OceanFirst a letter to the effect that such person will comply with Rule 145.

### **Representations and Warranties Made by OceanFirst and Central Jersey in the Merger Agreement**

OceanFirst and Central Jersey have made certain customary representations and warranties to each other in the merger agreement relating to their businesses. For information on these representations and warranties, please refer to the merger agreement attached as Annex A. The representations and warranties must be true in all material respects through the completion of the merger unless the change does not have a material negative impact on the parties' business, financial condition or results of operations. See *Conditions to Completing the Merger*.

The representations and warranties contained in the merger agreement were made only for purposes of such merger agreement and are made as of specific dates, were solely for the benefit of the parties to such merger agreement, and may be subject to limitations agreed to by the contracting parties, including being qualified by disclosures between the parties. These representations and warranties may have been made for the purpose of allocating risk between the parties to the merger agreement instead of establishing these matters as facts, and may be subject to standards of materiality applicable to the contracting parties that differ from those applicable to investors as statements of factual information.

### **Terminating the Merger Agreement**

The merger agreement may be terminated at any time before the effective time of the merger, as follows:

by the written mutual consent of OceanFirst and Central Jersey;

by either party, if the shareholders of OceanFirst fail to approve the merger agreement (provided that OceanFirst will only be entitled to terminate for this reason if it has complied with its obligations under the merger agreement with respect to its shareholder meeting);

by either party, if the shareholders of Central Jersey fail to approve the merger agreement (provided that Central Jersey will only be entitled to terminate for this reason if it has complied with its obligations under the merger agreement with respect to its shareholder meeting);

by either party, if a required regulatory approval, consent or waiver is denied or any governmental entity prohibits the consummation of the merger or the transactions contemplated by the merger agreement;

by either party, if the merger is not consummated by December 31, 2009 or other mutually agreed upon date, unless failure to complete the merger by that time is due to a misrepresentation, breach of a warranty or failure to fulfill a covenant by the party seeking to terminate the merger agreement;

by either party, if the other party materially breaches any covenant or agreement contained in the merger agreement that has not been cured within 30 days following written notice to the party in default;

by either party, if the other party fails to hold its shareholder meeting to vote on the merger within the time frame set in the merger agreement; or

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by OceanFirst, if Central Jersey materially breaches its agreements regarding the solicitation of other acquisition proposals or the submission of the merger agreement to shareholders, or if the board of directors of Central Jersey does not recommend approval of the merger in the joint proxy statement/prospectus or withdraws or revises its recommendation in a manner adverse to OceanFirst.

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### **Termination Fee**

The merger agreement requires Central Jersey to pay OceanFirst a fee of \$2,400,000 if the merger agreement is terminated in certain circumstances that involve a competing offer.

Specifically, Central Jersey must pay the termination fee if OceanFirst terminates the merger agreement as a result of a breach by Central Jersey of its covenant regarding the solicitation of competing offers or its obligation to call a shareholder meeting or if Central Jersey's board of directors fails to recommend approval of the merger or upon the withdrawal, qualification or revision of its recommendation to approve the merger.

### **Expenses**

Each of OceanFirst and Central Jersey will pay its own costs and expenses incurred in connection with the merger.

### **Changing the Terms of the Merger Agreement**

Before the completion of the merger, OceanFirst and Central Jersey may agree to waive, amend or modify any provision of the merger agreement.

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**UNAUDITED COMBINED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL DATA**

The following table shows information about OceanFirst's financial condition and operations, including per share data and financial ratios, after giving effect to the merger. This information is called pro forma information in this joint proxy statement/prospectus. The table sets forth the information as if the merger had become effective on March 31, 2009, with respect to financial condition data, and at the beginning of the periods presented, with respect to operations data. The pro forma data in the tables assume that the merger is accounted for using the acquisition method of accounting. This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto of OceanFirst and Central Jersey found elsewhere in this document or incorporated herein by reference.

We anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined during these periods.

In December 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 141 Revised (SFAS 141R), which replaced SFAS 141, Business Combinations, for periods beginning on or after December 15, 2008, but retains the fundamental requirements in SFAS 141, that the acquisition method of accounting (which SFAS 141 called the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination.

SFAS 141R revises the definition of the acquisition date as the date the acquirer obtains control of the acquiree. This is typically the closing date, and is used to measure the fair value of the consideration paid. When the acquirer issues equity instruments as full or partial payment for the acquiree, the fair value of the acquirer's equity instruments will be measured at the acquisition date, rather than an earlier measurement date as currently required under SFAS 141. Under SFAS 141R all loans are transferred at fair value, including adjustments for credit and no allowance for loan losses is carried over. Transaction costs are excluded from the acquisition accounting. They are instead accounted for under other generally accepted accounting principles, which may mean the costs are expensed as incurred (e.g., due diligence costs), or, to the extent applicable, treated as a cost of issuing equity securities.

SFAS 141R also retains the guidance in SFAS 141 for identifying and recognizing intangible assets separately from goodwill. However, SFAS 141R's scope is broader than that of SFAS 141, which was applied to only business combinations in which control was obtained by transferring consideration. The application of SFAS 141R was considered in arriving at the unaudited pro forma results in the tables provided below.

The acquisition method of accounting requires that all of Central Jersey's assets and liabilities be adjusted to their fair market values as of the date of acquisition. For purposes of the unaudited pro forma financial statements, fair market value of assets and liabilities at March 31, 2009 has been estimated by management of OceanFirst and Central Jersey using market information available on March 31, 2009. Accordingly, these adjustments are only approximations. This information may not necessarily be indicative of the financial position or results of operations that would have occurred if the merger had been consummated on the date or at the beginning of the period indicated or which may be obtained in the future. Upon consummation of the merger, OceanFirst will make adjustments as of the date of consummation based on appraisals and estimates.

**Table of Contents****Unaudited Combined Condensed Consolidated Pro Forma Statement of Financial Condition**

As of March 31, 2009 (1)

	OceanFirst Financial Corp. Historical	Central Jersey Bancorp Historical	Pro Forma Adjustments (2)	Pro Forma Combined
<b>ASSETS</b>				
Cash and due from banks	\$ 23,769	\$ 9,281	\$ (3,868)(7)	\$ 29,182
Federal funds sold		5,372		5,372
Securities available for sale	124,828	145,972		270,800
Securities held to maturity		12,011	384(3)	12,395
Federal Home Loan Bank of New York stock, at cost	19,031	1,701		20,732
Federal Reserve Bank stock		2,409		2,409
Loans receivable, net	1,650,133	354,241	(5,762)(4A,4B)	1,998,612
Loans held for sale	1,787	425		2,212
Premises and equipment, net	20,988	6,213	1,313(5)	28,514
Bank Owned Life Insurance	39,365	3,714		43,079
Goodwill		26,957	(17,625)(6)	9,332
Core deposit intangibles		1,340	9,079(8)	10,419
Other assets	33,832	6,587	(1,165)(9)	39,254
<b>Total assets</b>	<b>\$ 1,913,733</b>	<b>\$ 576,223</b>	<b>\$ (17,644)</b>	<b>\$ 2,472,312</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits	\$ 1,313,470	\$ 430,555	\$ 2,033(10)	\$ 1,746,058
Securities sold under agreements to repurchase with retail customers	73,054	35,806		108,860
Federal Home Loan Bank advances	320,000	21,188	(183)(11)	341,005
Other borrowings	27,500	5,155		32,655
Other liabilities	21,511	1,647		23,158
<b>Total liabilities</b>	<b>1,755,535</b>	<b>494,351</b>	<b>1,850</b>	<b>2,251,736</b>
<b>Stockholder's Equity:</b>				
Preferred stock	37,225	10,304		47,529
Common stock	272	90	(43)(12)	319
Additional paid-in capital	205,819	65,665	(9,770)(12)	261,714
Retained earnings	161,409	6,566	(10,434)(12)	157,541
Accumulated other comprehensive (loss) income	(16,009)	1,053	(1,053)(12)	(16,009)
<b>Less: Unallocated common stock held by</b>				
Employee Stock Ownership Plan	(4,995)			(4,995)
Treasury stock	(225,523)	(1,806)	1,806(12)	(225,523)
Common stock acquired by Deferred Compensation Plan	970			970
Deferred Compensation Plan Liability	(970)			(970)
<b>Total stockholder's equity</b>	<b>158,198</b>	<b>81,872</b>	<b>(19,494)</b>	<b>220,576</b>
<b>Total liabilities and stockholder's equity</b>	<b>\$ 1,913,733</b>	<b>\$ 576,223</b>	<b>\$ (17,644)</b>	<b>\$ 2,472,312</b>

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	OceanFirst Bank Historical	Central Jersey Bank Historical	Pro Forma Combined
<b><u>CAPITAL RATIOS</u></b>			
Regulatory Tier 1 leverage capital	9.08%	10.07%	8.93%
Tier 1 risk-based capital	13.52	13.41	12.94
Total risk-based capital	14.25	14.66	13.80

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**Table of Contents****Unaudited Combined Condensed Consolidated Pro Forma Statement of Income****For the Quarter Ended March 31, 2009 (1)**

	OceanFirst Financial Corp. Historical	Central Jersey Bancorp Historical	Pro Forma Adjustments (in thousands)	Pro Forma Combined
<b>Interest income:</b>				
Loans	\$ 23,172	\$ 5,031	\$ (427)(13)	\$ 27,776
Securities and other	1,218	1,978	(64)(13)	3,132
Total interest income	24,390	7,009	(491)	30,908
<b>Interest expense:</b>				
Deposits	5,096	1,982	(726)(13)	6,352
Borrowed funds	3,632	304	35(13)	3,971
Total interest expense	8,728	2,286	(691)	10,323
Net interest income	15,662	4,723	200	20,585
Provision for loan losses	800	3,135		3,935
Net interest income after provision for loan losses	14,862	1,588	200	16,650
<b>Other income :</b>				
Loan servicing (loss) income	(230)			(230)
Fees and service charges	2,518	336		2,854
Net gain on sales of loans and securities available for sale	673	1,801		2,474
Income from Bank Owned Life Insurance	231	29		260
Other	2			2
Total other income	3,194	2,166		5,360
<b>Operating expenses:</b>				
Compensation and employee benefits	5,828	1,937		7,765
Occupancy and equipment	1,923	708	13(13)	2,644
Other	4,033	1,296	5,458(7)	10,787
Amortization of core deposit intangibles		104	287(13)	391
Total operating expenses	11,784	4,045	5,758	21,587
Income (loss) before provision for income taxes	6,272	(291)	(5,558)	423
Provision (benefit) for income taxes	2,319	(601)	(1,627)	(91)
Net income	3,953	310	(3,931)	332
Dividends on preferred stock and accretion	458	185		643
Net income available to common stockholders	\$ 3,495	\$ 125	\$ (3,931)	\$ (311)
Basic earnings per share	\$ 0.30	\$ 0.01		\$ (0.02)

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Diluted earnings per share	\$ 0.30	\$ 0.01	\$ (0.02)
Average basic shares outstanding	11,696	9,019	16,205(14)
Average diluted shares outstanding	11,743	9,331	16,408(14)



**Table of Contents****Unaudited Combined Condensed Consolidated Pro Forma Statement of Income****For the Year Ended December 31, 2008 (1)**

	<b>OceanFirst Financial Corp. Historical</b>	<b>Central Jersey Bancorp Historical</b>	<b>Pro Forma Adjustments (in thousands)</b>	<b>Pro Forma Combined</b>
<b>Interest income:</b>				
Loans	\$ 96,660	\$ 21,084	\$ (1,709)(13)	\$ 116,035
Securities and other	6,745	8,002	(256)(13)	14,491
<b>Total interest income</b>	<b>103,405</b>	<b>29,086</b>	<b>(1,965)</b>	<b>130,526</b>
<b>Interest expense:</b>				
Deposits	26,756	8,984	(2,033)(13)	33,707
Borrowed funds	18,626	1,680	141(13)	20,447
<b>Total interest expense</b>	<b>45,382</b>	<b>10,664</b>	<b>(1,892)</b>	<b>54,154</b>
<b>Net interest income</b>	<b>58,023</b>	<b>18,422</b>	<b>(73)</b>	<b>76,372</b>
Provision for loan losses	1,775	1,319		3,094
<b>Net interest income after provision for loan losses</b>	<b>56,248</b>	<b>17,103</b>	<b>(73)</b>	<b>73,278</b>
<b>Other income :</b>				
Loan servicing (loss) income	385			385
Fees and service charges	10,838	1,522		12,360
Net gain on sales of loans and securities available for sale	799	1,090		1,889
Income from Bank Owned Life Insurance	705	120		825
Other	96			96
<b>Total other income</b>	<b>12,823</b>	<b>2,732</b>		<b>15,555</b>
<b>Operating expenses:</b>				
Compensation and employee benefits	24,270	7,759		32,029
Occupancy and equipment	7,468	3,649	53(13)	11,170
Other	15,709	3,747	5,458(7)	24,914
Amortization of core deposit intangibles		482	1,081(13)	1,563
<b>Total operating expenses</b>	<b>47,447</b>	<b>15,637</b>	<b>6,592</b>	<b>69,676</b>
<b>Income before provision for income taxes</b>	<b>21,624</b>	<b>4,198</b>	<b>(6,665)</b>	<b>19,157</b>
Provision for income taxes	6,860	1,288	(2,041)	6,107
<b>Net income</b>	<b>14,764</b>	<b>2,910</b>	<b>(4,624)</b>	<b>13,050</b>
Dividends on preferred stock and accretion		12		12
<b>Net income available to common stockholders</b>	<b>\$ 14,764</b>	<b>\$ 2,898</b>	<b>\$ (4,624)</b>	<b>\$ 13,038</b>
<b>Basic earnings per share</b>	<b>\$ 1.27</b>	<b>\$ 0.32</b>		<b>\$ 0.80</b>

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Diluted earnings per share	\$ 1.26	\$ 0.30	\$ 0.79
Average basic shares outstanding	11,667	9,092	16,213(14)
Average diluted shares outstanding	11,758	9,524	16,520(14)

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(1) The pro forma information assumes the merger had become effective at the end of the periods presented, in the case of balance sheet information, and at the beginning of each period presented, in the case of income statement information. The pro forma information reflects the acquisition method of accounting. Estimated fair value adjustments for investment securities held to maturity, loans, premises and equipment, time deposits and borrowed funds were determined by the management of OceanFirst and Central Jersey. The resulting premiums and discounts for purposes of the Pro Forma Financial Statements, where appropriate, are being amortized and accreted into income as more fully described in the notes below. Actual fair value adjustments, where appropriate, will be determined as of the merger date and will be amortized and accreted into income.

Certain reclassifications have been made to Central Jersey's historical financial information in order to conform to OceanFirst's financial information.

(2) Reflects the acquisition accounting and acquisition adjustments related to the acquisition of Central Jersey for 4,708,896 shares of OceanFirst's common stock at \$11.88 (average closing price of OceanFirst common stock from June 29, 2009 through July 2, 2009). The shares issued by OceanFirst are based on an exchange ratio of 0.50 for the 9,417,793 common shares of Central Jersey outstanding at March 31, 2009 (9,027,282 common shares outstanding and 390,511 common stock equivalents). Acquisition accounting adjustments assume that purchase price, goodwill and intangible assets are reflected on the financial statements of OceanFirst pursuant to the application of acquisition accounting.

(3) Reflects the difference between market values and net carrying values of investment securities held to maturity. Adjustment is amortized against interest income on an accelerated basis over the estimated life of the securities.

(4A) Yield adjustment of \$2.2 million to reflect the difference between portfolio yields and market rates as of March 31, 2009 for loans acquired in the acquisition. The adjustment was calculated using present value analysis applied to the loan portfolio. Loans were segregated into pools of similar loans. Cash flow was projected using the loan data plus estimates of prepayment speeds. The resulting cash flow was discounted to present value using risk adjusted discount rates applied to each pool of loans. The difference between carrying value and the present value of future cash flows was the yield adjustment. The yield adjustments are amortized against interest income on an accelerated basis over the estimated lives or repricing periods of the loans.

(4B) Reflects a credit adjustment of \$(8.0 million) for estimated additional losses in the loan portfolio. The adjustment includes an estimated loss based on a detailed review by OceanFirst of Central Jersey's non-performing and classified loans, as well as estimated losses inherent in the loan portfolio.

(5) Reflects the difference between market values and net carrying values of premises and equipment acquired in the acquisition. Adjustment is amortized as depreciation expense on a straight line basis over the remaining lives of the assets.

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- (6) A reconciliation of the excess consideration paid by OceanFirst over Central Jersey's net assets acquired ( Goodwill ) is as follows (in thousands):

	Note	
Cost to acquire Central Jersey OceanFirst common stock issued	2	\$ 55,942
Central Jersey Net Assets at Fair Value:		
Central Jersey common stockholder's equity		71,568
Less: Goodwill		(26,957)
Core deposit intangibles		(1,340)
Central Jersey's tangible common stockholder's equity		43,271
Fair value adjustments:		
Investment securities held to maturity	3	384
Loans' yield adjustment	4A	2,222
Loans' credit adjustment	4B	(7,984)
Premises and equipment	5	1,313
Time deposits	10	(2,033)
Borrowed funds	11	183
Fair value adjustments		(5,915)
Tax effect of fair value adjustments (*)	9	2,209
Tax benefit of stock option exercises (*)	9	516
Total adjustment to net assets acquired		(3,190)
Adjusted net assets acquired		40,081
Subtotal		15,861
Core deposit intangible	8	10,419
Tax effect of core deposit intangible (*)	8	(3,890)
Net core deposit intangible		6,529
Estimated Goodwill Recognized		\$ 9,332

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(\*) Assumed effective tax rate of 37.34%

- (7) Transaction costs associated with the merger are estimated to be \$3.9 million, net of taxes. Transaction costs are expensed as incurred on the Pro Forma Financial Statements based on OceanFirst and Central Jersey's preliminary estimates. A summary of these costs is as follows (in thousands):

Professional fees	\$ 1,200
Merger related compensation and benefits	2,305
Facilities and systems	1,588
Other merger related expenses	365
Estimated pre-tax transaction costs	5,458

Less related tax benefit	1,590
<b>Estimated transaction costs, net of taxes</b>	<b>\$ 3,868</b>

Professional fees include investment banking, legal and other professional fees and expenses associated with shareholder and customer notifications and are not tax deductible. Merger related compensation and severance include employee severance, compensation arrangements, transitional staffing and related employee benefit expenses. Facilities and system costs include lease termination charges and equipment write-offs resulting from the consolidation of duplicate facilities. Other merger related expenses are associated with the integration of operations. The foregoing estimates may be refined subsequent to the completion of the merger.

- (8) Core deposit intangible is an identifiable asset representing the economic value of the acquired deposit base, calculated as the present value benefit of funding operations with the acquired deposit base versus using an

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alternative wholesale funding source. The core deposit intangible asset is amortized into expense using an accelerated method over 10 years.

- (9) Deferred tax assets on the cash out of options amounted to \$516,000. Deferred tax liabilities on purchase accounting adjustments amounted to \$1.7 million, and were based on an assumed tax rate of 37.34%.
- (10) Yield adjustment to reflect the difference between portfolio yields and market rates as of March 31, 2009 for time deposits acquired in the acquisition. Yield adjustments were calculated using present value analysis. Cash flow was discounted to present value using market rates for similar deposits. The yield adjustment is the aggregate present value of the difference. The yield adjustment is accreted against interest expense on an accelerated basis over the lives of the acquired time deposits.
- (11) Yield adjustments reflect the difference between portfolio yields and market rates as of March 31, 2009 for borrowings acquired in the acquisition. Yield adjustments were calculated using present value analysis. Cash flow for each month was the difference between projected interest costs of the remaining borrowings and hypothetical costs using current market rates based on advances from the Federal Home Loan Bank of New York. Cash flow was discounted to present value using market rates. The yield adjustment is the aggregate present value of the difference. The yield adjustment is amortized into interest expense on an accelerated basis over the lives of the acquired borrowings.
- (12) Reflects the issuance of 4,708,896 share of OceanFirst common stock in the transaction and the elimination of Central Jersey's equity accounts.
- (13) The following table summarizes the estimated full year impact of the amortization (accretion) of the acquisition accounting adjustments on the pro-forma statement of income (in thousands).

Category	Premium/ (Discounts)	Estimated Life in Years	Amortization (Accretion) Method	Year ended	Three months ended
				December 31, 2008 Amortization (Accretion)	March 31, 2009 Amortization (Accretion)
Securities held to maturity	\$ 384	2.0	SYD	\$ 256	\$ 64
Loans	2,222	1.6	SYD	1,709	427
Premises and equipment	1,313	25.0	SL	53	13
Time deposits	(2,033)	.7	SYD	(2,033)	(726)
Borrowed funds	183	1.6	SYD	141	35
Core deposit intangibles	10,419	10.0	Accelerated	1,563	391
<b>Net total</b>	<b>\$ 12,488</b>			<b>\$ 1,689</b>	<b>\$ 204</b>

Sum of years digits, straight line and accelerated methods were utilized in preparing the pro forma statement of income for amortizing and/or accreting the related acquisition accounting adjustments. OceanFirst has determined that these methods approximate the level yield method that will be utilized for the merger for all adjustments.

The following table summarizes the estimated impact of the amortization/(accretion) of the acquisition accounting adjustments made in connection with the merger on OceanFirst's results of operations for the following years assuming such transaction was effected on January 1, 2008 (in thousands).

**Projected future amounts for the years ended December 31,**

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	Core deposit intangible	Net (accretion) amortization	Net decrease in income before taxes
2008	\$ 1,563	\$ 126	\$ 1,689
2009	1,328	736	2,064
2010	1,129	53	1,182
2011	960	53	1,013
2012	906	53	959
2013 and thereafter	4,533	1,048	5,581

- (14) Basic and fully diluted weighted average common shares outstanding was determined by adding Central Jersey's historical average basic and diluted outstanding common shares at the exchange ratio of 0.50 to OceanFirst's historical average basic and diluted outstanding common shares.

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**DESCRIPTION OF OCEANFIRST CAPITAL STOCK**

The following summary describes the material terms of OceanFirst's capital stock and is subject to, and qualified by, OceanFirst's certificate of incorporation and bylaws and the Delaware General Corporation Law ( DGCL ). See *Where You Can Find More Information* as to how to obtain a copy of OceanFirst's certificate of incorporation and bylaws.

**General**

OceanFirst is authorized to issue 55,000,000 shares of common stock having a par value of \$0.01 per share, and 5,000,000 shares of preferred stock having a par value of \$0.01 per share. At [Record Date], [ ] shares of common stock were outstanding. At that date, 38,263 shares of preferred shares were outstanding.

**Common Stock**

**Voting Rights.** The holders of common stock are entitled to one vote per share on all matters presented to shareholders. Holders of common stock are not entitled to cumulate their votes in the election of directors. However, OceanFirst's certificate of incorporation provides that a record owner of OceanFirst's common stock who beneficially owns, either directly or indirectly, in excess of 10% of OceanFirst's outstanding shares, is not entitled to any vote in respect of the shares held in excess of the 10% limit.

**No Preemptive or Conversion Rights.** The holders of common stock do not have preemptive rights to subscribe for a proportionate share of any additional securities issued by OceanFirst before such securities are offered to others. The absence of preemptive rights increases OceanFirst's flexibility to issue additional shares of common stock in connection with OceanFirst's acquisitions, employee benefit plans and for other purposes, without affording the holders of common stock a right to subscribe for their proportionate share of those additional securities. The holders of common stock are not entitled to any redemption privileges, sinking fund privileges or conversion rights.

**Dividends.** Holders of common stock are entitled to receive dividends ratably when, as and if declared by OceanFirst's board of directors from assets legally available therefor, after payment of all dividends on preferred stock, if any is outstanding. Under Delaware law, OceanFirst may pay dividends out of surplus or net profits for the fiscal year in which declared and/or for the preceding fiscal year, even if its surplus accounts are in a deficit position. Dividends paid by OceanFirst Bank and proceeds received from the offering of trust preferred securities have historically been the primary source of funds available to OceanFirst. OceanFirst expects to use these sources of funds in the future, as well as proceeds it may obtain from the offering of common stock, preferred stock and/or debt securities for payment of dividends to its shareholders, the repurchase of its common stock and for other needs. OceanFirst's board of directors intends to maintain its present policy of paying regular quarterly cash dividends. The declaration and amount of future dividends will depend on circumstances existing at the time, including OceanFirst's earnings, financial condition and capital requirements, as well as regulatory limitations and such other factors as OceanFirst's board of directors deems relevant. On January 16, 2009, OceanFirst issued to the U.S. Department of the Treasury, series A preferred stock. Pursuant to the terms of the Purchase Agreement, the Company's ability to declare or pay dividends on any of its shares of common stock is limited. Specifically, OceanFirst is unable to declare dividend payments on common shares if OceanFirst is in arrears on the dividends on the series A preferred stock. Further, OceanFirst is not permitted to increase dividends on common stock above the amount of the last quarterly cash dividend per share declared prior to October 14, 2008 without approval of the U.S. Department of the Treasury until the third anniversary of the investment unless all of the series A preferred stock has been redeemed or transferred.

OceanFirst's principal assets and sources of income consist of investments in its operating subsidiaries, which are separate and distinct legal entities.



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**Liquidation.** Upon liquidation, dissolution or the winding up of the affairs of OceanFirst, holders of common stock are entitled to receive their pro rata portion of the remaining assets of OceanFirst after the holders of OceanFirst's preferred stock, if any, have been paid in full any sums to which they may be entitled.

**Preferred Stock**

OceanFirst's certificate of incorporation authorizes its board of directors, without shareholder action, to issue preferred stock in one or more series and to establish the designations, dividend rates and rights, dissolution or liquidation rights, preferences, price and terms and conditions on which shares may be redeemed, terms and conditions for conversion or exchange into any other class or series of the stock, voting rights and other terms. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, adversely affect the voting power of the holders of common stock and could have the effect of delaying, deferring or preventing a change in OceanFirst's control.

On January 16, 2009, as part of the U.S. Department of the Treasury's Capital Purchase Program, OceanFirst sold to the U.S. Department of the Treasury pursuant to a securities purchase agreement (Securities Purchase Agreement) 38,263 shares of OceanFirst's Fixed Rate Cumulative Perpetual Stock, Series A, having a liquidation preference of \$1,000 per share (the Preferred Shares), for an aggregate purchase price of \$38,263,000 in cash. In connection with the sale of the Preferred Shares, OceanFirst also issued to the U.S. Department of the Treasury a ten-year warrant (the Warrant) to purchase up to 380,853 shares of OceanFirst's common stock, \$0.01 par value, at an exercise price of \$15.07 per share.

Cumulative dividends on the Preferred Shares will accrue on the liquidation preference at a rate of 5% per annum for the first five years, and at a rate of 9% per annum thereafter, but will be paid only if, as and when declared by OceanFirst's board of directors. The Preferred Shares have no maturity date and rank senior to OceanFirst's common stock with respect to the payment of dividends and distributions and amounts payable upon liquidation, dissolution and winding up of OceanFirst. Notwithstanding any provision in the Securities Purchase Agreement, the ARRA permits OceanFirst, with the approval of the Secretary of the Treasury after consultation with the OTS, to repurchase the Preferred Shares without regard to whether OceanFirst has raised gross proceeds from a Qualified Equity Offering (as such term is defined in the Securities Purchase Agreement) or any other source and without regard to any waiting period. In the event OceanFirst would repurchase the Preferred Shares, OceanFirst may also repurchase the Warrant at the fair market value as determined by the board of directors in reliance on an opinion of a nationally recognized investment banking firm. In the event the U.S. Department of the Treasury does not accept such fair market value as determined by the board, either party may submit to an appraisal procedure as set forth in the Securities Purchase Agreement. The Securities Purchase Agreement, pursuant to which the Preferred Shares and Warrant were sold, contains limitations on the payment of dividends on OceanFirst's common stock (including with respect to the payment of cash dividends in excess of \$.20 per share, which was the amount of the last regular dividend declared by OceanFirst prior to October 14, 2008). There are additional limitations on OceanFirst's ability to repurchase its common stock and repurchase or redeem its trust preferred securities, and OceanFirst is subjected to certain of the executive compensation limitations included in the EESA and the ARRA and the U.S. Department of the Treasury regulations issued pursuant thereto. The Securities Purchase Agreement and all related documents may be amended unilaterally by the U.S. Department of the Treasury to the extent required to comply with any changes in applicable federal statutes after the execution thereof.

**Certain Certificate of Incorporation and Bylaw Provisions Affecting Stock**

OceanFirst's certificate of incorporation and bylaws contain several provisions that may make OceanFirst a less attractive target for an acquisition of control by anyone who does not have the support of OceanFirst's board of directors. Such provisions include, among other things, the requirement of a supermajority vote of shareholders or directors to approve certain business combinations and other corporate actions, a minimum price provision, several special procedural rules, a staggered board of directors, a vote limitation provision and the

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limitation that shareholder actions may only be taken at a meeting and may not be taken by unanimous written shareholder consent. The foregoing is qualified in its entirety by reference to OceanFirst's certificate of incorporation and bylaws.

## **Restrictions on Ownership**

Under the federal Change in Bank Control Act and the Home Owners' Loan Act, a notice or application must be submitted to the OTS if any person (including a company), or group acting in concert, seeks to acquire control of a savings and loan holding company or savings association. An acquisition of control can occur upon the acquisition of 10% or more of the voting stock of a savings and loan holding company or savings institution or as otherwise defined by the OTS. Under the Change in Bank Control Act and the Home Owners' Loan Act, the OTS has 60 days from the filing of a complete notice to act, taking into consideration certain factors, including the financial and managerial resources of the acquirer and the anti-trust effects of the acquisition. Any company that so acquires control would then be subject to regulation as a savings and loan holding company.

## **Transfer Agent and Registrar**

The Transfer Agent and Registrar for Ocean First's common stock is American Stock Transfer and Trust Company, 59 Maiden Lane, Plaza Level, New York, NY 10038, 1-800-937-5449.

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**COMPARISON OF RIGHTS OF SHAREHOLDERS**

The rights of shareholders of OceanFirst are currently governed by OceanFirst's certificate of incorporation, bylaws and applicable provisions of the DGCL. The rights of shareholders of Central Jersey are currently governed by Central Jersey's certificate of incorporation, bylaws and applicable provisions of the New Jersey Business Corporation Act. If the merger is completed, Central Jersey shareholders who receive OceanFirst common stock will become OceanFirst shareholders and their rights will likewise be governed by OceanFirst's certificate of incorporation and bylaws and the DGCL.

The following is a summary of the material differences between the rights of a Central Jersey shareholder and the rights of a OceanFirst shareholder. This summary is not a complete statement of the differences between the rights of Central Jersey shareholders and the rights of OceanFirst shareholders and is qualified in its entirety by reference to the governing law of each corporation and to the certificate of incorporation and bylaws of each corporation. Copies of OceanFirst's certificate of incorporation and bylaws are available upon written request addressed to John K. Kelly, Secretary, OceanFirst Financial Corp., 975 Hooper Avenue, Toms River, New Jersey 08754. Copies of Central Jersey's certificate of incorporation and bylaws are available upon written request addressed to Robert S. Vuono, Secretary, Central Jersey Bancorp, 1903 Highway 35, Oakhurst, New Jersey 07755.

**Authorized Stock**

*OceanFirst*

The OceanFirst certificate of incorporation authorizes 60,000,000 shares of capital stock, consisting of 55,000,000 shares of common stock, \$0.01 par value, and 5,000,000 shares of preferred stock, \$0.01 par value.

At [Record Date], there were [ ] shares of OceanFirst common stock outstanding.

At [Record Date], there were [ ] shares of OceanFirst common stock issued.

As of [Record Date], there were 38,263 shares of OceanFirst preferred stock issued and outstanding.

*Central Jersey*

The Central Jersey certificate of incorporation authorizes 110,000,000 shares of capital stock, consisting of 100,000,000 shares of common stock, \$0.01 par value, and 10,000,000 shares of preferred stock, \$0.01 par value.

At [Record Date], there were [ ] shares of Central Jersey common stock outstanding.

At [Record Date], there were [ ] shares of Central Jersey common stock issued.

As of [Record Date], there were 11,300 shares of Central Jersey preferred stock issued and outstanding.

**Voting Rights**

*OceanFirst*

The holders of the common stock exclusively possess all voting power, subject to the authority of the board of directors to offer voting rights to the holders of preferred stock.

Each share of common stock is entitled to one vote. Beneficial owners of 10% or more of the outstanding stock are subject to voting limitations.

*Central Jersey*

The holders of the common stock exclusively possess all voting power, subject to the authority of the board of directors to offer voting rights to the holders of preferred stock.

Each share of common stock is entitled to one vote.

Holders of common stock may not cumulate their votes for the election of directors.

Holders of common stock may not cumulate their votes for the election of directors.

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**Required Vote for Authorization of Certain Actions**

*OceanFirst*

At least 80% of the outstanding shares of voting stock must approve certain business combinations involving an interested stockholder or any affiliate of an interested stockholder. However, if a majority of directors not affiliated with the interested shareholder approves the business combination or certain pricing criteria are satisfied, a majority vote of the outstanding shares is sufficient to approve a business combination.

*Central Jersey*

The New Jersey Shareholders Protection Act (the Shareholders Act ), prohibits certain transactions involving an interested shareholder. The Shareholders Act prohibits certain business combinations between an interested shareholder and a New Jersey corporation subject to the Shareholder Act for a period of five (5) years after the date the interested shareholder acquired his, her or its stock, unless the transaction was approved by the corporation's board of directors prior to the time the interested shareholder acquired its shares. After the five (5) year period expires, the prohibition on business combinations with an interested shareholder continues unless certain conditions are met.

**Dividends**

*OceanFirst*

Holders of common stock are entitled, when declared by the OceanFirst board of directors, to receive dividends, subject to the rights of holders of preferred stock.

*Central Jersey*

Holders of common stock are entitled, when declared by the Central Jersey board of directors, to receive dividends, subject to the rights of holders of preferred stock.

**Shareholders Meetings**

*OceanFirst*

OceanFirst must deliver notice of the meeting and, in the case of a special meeting, a description of its purpose no fewer than 10 days and no more than 60 days before the meeting to each shareholder entitled to vote.

*Central Jersey*

Central Jersey must deliver notice of the meeting and, in the case of a special meeting, a description of its purpose no fewer than 10 days and no more than 60 days before the meeting to each shareholder entitled to vote.

Special meetings may be called only by the board of directors pursuant to a resolution adopted by a majority of the total number of directors which OceanFirst would have if there were no vacancies on the board of directors.

Special meetings may be called by the Chairman of the Board, any Vice Chairman of the Board, the Chief Executive Officer or the President, and shall be called by the Chief Executive Officer, the President or the Secretary at the request in writing of a majority of the Board of Directors.

For purposes of determining shareholders entitled to vote at a meeting, the board of directors may fix a record date that is not less than 10 days and not more than 60 days before the meeting.

For purposes of determining shareholders entitled to vote at a meeting, the board of directors may fix a record date that is not less than 10 days and not more than 60 days before the meeting.

The board of directors or any shareholder entitled to vote may nominate directors for election or propose new business.

The board of directors or any shareholder entitled to vote may nominate directors for election or propose new business.

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*OceanFirst*

To nominate a director or propose new business, shareholders must give written notice to the Secretary of OceanFirst not less than 90 days before the meeting. However, if OceanFirst gives less than 100 days notice or prior public disclosure of the meeting, written notice of the shareholder proposal or nomination must be delivered to the Secretary not later than 10 days following the date notice of the meeting was mailed to shareholders or public disclosure of the meeting was made. Each notice given by a shareholder with respect to a nomination to the board of directors or proposal for new business must include certain information regarding the nominee or proposal and the shareholder making the nomination or proposal.

*Central Jersey*

For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the Central Jersey not less than 120 days in advance of the date of the Central Jersey's proxy statement released to shareholders in connection with the previous year's annual meeting of shareholders. Each notice given by a shareholder with respect to a nomination to the board of directors or proposal for new business must include certain information regarding the nominee or proposal and the shareholder making the nomination or proposal.

**Action by Shareholders Without a Meeting**

*OceanFirst*

Action taken at an annual or special meeting of shareholders must be effected at a duly called meeting and may not be effected by written consent of shareholders.

*Central Jersey*

Whenever the vote of shareholders at a meeting is required or permitted to be taken in connection with any corporate action the meeting and the vote of shareholders may be dispensed with if all the shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

**Board of Directors**

*OceanFirst*

The bylaws provide that the number of directors, shall be such number as the board of directors shall from time to time designate, or in the absence of such designation shall be 9.

*Central Jersey*

The bylaws provide that the number of directors shall be set by a resolution of the board of directors and shall not be below 3 or exceed 15.

The board of directors is divided into three classes as equal in number as possible and approximately one-third of the directors are elected at each annual meeting.

Vacancies on the board of directors will be filled by a majority vote of the remaining directors.

Vacancies on the board of directors will be filled by a vote of a majority of the remaining directors.

Directors may be removed for cause or without cause by the vote of a majority of the votes cast by the holders of shares entitled to vote for the election of directors.

Directors may be removed only for cause by the vote of 80% of the outstanding shares entitled to vote at an annual or special meeting called for that purpose.

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**Amendment of the Bylaws**

*OceanFirst*

The bylaws may be amended or repealed either the approval of a majority of the board of directors or by the vote of 80% of the outstanding shares entitled to vote.

*Central Jersey*

The bylaws may be amended or repealed by the board of directors, at any regular or special meeting of the board of directors. The bylaws may also be amended or repealed by the holders of common stock, at any annual or special meeting, if notice of such amendment or repeal is contained in the notice of such meeting.

**Amendment of the Certificate of Incorporation**

*OceanFirst*

The certificate of incorporation may be amended or repealed upon approval of a majority of the shares entitled to vote on the matter, unless otherwise provided in the certificate of incorporation or Delaware law.

*Central Jersey*

The certificate of incorporation may be amended or repealed upon the affirmative vote of a majority of the votes cast by the holders of shares entitled to vote at a meeting called for such purpose where a Quorum is present.

**Table of Contents****MANAGEMENT AND OPERATIONS AFTER THE MERGER****Board of Directors**

After completion of the merger, the board of directors of OceanFirst will consist of all the current directors of OceanFirst plus James G. Aaron, Esq. and Mark G. Solow. Messrs. Aaron and Solow also will join the board of directors of OceanFirst Bank. Information regarding the proposed appointee is contained below.

**James G. Aaron**, age 64, is the Managing Partner in the law firm of Ansell, Zaro, Grimm & Aaron located in Ocean Township, New Jersey. Mr. Aaron Chairs the firm's Commercial Litigation, Municipal Law and Bankruptcy Practice Department. Mr. Aaron is licensed to practice law in the State of New Jersey, the United States District Court for the District of New Jersey and the United States District Court for the Eastern District of New York. Mr. Aaron also is licensed to practice before the United States Court of Claims. Mr. Aaron presently serves as the city attorney for the City of Long Branch, as litigation counsel for the City of Asbury Park and is a member of the Monmouth County and New Jersey State Bar Associations. Mr. Aaron is also a lecturer for the New Jersey Institute of Continuing Legal Education in the areas of Redevelopment and Eminent Domain Law and is presently serving as a Commissioner of the New Jersey State Racing Commission. Mr. Aaron formerly served on the Advisory Board of the Jersey Shore Bank and has represented Colonial First National Bank, Midlantic/Merchants National Bank, Commerce Bank, Fidelity Union Bank and Monmouth County National Bank. Mr. Aaron received his B.A. degree from Dickinson College in Carlisle, Pennsylvania and his J.D. degree from New York University School of Law. Mr. Aaron has served as a member of the board of directors of Central Jersey since January 1, 2005. Prior to the consummation of the combination of Central Jersey and Allaire Community Bank on January 1, 2005, he served as a member of the board of directors of Monmouth Community Bancorp (the predecessor to Central Jersey) since its inception. Mr. Aaron also has served as a member of the board of directors of Central Jersey Bank, N.A. since its inception. Mr. Aaron resides in West Long Branch, New Jersey.

**Mark G. Solow**, age 61, is a co-founder of GarMark Advisors, LLC, a firm which manages funds for mezzanine investments in connection with leveraged buyouts, corporate recapitalizations and growth financings. He is also a general partner in and senior advisor for Crystal Ridge Partners, LLC, a firm which manages funds for equity investments in middle market companies, and he is a senior advisor to York Street Capital, a firm which makes mezzanine and structured equity investments in public and private companies. Prior to the formation of GarMark Advisors, LLC, Mr. Solow was a Senior Executive Vice President at Chemical Banking Corporation and a member of its twelve-person Management Committee. At Chemical Banking Corporation, Mr. Solow was in charge of global investment banking and corporate and multinational banking in North America, Western Europe and Asia. In addition, he was Senior Credit Officer for the United States, Canada, Western Europe and Asia. Mr. Solow received his B.S. and M.B.A. degrees from Bowling Green University. Mr. Solow has served as a member of the board of directors of Central Jersey since January 1, 2005. Prior to the consummation of the combination of Central Jersey and Allaire Community Bank on January 1, 2005, he served as a member of the board of directors of Monmouth Community Bancorp (the predecessor to Central Jersey) since its inception. Mr. Solow also has served as a member of the board of directors of Central Jersey Bank, N.A. since its inception. Mr. Solow resides in Spring Island, South Carolina and Sea Bright, New Jersey.

Please see the sections captioned *Information About Central Jersey Director Compensation of Central Jersey Directors who have been Designated to be Directors of OceanFirst*, *Information About Central Jersey Certain Relationships and Related Party Transactions Regarding Messrs. Aaron, Solow and Vaccaro*, and *Information About Central Jersey Director Independence* for certain information about Messrs. Aaron and Solow while directors of Central Jersey.

Information regarding the current directors and executive officers of OceanFirst, executive compensation and relationships and related transactions is included in this OceanFirst's proxy statement for its 2008 annual meeting of shareholders, which is incorporated by reference in this joint proxy statement/prospectus.



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### **Management**

The executive officers of OceanFirst and OceanFirst Bank will not change as a result of the merger, with the exception that James S. Vaccaro will be appointed Executive Vice President and a member of the senior executive management team of OceanFirst Bank. Information regarding the proposed appointee is contained below.

**James S. Vaccaro**, age 52, has served as the President and Chief Executive Officer and a member of the board of directors of Central Jersey since January 1, 2005. Prior to the consummation of the combination of Central Jersey and Allaire Community Bank, N.A. on January 1, 2005, he served as Chairman of the Board and Chief Executive Officer of Monmouth Community Bancorp (the predecessor to Central Jersey) since its inception. As of January 1, 2008, Mr. Vaccaro became the Chairman of the Board of Central Jersey and continues to serve in such capacity. Mr. Vaccaro also has served as the Chief Executive Officer of Central Jersey Bank, N.A. (formerly Monmouth Community Bank, N.A.) since April 3, 2000. Mr. Vaccaro served in various management capacities in the health care field from 1995 through 2000. Mr. Vaccaro has over 25 years of experience in the banking industry. He was a member of the board of directors, Executive Vice President and Chief Financial Officer of The Central Jersey Bank & Trust Co., and, prior to his affiliation with The Central Jersey Bank & Trust Co., was a Manager of the Asset Services Division of Citibank, N.A. Mr. Vaccaro is a member of the board of trustees of Monmouth Medical Center; is a member of the board of trustees of The Saint Barnabas Corporation; is a member of the board of trustees of Monmouth Medical Center Foundation; is a Member of the board of directors of the Business Council of Monmouth University; is a member of the board of trustees of VNA of Central Jersey; is a member of the board of directors of the New Jersey Repertory Company; is a member of the Advisory Council of Interfaith Neighbors and is a member of the leadership cabinet of Prevention First. Mr. Vaccaro received his B.A. degree from Ursinus College. Mr. Vaccaro resides in West Allenhurst, New Jersey.

Please see the sections captioned *Information About Central Jersey Executive Compensation of Central Jersey Officer who will be an Executive Officer of OceanFirst* and *Information About Central Jersey Certain Relationships and Related Party Transactions Regarding Messrs. Aaron, Solow and Vaccaro* for certain information about Mr. Vaccaro while an executive officer of Central Jersey.

### **Operations**

While there can be no assurance as to the achievement of business and financial goals, OceanFirst currently expects to achieve cost savings equal to approximately 37.5% of Central Jersey's current annualized non-interest expenses through the elimination of redundant senior management and back-office staffing and other operating efficiencies (such as the elimination of duplicative data processing services). OceanFirst expects to achieve most of these savings in the first full year following the merger. See *A Caution About Forward-Looking Statements*.

**Table of Contents****INFORMATION ABOUT CENTRAL JERSEY****About Central Jersey**

Central Jersey is a bank holding company headquartered in Oakhurst, New Jersey. The holding company was incorporated in New Jersey on March 7, 2000, and became an active bank holding company on August 31, 2000 through the acquisition of Monmouth Community Bank, National Association. On January 1, 2005, Central Jersey completed its strategic business combination transaction with Allaire Community Bank, a New Jersey state-chartered bank, pursuant to which Allaire Community Bank became a wholly-owned bank subsidiary of Central Jersey. On the effective date of the combination, the name of the holding company was changed from Monmouth Community Bancorp to Central Jersey Bancorp.

On December 23, 2008, as part of the Capital Purchase Program of the U.S. Department of the Treasury, Central Jersey sold the following securities to the U.S. Department of the Treasury for an aggregate purchase price of \$11.3 million: (1) 11,300 shares of Central Jersey's fixed rate cumulative perpetual senior preferred stock, Series A, having a liquidation preference of \$1,000 per share, and (2) a warrant to purchase up to 268,621 shares of Central Jersey's common stock at an exercise price of \$6.31 per share. Central Jersey's participation in the Capital Purchase Program was voluntary. Central Jersey is well-capitalized, profitable and has ample liquidity. Central Jersey elected to participate in the Capital Purchase Program to ensure that Central Jersey Bank, N.A. continues to have ample capital and, therefore, lending capacity during the current, and likely future, difficult economic operating environment.

Central Jersey maintains an Internet website at [www.cjbna.com](http://www.cjbna.com). Through Central Jersey's website, shareholders may access free of charge Central Jersey's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act. These documents are available as soon as reasonably practicable after Central Jersey electronically files these documents with the SEC. Central Jersey also posts on its website its Corporate Governance Guidelines, Code of Conduct/Ethics Policy, Chief Executive and Chief Financial Officer Code of Ethics and Nominating and Corporate Governance Committee Charter. These reports are also available in print by contacting Mr. James S. Vaccaro, Chairman, President and Chief Executive Officer, Central Jersey Bancorp, 1903 Highway 35, Oakhurst, New Jersey 07755.

**About Central Jersey's Business**

In August of 2005, Central Jersey combined its two bank subsidiaries, Monmouth Community Bank, N.A. and Allaire Community Bank, into a single banking entity, named Central Jersey Bank, National Association. Central Jersey Bank, N.A. offers a full range of retail and commercial banking services primarily to customers located in Monmouth County and Ocean County, New Jersey. These services include checking accounts, savings accounts, money market accounts, certificates of deposit, installment loans, real estate mortgage loans, commercial loans, wire transfers, money orders, traveler's checks, safe deposit boxes, night depositories, federal payroll tax deposits, bond coupon redemption, bank by mail, direct deposit, automated teller services and telephone and internet banking. Central Jersey Bank, N.A. has debit card, merchant card and international services available to its customers through correspondent institutions. Central Jersey Bank, N.A. currently has thirteen full-service branch facilities located in Belmar, Bradley Beach, Long Branch (2), Manasquan, Point Pleasant, Spring Lake Heights, Little Silver, Neptune City, Ocean Grove, Oakhurst and Wall Township (2), New Jersey.

Central Jersey Bank, N.A. is a national association chartered by the OCC. The deposits of the bank subsidiary are insured by the FDIC. Central Jersey Bank, N.A. provides a broad range of financial products and services to individual consumers, small businesses and professionals in its market area. When a customer's loan requirements exceed Central Jersey Bank, N.A.'s lending limit, it may seek to arrange such loan on a participation basis with other financial institutions. In addition, Central Jersey Bank, N.A. participates in loans originated by other financial institutions.

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### **Central Jersey's Business Strategy**

Central Jersey's strategy is to provide a competitive range of community banking services to its market area, in a professional environment, at fair and reasonable interest rates and fees, at convenient operating hours, with a commitment to prompt, quality and highly personalized service, which is both efficient and responsive to local banking needs. Service to customers and a commitment to the community are the basic and distinguishing features offered by Central Jersey Bank, N.A., Central Jersey's bank subsidiary.

### **Central Jersey's Market Area**

Central Jersey Bank, N.A. currently operates thirteen full-service branch facilities located in Belmar, Bradley Beach, Long Branch (2), Manasquan, Point Pleasant, Spring Lake Heights, Little Silver, Ocean Grove, Neptune City, Oakhurst and Wall Township (2), New Jersey. Except for the Point Pleasant branch, located in Ocean County, New Jersey, each branch is within Monmouth County, New Jersey, one of the largest counties, by population, in the State of New Jersey. The individual branch locations provide a great deal of exposure and are well-situated to conveniently serve businesses, professionals and individuals throughout Central Jersey's market area.

Commercial activity within Central Jersey's market area includes small and medium sized businesses, corporate offices, professional offices, major retail centers, resort and recreational businesses along the nearby oceanfront, as well as numerous industrial establishments specializing in light manufacturing, baking products, rubber and plastic products, surgical and medical devices, electronics and telecommunications. In addition, the market area contains a variety of major employers, including Monmouth Medical Center, Jersey Shore University Medical Center and Monmouth University.

### **Services Offered by Central Jersey**

Central Jersey's bank subsidiary, Central Jersey Bank, N.A., is community oriented and offers services and products designed to meet the banking needs of local individuals, businesses and professionals. Business people and professionals are offered a broad spectrum of deposit and loan products designed to satisfy their occupational and personal financial needs. In addition, Central Jersey Bank, N.A. provides a broad array of consumer banking services to the general public residing or working in its market area.

#### *Deposits*

In order to attract and retain stable deposit relationships with the commercial establishments and other businesses within its market area, Central Jersey Bank, N.A. offers competitive small business cash management services. Central Jersey Bank, N.A. believes that the expertise and experience of its management coupled with the introduction of new technologies enables the bank subsidiary to maximize the growth of business related deposits. The primary deposit services of Central Jersey Bank, N.A. offered to non-business customers are comprised of demand deposits, savings deposits (including money markets), time deposits and individual retirement accounts.

#### *Loans*

Central Jersey Bank N.A.'s loan portfolio consists primarily of variable-rate and short-term fixed rate loans, with a significant concentration in commercial purpose transactions. Central Jersey Bank, N.A. believes that the familiarity of its management and the members of its board of directors appointed to its loan committee with prospective local borrowers enables Central Jersey Bank, N.A. to better evaluate the character, integrity and creditworthiness of prospective borrowers.

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### *Residential Mortgage Loans*

In order to effectively penetrate the mortgage market, Central Jersey Bank, N.A., through an unaffiliated third party vendor, offers a range of residential mortgage products at competitive rates. Central Jersey Bank, N.A. closes its originated residential mortgages in its name and then sells its residential mortgage production to government agencies and private investors in order to manage interest rate risk and liquidity. Central Jersey Bank, N.A. believes that its policy of closing loans in a time frame that meets the needs of its borrowers is important to its business.

### *Commercial Mortgage/Construction Loans*

Central Jersey Bank, N.A. originates various types of loans secured with real estate, including construction loans. Central Jersey Bank, N.A.'s loan officers work closely with real estate developers, individual builders and attorneys to offer construction loans and services to the residential real estate market as well as to owner-occupied commercial properties and investment properties. Construction lending constitutes a minor portion of the loan portfolio. In some cases, Central Jersey Bank, N.A. may originate loans larger than its lending or policy limits and will participate these loans with other financial institutions.

### *Consumer Lending*

Central Jersey Bank, N.A. offers a full menu of consumer loan products that include home equity loans and lines of credit, secured and unsecured personal loans, overdraft lines of credit and auto loans. Central Jersey Bank, N.A. also offers a service to consumers that allows a consumer to apply for consumer loans via the Internet and receive a preapproval on their loan request in approximately sixty seconds. The ability to complete an application on-line allows Central Jersey Bank, N.A. to compete with the national lenders on a local level.

### *Small Business Loans*

Central Jersey Bank, N.A. generally targets businesses with annual revenues of less than \$25,000,000. Often, these businesses are ignored by the larger lending institutions and have experienced the negative effects of the bank consolidations. Central Jersey Bank, N.A. offers responsiveness, flexibility and local decision-making for loan applications of small business owners, thereby eliminating the delays generally associated with non-local management. Central Jersey Bank, N.A. participates in the U.S. Small Business Administration (SBA) programs through its SBA loan department, which was established in the fall of 2007, and in programs offered through the New Jersey Economic Development Authority. As an independent community bank, Central Jersey Bank, N.A. serves the business banking needs of professionals in the legal, medical, accounting, insurance, and real estate industries. Lines of credit, term loans and time loans are tailored to meet the borrowing needs of Central Jersey Bank, N.A.'s customers in the professional community.

In 2009, the SBA awarded Central Jersey Bank, N.A. with Preferred Lender Program Status ( PLP ), a designation that streamlines access to SBA-guaranteed loans for the institution's small business customers. The SBA approves PLP status for lending institutions that are experienced with SBA-guaranteed loans and have demonstrated the ability to process, close, service and liquidate them, as well as the ability to develop and analyze complete loan packages. When the SBA designates a bank as a PLP status lender, it delegates the final credit decision and most servicing and liquidation authority and responsibility to those carefully selected banks.

### *Other Services*

To further attract and retain customer relationships, Central Jersey Bank, N.A. provides an expanded array of financial services, including the following: the issuance of money orders, cashier checks and gift checks, wire transfers, U.S. Savings Bonds sales and redemptions, debit and ATM cards, federal payroll tax deposits, payroll services, safe deposit boxes, traveler's checks, night depositories, bond coupon redemptions, bank-by-mail, direct

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deposit, business sweep accounts, automated teller machines, online deposit account and loan account applications and telephone and internet banking. Central Jersey Bank, N.A. offers a variety of personal and business credit cards. These credit cards are underwritten and managed by one or more third party unaffiliated banking organizations. Central Jersey Bank, N.A. also maintains coin counting machines, for the convenience of its customers, in most of its branch offices.

### **Competition**

The banking business in New Jersey is very competitive. Central Jersey Bank, N.A. actively competes for deposits and loans with existing New Jersey and out-of-state financial institutions. Central Jersey Bank, N.A.'s competition includes large financial service companies and other entities, in addition to traditional banking institutions such as savings banks, commercial banks, internet banks and credit unions. Such competition includes community banks, with banking philosophies similar to those of Central Jersey Bank, N.A., which are located within or near the market area served by Central Jersey Bank, N.A.

Many of Central Jersey Bank, N.A.'s larger competitors have a greater ability to finance wide ranging advertising campaigns through their greater capital resources. Marketing efforts to attract prospective customers depend heavily upon referrals from Central Jersey Bank, N.A.'s board of directors, advisory boards, management and shareholders, selective advertising in local media and direct mail solicitations. Central Jersey Bank, N.A. competes for business principally on the basis of high quality, personal service to customers, customer access to bank decision makers and competitive interest rates and fees.

In recent years, intense market demands, technological and regulatory changes and economic pressures have eroded once clearly defined financial service industry classifications. Existing banks have been forced to diversify their services, increase rates paid on deposits, provide competitive pricing on loans and become more cost effective, as a result of competition with one another and with new types of financial service companies, including non-banking competitors. Corresponding changes in the regulatory framework have resulted in increasing homogeneity in the financial services offered by financial institutions. Some of the results of these market dynamics in the financial services industry have been a number of new bank and non-bank competitors, increased merger activity, and increased customer awareness of product and service differences among competitors. These factors may be expected to affect the business prospects of Central Jersey Bank, N.A.

### **Employees**

James S. Vaccaro (Chairman, President and Chief Executive Officer), Robert S. Vuono (Senior Executive Vice President, Chief Operating Officer and Secretary), and Anthony Giordano, III (Executive Vice President, Chief Financial Officer, Treasurer and Assistant Secretary) currently are the executive officers of the holding company, Central Jersey, and its banking subsidiary, Central Jersey Bank, N.A. Mr. Vaccaro, Mr. Vuono and Mr. Giordano, each have entered into a change of control agreement with Central Jersey. Including the aforementioned executive officers, Central Jersey had a total of 140 full time equivalent employees as of June 30, 2009.

### **Holding Company Operations**

Central Jersey serves as the holding company for Central Jersey Bank, N.A. The holding company has no assets or liabilities other than its investment in Central Jersey Bank, N.A. and its participation in MCBK Capital Trust I, a special purpose business trust established in March 2004 for the purpose of issuing \$5.0 million of preferred capital securities. The holding company does not conduct, nor does management believe that it will conduct, any business. All banking products and services are, and will be, provided by Central Jersey's bank subsidiary, Central Jersey Bank, N.A. Moreover, on March 9, 2004, Monmouth Community Bank, N.A., the original banking subsidiary of Central Jersey, formed MCB Investment Company, a New Jersey corporation. For state tax purposes, MCB Investment Company was formed to hold and invest in investment securities in support

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of Monmouth Community Bank, N.A. Further, on January 10, 2001, Allaire Community Bank, a former bank subsidiary of Central Jersey that was combined with Monmouth Community Bank, N.A. to form Central Jersey Bank, N.A. in August 2005, formed Allaire Investment Co., Inc., a New Jersey corporation, for the same purposes that Monmouth Community Bank, N.A. formed MCB Investment Company. Central Jersey combined the two New Jersey investment subsidiaries effective January 1, 2006. The name of the combined investment subsidiary is CJB Investment Company. On March 19 2009, Central Jersey formed a new investment subsidiary in the State of Delaware. The name of the Delaware investment company is Central Delaware Investment Co.

### **Government Regulation**

Central Jersey and its subsidiaries, including Central Jersey Bank, N.A., operate within a system of banking laws and regulations intended to protect bank customers and depositors. These laws and regulations govern the permissible operations and management, activities, reserves, loans and investments of Central Jersey and its subsidiaries. In addition, Central Jersey is subject to federal and state securities laws and general federal laws and regulations. Central Jersey and its non-bank subsidiary also are subject to the corporate laws and regulations of their respective states of incorporation. The following descriptions summarize the key banking and other laws and regulations to which Central Jersey and Central Jersey Bank, N.A. are subject. These descriptions are not intended to be complete and are qualified in their entirety by reference to the full text of the statutes and regulations discussed. Future changes in these laws and regulations, or in the interpretation and application thereof by their administering agencies, cannot be predicted, but could have a material effect on the business and results of Central Jersey and its subsidiaries.

Central Jersey is a bank holding company under the Federal Bank Holding Company Act of 1956, as amended by the 1999 financial modernization legislation known as the Gramm-Leach-Bliley Act, and is subject to the supervision of the Board of Governors of the Federal Reserve System. In general, the Bank Holding Company Act limits the business of bank holding companies to banking, managing or controlling banks, and performing certain servicing activities for subsidiaries and, as a result of the Gramm-Leach-Bliley Act amendments to the Bank Holding Company Act, permits bank holding companies that are also designated as financial holding companies to engage in any activity, or acquire and retain the shares of any company engaged in any activity, that is either (1) financial in nature or incidental to such financial activity (as determined by the Federal Reserve Board in consultation with the OCC), or (2) complementary to a financial activity and does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally (as determined by the Federal Reserve Board). In order for a bank holding company to engage in the broader range of activities that are permitted by the Bank Holding Company Act for bank holding companies that are also financial holding companies, upon satisfaction of certain regulatory criteria, the bank holding company must file a declaration with the Federal Reserve Board that it elects to be a financial holding company. Central Jersey does not intend to seek a financial holding company designation at this time, and does not believe that the current decision not to seek a financial holding company designation will adversely affect its ability to compete in its chosen markets. Central Jersey does not believe that seeking such a designation at this time would position it to compete more effectively in the offering of its current products and services.

Central Jersey Bank, N.A., the banking subsidiary of Central Jersey, is a national association, and is subject to the regulation, supervision and examination of the OCC. In addition, as a national bank, Central Jersey Bank, N.A. was required to become a member bank of the Federal Reserve Bank of New York, and is subject to examination and regulation by the Board of Governors of the Federal Reserve System. The Federal Reserve Board regulates aspects of activities conducted by Central Jersey and its subsidiaries, as discussed above.

### *Dividend Restrictions*

Central Jersey and its subsidiaries are separate legal entities whose finances are in some ways interconnected. Central Jersey's principal source of funds to fulfill its guarantee of trust preferred securities issued by MCBK Capital Trust I or to pay cash dividends on its common stock, if such dividends were to be

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declared, is from cash dividends paid to it by Central Jersey Bank, N.A. Certain federal statutes and regulations limit the payment of dividends to Central Jersey by its bank subsidiary without regulatory approval.

As a national bank, Central Jersey Bank, N.A. must obtain prior approval from the OCC to pay a cash dividend if the total of all cash dividends declared by Central Jersey Bank, N.A. in any calendar year would exceed Central Jersey Bank, N.A.'s net income for that year, combined with its retained net income for the preceding two calendar years, less any transfers required by the OCC or to a fund for retirement of preferred stock. Additionally, Central Jersey Bank, N.A. may not declare dividends in excess of net profits on hand, after deducting the amount by which the principal amount of all loans on which interest is past due for a period of six months or more exceeds the reserve for credit losses.

The payment of dividends is limited further by applicable minimum capital requirements. The Federal Reserve Board and the OCC have issued additional guidelines and policy statements, applicable to Central Jersey and Central Jersey Bank, N.A., requiring bank holding companies and national banks to continually evaluate the level of cash dividends in relation to their respective operating income, capital needs, asset quality and overall financial condition, and limiting dividends to payments out of current operating earnings.

As an insured depository institution, Central Jersey Bank, N.A. is subject to the Federal Deposit Insurance Act which provides that no dividends may be paid by an insured depository institution if it is in arrears in the payment of any insurance assessment due to the FDIC. In addition, under the Federal Deposit Insurance Act, an insured depository institution may not pay any dividend if the institution is undercapitalized or if the payment of the dividend would cause the institution to become undercapitalized, as further discussed below. A payment of dividends that would have the effect of depleting a depository institution's capital base to an inadequate level could constitute an unsafe and unsound practice subject to a cease and desist order.

Prior to 2008, Central Jersey Bank, N.A. had never declared any cash dividends. However, on January 15, 2008, Central Jersey, the parent company of Central Jersey Bank, N.A., announced that its board of directors authorized a common stock repurchase program. Central Jersey Bank, N.A. declared and paid cash dividends totaling \$2.045 million to Central Jersey in order to effectuate the common stock repurchase program. As of December 23, 2008, Central Jersey suspended its stock repurchase program due to its participation in the U.S. Department of the Treasury's Capital Purchase Program.

### *Transactions with Affiliates*

Banking laws and regulations impose certain restrictions on the ability of bank holding companies and their non-bank subsidiaries to borrow from and engage in other transactions with their subsidiary or affiliated banks. Generally, these restrictions require that any extensions of credit must be secured by designated amounts of specified collateral and are limited to (1) 10% of the bank's capital stock and surplus per non-bank affiliated borrower, and (2) 20% of the bank's capital stock and surplus aggregated as to all non-bank affiliated borrowers. In addition, certain transactions with affiliates must be on terms and conditions, including credit standards, at least as favorable to the institution as those prevailing for arms-length transactions. Central Jersey Bank, N.A. also must comply with regulations which restrict loans made to directors, executive officers and principal shareholders of Central Jersey and its subsidiaries.

### *Liability of Commonly Controlled Institutions and Source of Strength Doctrine*

The Federal Deposit Insurance Act contains a cross-guarantee provision that could result in any insured depository institution owned by Central Jersey being assessed for losses incurred by the FDIC in connection with assistance provided to, or the failure of, any other insured depository institution owned by Central Jersey. Also, under the Bank Holding Company Act and Federal Reserve Board policy, bank holding companies are expected to represent a source of financial and managerial strength to their bank subsidiaries, and to commit resources to support bank subsidiaries in circumstances where banks may not be in a self-sufficient financial position. Capital

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loans by a bank holding company to a bank subsidiary are subordinate in right of repayment to deposits and other bank indebtedness. If a bank holding company declares bankruptcy, any commitment made to a federal bank regulatory agency by the bank holding company to sustain the capital of its subsidiary banks will be assumed by the bankruptcy trustee and entitled to a priority of payment.

In addition, under the National Bank Act, as amended, if the capital stock of a subsidiary national bank is impaired, by losses or otherwise, the OCC is authorized to require payment of the deficiency by assessment upon the bank's parent company, and to sell the stock of the bank if such assessment is not satisfied within three months to the extent necessary to eliminate the deficiency.

*FDIC Deposit Insurance Coverage*

The FDIC is an independent agency of the United States government that protects against the loss of insured deposits if an FDIC-insured bank or savings association fails. FDIC deposit insurance is backed by the full faith and credit of the United States government. FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts and certificates of deposit (CDs). FDIC insurance does not, however, cover other financial products and services that insured banks may offer, such as stocks, bonds, mutual fund shares, life insurance policies, annuities or municipal securities. There is no need for depositors to apply for FDIC insurance or even to request it. Coverage is automatic. The FDIC provides separate coverage for deposits held in different account ownership categories. Unlimited deposit insurance coverage is available through December 31, 2009, for non-interest bearing transaction accounts at institutions participating in FDIC's Temporary Liquidity Guarantee Program. On January 1, 2014, the standard coverage limit will return to \$100,000 for all deposit categories except IRAs and Certain Retirement Accounts, which will continue to be insured up to \$250,000 per owner.

The coverage limits shown in the chart below refer to the total of all deposits that an account holder has in the same ownership categories at each FDIC-insured bank. The chart shows only the most common ownership categories that apply to individual and family deposits, and assumes that all FDIC requirements are met.

Single Accounts (owned by one person)	\$250,000 per owner
Joint Accounts (two or more persons)	\$250,000 per co-owner
IRAs and certain other retirement accounts	\$250,000 per owner
Trust Accounts	\$250,000 per owner per beneficiary subject to specific limitations and requirements
Corporation, Partnership and Unincorporated Association Accounts	\$250,000 per corporation, partnership or unincorporated association
Employee Benefit Plan Accounts	\$250,000 for the non-contingent, ascertainable interest of each participant
Government Accounts	\$250,000 per official custodian
Non-interest Bearing Transaction Accounts	Unlimited coverage only at participating FDIC-insured banks and savings associations

*Temporary Liquidity Guarantee Program*

On November 21, 2008, the Board of Directors of the FDIC adopted a final rule relating to the Temporary Liquidity Guarantee Program ( TLG Program ). The TLG Program was announced by the FDIC on October 14, 2008, preceded by the determination of systemic risk by the Secretary of the U.S. Department of the Treasury (after consultation with the President), as an initiative to counter the system-wide crisis in the nation's financial



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sector. Under the TLG Program the FDIC will (1) guarantee, through the earlier of maturity or June 30, 2012, certain newly issued senior unsecured debt issued by participating institutions on or after October 14, 2008, and before June 30, 2009, and (2) provide full FDIC deposit insurance coverage for non-interest bearing transaction deposit accounts, Negotiable Order of Withdrawal ( NOW ) accounts paying less than 0.5% interest per annum and Interest on Lawyers Trust Accounts held at participating FDIC- insured institutions through December 31, 2009. Coverage under the TLG Program was available for the first 30 days without charge. The fee assessment for coverage of senior unsecured debt ranges from 50 basis points to 100 basis points per annum, depending on the initial maturity of the debt. The fee assessment for deposit insurance coverage is 10 basis points per quarter on amounts in covered accounts exceeding \$250,000. On December 23, 2008, Central Jersey elected to participate in both guarantee programs.

*Capital Purchase Program*

On October 14, 2008, the U.S. government announced a series of initiatives to strengthen market stability, improve the strength of financial institutions and enhance market liquidity. In connection therewith, the U.S. Department of the Treasury announced the Capital Purchase Program, pursuant to which qualified U.S. financial institutions could voluntarily build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy.

On December 23, 2008, Central Jersey, as part of the Capital Purchase Program, sold (1) 11,300 shares of preferred stock, and (2) a warrant to purchase up to 268,621 of Central Jersey's common stock at an exercise price of \$6.31 per share. Central Jersey intends to utilize the \$11.3 million in gross investment proceeds for general corporate purposes and to enhance lending operations. Both the preferred stock and the warrant qualify as components of Central Jersey's regulatory Tier 1 Capital.

The shares of preferred stock pay cumulative dividends at a rate of 5% per annum, or approximately \$550,000 annually, and will reset to a rate of 9% at the end of the fifth year. The warrant has a term of 10 years and is exercisable, in whole or part, at any time during the term. The exercise price for the warrant was the market price of Central Jersey's common stock at the time of issuance calculated on a 20-trading day trailing average. The fair value of the warrant was estimated on December 23, 2008 using the Black-Scholes option pricing model with the following weighted-average assumptions used: stock price \$6.31, dividend yield of 0%; expected volatility of 46.50%; risk free interest rate of 1.45%; and expected life of five years.

Central Jersey is subject to certain requirements regarding executive compensation and corporate governance during the period in which any obligation arising from financial assistance provided under the Capital Purchase Program remains outstanding. These requirements are set forth in the EESA and the regulations promulgated thereunder by the U.S. Department of the Treasury (the Regulations ), and include the following: (1) Central Jersey's compensation committee is required to review incentive compensation arrangements with senior risk officers at least annually to ensure that no such arrangement encourages senior executive officers to take unnecessary and excessive risks that threaten the value of Central Jersey, and the compensation committee must provide certifications to that effect to the OCC; (2) Central Jersey Bancorp is required to recover any bonus or incentive compensation paid to a senior executive officer that is based on statements of earnings that are subsequently proven to be materially inaccurate; and (3) Central Jersey is prohibited from making any golden parachute payments as defined in the EESA and the Regulations.

On February 17, 2009, President Obama signed the ARRA, which amended the executive compensation and corporate governance provisions of the EESA. The amendments elaborate on the requirements and obligations under the EESA and provide that Capital Purchase Program participants: (1) may not provide incentives for senior executive officers to take unnecessary and excessive risks that threaten the value of the financial institution; (2) must recover any bonus or incentive compensation paid to senior executive officers based on statements of earnings that are subsequently proven to be materially inaccurate; (3) may not make any golden parachute payments to senior executive officers; (4) may not pay any bonus, retention award or incentive

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compensation to certain of the most highly compensated employees, except pursuant to employment contracts executed on or before February 11, 2009 and except for long-term restricted stock that meets certain requirements; (5) may not adopt any compensation plan that would encourage manipulation of reported earnings to enhance the compensation paid to any employee; (6) must establish a compensation committee of independent directors to review employee compensation plans; and (7) must provide certain certifications regarding executive compensation and compliance with the requirements of the EESA. The ARRA also provides that, subject to consultation with the appropriate federal banking agency, the Secretary of the U.S. Department of the Treasury will permit a participant in the Capital Purchase Program to repay any assistance previously provided under the Capital Purchase Program. The participant will not have to replace the assistance with Tier I Capital, as originally provided in the Capital Purchase Program.

*Capital Adequacy*

The Federal Reserve Board and the OCC have substantially similar risk-based capital and leverage ratio guidelines for banking organizations. These guidelines are intended to ensure that banking organizations have adequate capital given the risk levels of their assets and off-balance sheet financial instruments. Under the risk-based capital and leverage ratio guidelines, assets and off-balance sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items. These risk-based capital requirements identify concentration of credit risk, and facilitate management of those risks.

To derive total risk-weighted assets, bank assets are given risk-weights of 0%, 20%, 50% and 100%. In addition, certain off-balance sheet items are converted to asset equivalent amounts to which an appropriate risk-weight will apply. Most loans are assigned to the 100% risk category, except for performing first mortgage loans fully secured by residential property, which carry a 50% risk-weighting. Most investment securities (including, primarily, general obligation claims of states or other political subdivisions of the United States) are assigned to the 20% category, except for municipal or state revenue bonds, which have a 50% risk-weight, and direct obligations of the U.S. Department of the Treasury or obligations backed by the full faith and credit of the United States government, which have a 0% risk-weight. In converting off-balance sheet items, direct credit substitutes, including general guarantees and standby letters of credit backing financial obligations, are given a 100% risk-weighting. Transaction-related contingencies such as bid bonds, standby letters of credit backing nonfinancial obligations, and undrawn commitments (including commercial credit lines with an initial maturity or more than one year) have a 50% risk-weighting. Short-term commercial letters of credit have a 20% risk-weighting, and certain short-term unconditionally cancelable commitments have a 0% risk-weighting.

Under the capital guidelines, a banking organization's total capital is divided into tiers. Tier I Capital consists of common shareholders' equity, qualifying preferred stock, and minority interests in the equity accounts of consolidated subsidiaries, less certain goodwill items and other intangible assets. No more than 25% of qualifying Tier I Capital may consist of trust preferred securities. Tier II Capital consists of hybrid capital instruments, perpetual debt, mandatory convertible debt securities, a limited amount of subordinated debt, and preferred stock that does not qualify as Tier I Capital, plus a limited amount of loan and lease loss allowances and a limited amount of unrealized holding gains on equity securities. Tier III Capital consists of qualifying unsecured subordinated debt. Total Capital is the sum of Tier I, Tier II and Tier III Capital. The sum of Tier II and Tier III Capital may not exceed the amount of Tier I Capital.

Under the Federal Reserve Board's risk-based capital guidelines for bank holding companies, the required minimum ratio of Total Capital (the sum of Tier I, Tier II and Tier III Capital) to risk-weighted assets (including certain off-balance sheet activities, such as standby letters of credit) is 8%. The required minimum ratio of Tier I Capital to risk-weighted assets is 4%. At December 31, 2008, Central Jersey's ratios of Total Capital and Tier I Capital to risk-weighted assets were 15.09% and 13.91%, respectively.

The Federal Reserve Board also requires bank holding companies to comply with minimum leverage ratio guidelines. The leverage ratio is the ratio of a bank holding company's Tier I Capital (excluding intangibles) to

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its total assets (excluding loan loss reserve, goodwill, and certain other intangibles). Bank holding companies normally must maintain a minimum leverage ratio of 4%, unless the bank holding company has the highest supervisory rating or has implemented the Federal Reserve Board's risk-adjusted measure for market risk, in which case its minimum leverage ratio must be 3%. Banking organizations undergoing significant growth or undertaking acquisitions must maintain even higher capital positions. At March 31, 2009, Central Jersey's leverage ratio was 9.94%. Central Jersey Bank, N.A. is subject to similar risk-based and leverage capital guidelines, as adopted by the OCC.

Banking regulators currently are developing proposed revisions to their existing capital adequacy regulations and standards, based on policy guidelines issued by the Basel Committee on Banking Supervision, an international committee of central banks and bank regulators from major industrialized countries. Central Jersey Bank, N.A. is analyzing the potential impact of these proposed revisions on its risk-based capital.

*Prompt Corrective Action*

The Federal Deposit Insurance Act requires federal banking regulators to take prompt corrective action with respect to depository institutions that do not meet minimum capital requirements. Failure to meet minimum requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have an adverse material effect on Central Jersey's financial condition. Under the Prompt Corrective Action Regulations, Central Jersey Bank, N.A. must meet specific capital guidelines that involve quantitative measures of its assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices.

The Prompt Corrective Action Regulations define specific capital categories based on an institution's capital ratios. The capital categories, in declining order, are well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Federal Deposit Insurance Act imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category by which the institution is classified. Institutions categorized as undercapitalized or worse may be subject to requirements to file a capital plan with their primary federal regulator, prohibitions on the payment of dividends and management fees, restrictions on asset growth and executive compensation, and increased supervisory monitoring, among other things. Other restrictions may be imposed on the institution by the regulatory agencies, including requirements to raise additional capital, sell assets or sell the entire institution. Once an institution becomes critically undercapitalized, it generally must be placed in receivership or conservatorship within 90 days.

The Prompt Corrective Action Regulations provide that an institution is well capitalized if the institution has a total risk-based capital ratio of 10.0% or greater, a Tier I risk-based capital ratio of 6.0% or greater, and a leverage ratio of 5.0% or greater. The institution also may not be subject to an order, written agreement, and capital directive or prompt corrective action directive to meet and maintain a specific level for any capital measure. An institution is adequately capitalized if it has a total risk-based capital ratio of 8.0% or greater, a Tier I risk-based capital ratio of 4.0% or greater, and a leverage ratio of 4.0% or greater (or a leverage ratio of 3.0% or greater if the institution is rated composite 1 in its most recent report of examination, subject to appropriate federal banking agency guidelines), and the institution does not meet the definition of a well-capitalized institution. An institution is deemed undercapitalized if it has a total risk-based capital ratio that is less than 8.0%, a Tier I risk-based capital ratio of less than 4.0%, or a leverage ratio of less than 4.0% (or a leverage ratio of less than 3.0% if the institution is rated composite 1 in its most recent report of examination, subject to appropriate federal banking agency guidelines), and the institution does not meet the definition of a significantly undercapitalized or critically undercapitalized institution. An institution is significantly undercapitalized if the institution has a total risk-based capital ratio that is less than 6.0%, a Tier I risk-based capital ratio of less than 3.0%, or a leverage ratio less than 3.0% and the institution does not meet the definition of a critically undercapitalized institution, and is critically undercapitalized if the institution has a ratio of tangible equity to total assets that is equal to or less than 2.0%.

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The appropriate federal banking agency may, under certain circumstances, reclassify a well capitalized insured depository institution as adequately capitalized. The appropriate agency is also permitted to require an adequately capitalized or undercapitalized institution to comply with the supervisory provisions as if the institution were in the next lower category (but not to treat a significantly undercapitalized institution as critically undercapitalized) based on supervisory information other than an institution's capital levels.

At March 31, 2009, Central Jersey Bank, N.A. was well capitalized based on the ratios and guidelines noted above. However, the capital categories of the bank are determined solely for the purpose of applying the Prompt Corrective Action Regulations and may not constitute an accurate representation of its overall financial condition or prospects. Additional information on capital amounts and ratios of Central Jersey and Central Jersey Bank, N.A. is found in Note (15) to our consolidated financial statements included elsewhere in this document.

### *Unsafe and Unsound Practices*

Notwithstanding its Prompt Corrective Action category dictated by risk-based capital ratios, the Federal Deposit Insurance Act permits the appropriate bank regulatory agency to reclassify an institution if it determines, after notice and a hearing, that the condition of the institution is unsafe or unsound, or if it deems the institution to be engaging in an unsafe or unsound practice. Under the Financial Institutions Supervisory Act, the OCC has the authority to prohibit national banks from engaging in any activity in the conduct of their business which the OCC believes constitutes an unsafe or unsound practice. The Federal Reserve Board has similar authority with regard to bank holding companies and their non-bank subsidiaries.

### *The USA PATRIOT Act*

On October 26, 2001, the President signed into law certain comprehensive anti-terrorism legislation known as the USA PATRIOT Act of 2001. Title III of the USA PATRIOT Act substantially broadened the scope of the U.S. anti-money-laundering laws and regulations by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The U.S. Department of the Treasury has issued a number of implementing regulations which apply various requirements of the USA PATRIOT Act to financial institutions such as Central Jersey Bank, N.A. Those regulations impose new obligations on financial institutions to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing.

Failure of a financial institution to comply with the USA PATRIOT Act's requirements could have serious legal consequences for an institution and adversely affect its reputation. Central Jersey has adopted appropriate policies, procedures and controls to address compliance with the requirements of the USA PATRIOT Act under the existing regulations and will continue to revise and update its policies, procedures and controls to reflect changes required by the USA PATRIOT Act and by the U.S. Department of the Treasury regulations.

### *Community Reinvestment Act*

The Federal Community Reinvestment Act requires banks to respond to the full range of credit and banking needs within their communities, including the needs of low and moderate-income individuals and areas. A bank's failure to address the credit and banking needs of all socio-economic levels within its markets may result in restrictions on growth and expansion opportunities for the bank, including restrictions on new branch openings, relocation, formation of subsidiaries, mergers and acquisitions. In the latest CRA examination report with respect to Central Jersey Bank, N.A., dated November 10, 2003, Central Jersey Bank, N.A. received a rating of satisfactory.

### *Consumer Privacy*

The privacy provisions of the Gramm-Leach-Bliley Act generally prohibit financial institutions, including Central Jersey and Central Jersey Bank, N.A., from disclosing or sharing nonpublic personal financial information to third parties for marketing or other purposes not related to transactions, unless customers have an

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opportunity to opt out of authorizing such disclosure, and have not elected to do so. It has never been the policy of Central Jersey to release such information except as may be required by law. The Fair Credit Reporting Act also restricts information sharing among affiliates for marketing and other purposes.

### *Loans to One Borrower*

Federal banking laws limit the amount a bank may lend to a single borrower to 15% of the bank's capital and surplus, plus an additional 10% of capital and surplus if the amount over the 15% general limit is fully secured by adequate amounts of readily marketable capital. However, no loan to one borrower may exceed 25% of a bank's statutory capital, notwithstanding collateral pledged to secure it. Well-qualified national banks also may be eligible for certain preferred lending limits within specified loan categories.

### *Depositor Preference Statute*

Under federal law, depositors, certain claims for administrative expenses and employee compensation against an insured depository institution are afforded a priority over other general unsecured claims against the institution, in the event of a liquidation or other resolution of the institution by a receiver.

### *Sarbanes-Oxley Act of 2002*

On July 30, 2002, the President of the United States signed into law the Sarbanes-Oxley Act of 2002. The stated goals of Sarbanes-Oxley Act of 2002 are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. The Sarbanes-Oxley Act of 2002 generally applies to all companies, both domestic and foreign, that file or are required to file periodic reports with the SEC under the Exchange Act.

The Sarbanes-Oxley Act of 2002 includes very specific disclosure requirements and corporate governance rules, requires the SEC and self regulatory organizations to adopt extensive additional disclosure, corporate governance and other related rules and mandates further studies of certain issues by the Securities and Exchange Commission and the Comptroller General. The Sarbanes-Oxley Act of 2002 represents significant federal involvement in matters traditionally left to state regulatory systems, such as the regulation of the accounting profession, and to state corporate law, such as the relationship between a board of directors and management and between a board of directors and its committees.

The Sarbanes-Oxley Act of 2002 addresses, among other matters:

audit committees for all reporting companies;

certification of financial statements by the chief executive officer and the chief financial officer;

the forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by directors and senior officers under certain circumstances;

a prohibition on insider trading during pension plan black out periods;

disclosure of off-balance sheet transactions;

expedited filing requirements for certain periodic and current reports;

disclosure of a code of ethics;

real time filing of periodic reports;

the formation of a public accounting oversight board;

auditor independence; and

various increased criminal penalties for violations of securities laws.

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### *Overall Impact of New Legislation and Regulations*

Various legislative initiatives are from time to time introduced in Congress. It cannot be predicted whether or to what extent the business and condition of Central Jersey and its subsidiaries will be affected by new legislation or regulations, and legislation or regulations as yet to be proposed or enacted. In addition, the U.S. Department of the Treasury has the authority to unilaterally change the scope and requirements of the Capital Purchase Program, which could have an adverse impact on the operations of Central Jersey and its subsidiaries.

### **Impact of Monetary Policies**

The earnings of Central Jersey Bank, N.A. will be affected by domestic economic conditions and the monetary and fiscal policies of the United States government and its agencies. The monetary policies of the Federal Reserve Board have had, and will likely continue to have, an important impact on the operating results of banks through the Federal Reserve Board's power to implement national monetary policy in order, among other things, to curb inflation or combat a recession. The Federal Reserve Board has a major effect upon the levels of bank loans, investments and deposits through its open market operations in United States government securities and through its regulation of, among other things, the discount rate on borrowing of member banks and the reserve requirements against member bank deposits. It is not possible to predict the nature and impact of future changes in monetary and fiscal policies.

### **Properties**

The corporate headquarters of Central Jersey Bank, N.A. is a leased facility, located in Oakhurst, New Jersey at 1903 Highway 35. The corporate headquarters includes a full service branch.

Central Jersey Bank, N.A. also leases office space or owns the buildings at the following branch locations:

627 Second Avenue, Long Branch, New Jersey.

700 Allaire Road, Spring Lake Heights, New Jersey.

700 Branch Avenue, Little Silver, New Jersey.

61 Main Avenue, Ocean Grove, New Jersey.

444 Ocean Boulevard, Long Branch, New Jersey.

2200 Highway 35, Sea Girt, New Jersey.

155 Main Street, Manasquan, New Jersey.

Shark River Plaza, 300 West Sylvania Avenue, Route 33, Neptune City, New Jersey.

2201 Bridge Avenue, Point Pleasant, New Jersey.

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501 Main Street, Bradley Beach, New Jersey.

611 Main Street, Belmar, New Jersey.

Shop Rite Plaza, 2445 Highway 34, Manasquan, New Jersey.

**Legal Proceedings**

Except as may otherwise be disclosed in this document, there are no material legal, governmental, administrative or other proceedings pending against Central Jersey or Central Jersey Bank, N.A.



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**Management's Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion and analysis is intended to provide information about Central Jersey's financial condition for the three months ended March 31, 2009 and 2008 and the years ended December 31, 2008 and 2007 and results of operations for the three months ended March 31, 2009 and 2008 and the years ended December 31, 2008 and 2007. The following information should be read in conjunction with Central Jersey's unaudited consolidated financial statements for the three months ended March 31, 2009 and the audited consolidated financial statements for the years ended December 31, 2008 and 2007, including the related notes thereto, which begin on page F-1 of this document.

**Critical Accounting Policies**

Disclosures contained in this Management's Discussion and Analysis of Financial Condition and Results of Operations, as well as disclosures with respect to Central Jersey's financial condition and results of operations for the three months ended March 31, 2009 and 2008 found elsewhere in this joint proxy statement/prospectus, are based upon Central Jersey's unaudited consolidated financial statements for the three months ended March 31, 2009 and 2008, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these unaudited consolidated financial statements requires Central Jersey to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses.

Note 1 to Central Jersey's consolidated financial statements for the years ended December 31, 2008 and 2007, contained elsewhere in this document, includes a summary of Central Jersey's significant accounting policies. Central Jersey believes that its policy with respect to the methodology for its determination of the allowance for loan losses, involves a high degree of complexity and requires management to make difficult and subjective judgments which often requires assumptions or estimates about uncertain matters. Changes in these judgments, assumptions or estimates could cause reported results to differ materially. This critical policy and its application are periodically reviewed by Central Jersey's audit committee and board of directors.

Additional critical accounting policies relate to judgments about other asset impairments, including goodwill, investment securities, servicing rights and deferred tax assets. Central Jersey performs an annual analysis to test the aggregate balance of goodwill for impairment in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets*. For purposes of the goodwill impairment evaluation, Central Jersey is identified as the reporting unit. The fair value of goodwill is determined using standard valuation methodologies similar to those used to determine the fair value of goodwill in a business combination, including a review of comparable transactions. If the carrying amount of goodwill pursuant to this analysis were to exceed the implied fair value of goodwill, an impairment loss would be recognized. No impairment loss was required to be recognized for the years ended December 31, 2008 and 2007.

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, amounts due from banks with original maturities of three months or less and overnight federal funds sold. Federal funds sold are generally sold for one-day periods.

Investment securities held-to-maturity are comprised of debt securities that Central Jersey Bank, N.A. has the intent and ability to hold to maturity. Such securities are stated at cost, adjusted for amortization of premiums and accretion of discounts over the estimated remaining lives of the investment securities utilizing the level-yield method. Investment securities to be held for indefinite periods of time and not intended to be held-to-maturity, including all equity securities, are classified as available-for-sale. Investment securities available-for-sale include investment securities that management intends to use as part of its asset/liability management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk and other factors related to interest rate and resultant prepayment risk changes. Investment securities available-for-sale are carried at estimated fair value. Unrealized holding gains and losses on such investment securities available-for-sale are excluded from earnings and reported as a separate component of shareholders' equity. Gains and losses on sales of investment securities are based on the specific identification method and are accounted for on a trade date basis.

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On a quarterly basis, Central Jersey Bank, N.A. evaluates investment securities for other-than-temporary impairment. For individual investment securities classified as either available-for-sale or held-to-maturity, a determination is made as to whether a decline in fair value below the amortized cost basis is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the individual investment security shall be written down to fair value and the amount of the write-down shall be recognized in earnings. After evaluation, as of March 31, 2009, Central Jersey Bank, N.A. noted no other-than-temporary impairment issues. The overall investment security portfolio is in an unrealized gain position and does not reflect any significant individual investment security losses.

Loans are stated at unpaid principal balances, less unearned income and deferred loan fees and costs.

Interest on loans is credited to operations based upon the principal amount outstanding.

Loan origination and commitment fees and certain direct loan origination costs are deferred, and the net amount is amortized over the estimated life of the loan as an adjustment to the loan's yield using the level-yield method.

A loan is considered impaired when, based on current information and events, it is probable that Central Jersey Bank, N.A. will be unable to collect all amounts due according to the contractual terms of the loan agreement. Impaired loans are measured based on the present value of expected future cash flows, at the loan's observable market price, or the fair value of the underlying collateral, if the loan is collateral dependent. Conforming residential mortgage loans, home equity and second mortgages and loans to individuals, are excluded from the definition of impaired loans as they are characterized as smaller balance, homogeneous loans and are collectively evaluated.

The accrual of income on loans, including impaired loans, is generally discontinued when a loan becomes more than 90 days delinquent as to principal or interest or when other circumstances indicate that collection is questionable, unless the loan is well secured and in the process of collection. Income on non-accrual loans, including impaired loans, is recognized only in the period in which it is collected, and only if management determines that the loan principal is fully collectible. Loans are returned to an accrual status when a loan is brought current as to principal and interest and reasons for doubtful collection no longer exist.

A loan is considered past due when a payment has not been received in accordance with the contractual terms. Generally, commercial loans are placed on non-accrual status when they are 90 days past due unless they are well secured and in the process of collection or, regardless of the past due status of the loan, when management determines that the complete recovery of principal and interest is in doubt. Commercial loans are generally written down after an analysis is completed which indicates that collectibility of the full principal balance is in doubt. Consumer loans are generally written down after they become 120 days past due. Mortgage loans are not generally placed on a non-accrual status unless the value of the real estate has deteriorated to the point that a potential loss of principal or interest exists. Subsequent payments are credited to income only if collection of principal is not in doubt. If principal and interest payments are brought contractually current and future collectibility is reasonably assured, loans are returned to accrual status. Mortgage loans are generally written down when the value of the underlying collateral does not cover the outstanding principal balance. Loan origination and commitment fees less certain costs are deferred and the net amount amortized as an adjustment to the related loan's yield. Loans held-for-sale are recorded at the lower of aggregate cost or fair value.

The allowance for loan losses is based upon the Interagency Policy Statement on the Allowance for Loan and Lease Losses issued jointly by the federal banking agencies on December 13, 2006 (OCC Bulletin 2006-47) and management's evaluation of the adequacy of the allowance, including an assessment of: (a) known and inherent risks in the loan portfolio; (b) the size and composition of the loan portfolio; (c) actual loan loss experience; (d) the level of delinquencies; (e) the individual loans for which full collectibility may not be assured; (f) the existence and estimated net realizable value of any underlying collateral and guarantees securing

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the loans; and (g) the current economic and market conditions. Although management uses the best information available, the level of the allowance for loan losses remains an estimate that is subject to significant judgment and short-term change. Various regulatory agencies, as an integral part of their examination process, periodically review Central Jersey Bank, N.A.'s allowance for loan losses. Such agencies may require Central Jersey Bank, N.A. to make additional provisions for loan losses based upon information available to them at the time of their examination. Furthermore, the majority of Central Jersey Bank, N.A.'s loans are secured by real estate in the State of New Jersey. Accordingly, the collectibility of a substantial portion of the carrying value of Central Jersey Bank, N.A.'s loan portfolio is susceptible to changes in local market conditions and may be adversely affected should real estate values decline or the Central New Jersey area experience an adverse economic climate. Future adjustments to the allowance for loan losses may be necessary due to economic, operating, regulatory and other conditions beyond Central Jersey Bank, N.A.'s control. Management believes that the allowance for loan losses is adequate as of December 31, 2008.

Income taxes are accounted for under the asset and liability method. Current income taxes are provided for based upon amounts estimated to be currently payable, for both federal and state income taxes. Deferred federal and state tax assets and liabilities are recognized for the expected future tax consequences of existing differences between financial statement and tax basis of existing assets and liabilities. Deferred tax assets are recognized for future deductible temporary differences and tax loss carry forwards if their realization is more-likely-than-not. The effect of a change in the tax rate on deferred taxes is recognized in the period of the enactment date. The determination of whether deferred tax assets will be realizable is predicted on estimates of future taxable income. Such estimates are subject to management's judgment. A valuation reserve is established when management is unable to conclude that it is more likely than not that it will realize deferred tax assets based on the nature and timing of these items.

Comprehensive income is segregated into net income and other comprehensive income. Other comprehensive income includes items previously recorded directly to equity, such as unrealized gains and losses on securities available-for-sale. Comprehensive income is presented in the Statements of Changes in Shareholders' Equity.

Central Jersey Bank, N.A.'s operations are solely in the financial services industry and include traditional banking and other financial services. Central Jersey Bank, N.A. operates primarily in the geographical region of central New Jersey. Management makes operating decisions and assesses performance based on an ongoing review of Central Jersey Bank, N.A.'s consolidated financial results. Therefore, Central Jersey has a single operating segment for financial reporting purposes.

Intangible assets consist of goodwill, core deposit premiums and servicing rights. Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets acquired through purchase acquisitions. In accordance with Statement of Financial Accounting Standards (SFAS) No. 142, goodwill with an indefinite useful life is not amortized, but is evaluated for impairment on an annual basis.

Central Jersey Bank, N.A. originates SBA loans and typically attempts to sell the U.S. Government guaranteed portion of the outstanding loan balance to investors, with servicing retained. Servicing rights fees, which are usually based on a percentage of the outstanding principal balance of the loan, are recorded for servicing functions. Central Jersey Bank, N.A. accounts for its transfers and servicing of financial assets in accordance with SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*. Central Jersey Bank, N.A. records servicing rights based on the fair values at the date of sale.

Core deposit premiums represent the intangible value of depositor relationships assumed in purchase acquisitions and are amortized on an accelerated basis over a period of ten years. The amortization of the core deposit premiums is recorded in other operating expenses.

Long-lived assets including goodwill and certain identifiable intangibles are periodically evaluated for impairment in value. Long-lived assets and deferred costs are typically measured whenever events or circumstances indicate that the carrying amount may not be recoverable. No such events have occurred during

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the periods reported. Certain identifiable intangibles and goodwill are evaluated for impairment at least annually utilizing the market approach as prescribed by SFAS No. 142. Asset impairment is recorded when required. Intangible assets consist of goodwill, core deposit premiums and servicing rights. Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets acquired through purchase acquisitions. In accordance with SFAS No. 142, goodwill with an indefinite useful life is not amortized, but is evaluated for impairment on an annual basis.

The determination of whether deferred tax assets will be realizable is predicated on estimates of future taxable income. Such estimates are subject to management's judgment. A valuation reserve is established when management is unable to conclude that it is more likely than not that it will realize deferred tax assets based on the nature and timing of these items.

On January 7, 2008, Central Jersey announced a common stock repurchase program. As authorized by Central Jersey's Board of Directors, Central Jersey may repurchase up to 5.7%, or 525,000 shares, of the 9,183,290 shares of its common stock outstanding at the time the repurchase program was announced. Repurchases may be made from time to time, in the open market, in unsolicited negotiated transactions or in such other manner deemed appropriate by management, at prices not exceeding prevailing market prices, subject to availability of the shares, over 24 months ending December 31, 2009, or such shorter or longer period of time as Central Jersey may determine. The acquired shares are to be held in treasury to be used for general corporate purposes. Central Jersey's repurchase activities are transacted in accordance with SEC safe harbor rules and guidance for issuer repurchases. During the year ended December 31, 2008, Central Jersey repurchased 246,448 shares of its common stock at an average price of \$7.29 per share. As of December 23, 2008, Central Jersey suspended its stock repurchase program due to its participation in the Capital Purchase Program.

**For the Three Months Ended March 31, 2009 and 2008****Overview**

Central Jersey reported net income and net income available to common shareholders of \$310,000 and \$125,000, respectively, for the three months ended March 31, 2009, as compared to \$581,000 for both for the same period in 2008. The net income available to common shareholders figure takes into account \$141,000 in preferred stock dividends paid to the U.S. Department of the Treasury as part of the Capital Purchase Program during the three months ended March 31, 2009. Basic and diluted earnings per share for the three months ended March 31, 2009 were \$0.01, as compared to basic and diluted earnings per share of \$0.06 for the same period in 2008. The decrease in net income is primarily attributable to \$3.1 million in provision for loan losses recorded during the three months ended March 31, 2009, resulting from credit deterioration of several commercial borrowers due to general economic conditions. This charge was partly mitigated by \$1.8 million in gains realized from the sale of investment securities during the period. These gains were generated as a result of favorable market conditions due to the low interest rate environment. Since \$1.1 million of the \$1.8 million in gains from the sale of available-for-sale investment securities, recorded during the three months ended March 31, 2009, were realized in CJB Investment Company, a wholly-owned subsidiary of Central Jersey Bank, N.A., these gains are considered capital gains and are permitted to be offset against the remaining capital tax loss carry-forwards. The federal tax savings from this transaction totaled approximately \$369,000.

Total assets of \$576.2 million at March 31, 2009 were comprised primarily of \$354.2 million in net loans, \$158.0 million in investment securities, \$425,000 in residential loans held-for-sale and \$14.7 million in cash and cash equivalents, as compared to total assets of \$599.4 million at December 31, 2008, which primarily consisted of \$356.3 million in net loans, \$185.4 million in investment securities, \$400,000 in residential loans held-for-sale and \$9.8 million in cash and cash equivalents. Total assets at March 31, 2009 were funded primarily through deposits totaling \$430.6 million and other borrowings totaling \$57.0 million, as compared to deposits totaling \$418.8 million and other borrowings totaling \$71.7 million at December 31, 2008.

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Non-performing/impaired loans totaled \$10.5 million at March 31, 2009, as compared to \$2.7 million at December 31, 2008. The increase in non-performing/impaired loans was due primarily to certain commercial loans which were placed on non-accrual status and/or deemed to be impaired during the three months ended March 31, 2009. The loans which were deemed to be impaired required a specific reserve in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*. There was \$698,000 in loan charge-offs during the three months ended March 31, 2009, as compared to no loan charge-offs for the same period in 2008. Loan loss recoveries totaled \$2,000 during the three months ended March 31, 2009, as compared to \$3,000 for the same period in 2008.

**Results of Operations***General*

Central Jersey's principal source of revenue is derived from its bank subsidiary's net interest income, which is the difference between interest income on earning assets and interest expense on deposits and borrowed funds. Interest-earning assets consist principally of loans, investment securities and federal funds sold, while the sources used to fund such assets consist primarily of deposits. Central Jersey's net income is also affected by its bank subsidiary's provision for loan losses, other-than-temporary impairment of investment securities, other income and other expenses. Other income consists primarily of service charges and fees. Other expenses consist primarily of salaries and employee benefits, occupancy costs, data processing fees and other operating related expenses.

*Net Interest Income*

Net interest income was \$4.7 million for the three months ended March 31, 2009, as compared to \$4.2 million for the same period in 2008. Net interest income for the three months ended March 31, 2009 and 2008 was comprised primarily of \$5.0 million and \$5.3 million, respectively, in interest and fees on loans, \$1.9 million and \$1.7 million, respectively, in interest on investment securities and \$33,000 and \$192,000, respectively, in interest income on federal funds sold and due from banks, less interest expense on deposits of \$2.0 million and \$2.7 million, respectively, interest expense on borrowed funds of \$247,000 and \$249,000, respectively, and interest expense on subordinated debentures of \$57,000 and \$107,000, respectively. The net interest margin for the three months ended March 31, 2009 was 3.51%, as compared to 3.53% for the same period in 2008.

Interest and dividend income was \$7.0 million for the three months ended March 31, 2009, as compared to \$7.3 million for the same period in 2008. This represents a decrease of \$300,000, or 4.1%. The average yield on interest-earning assets decreased to 5.14% for the three months ended March 31, 2009, from 6.10% for the same period in 2008. The decrease in the average yield on interest-earning assets for the three months ended March 31, 2009 was primarily due to the significant reduction in the general level of short term interest rates and the 500 basis point reduction in the Prime Rate of interest which occurred between September 2007 and December 2008. Average interest-earning assets, which were 92.7% of average total assets, totaled \$589.1 million for the three months ended March 31, 2009, and were comprised of \$361.8 million in loans, \$178.2 million in investment securities, \$641,000 in federal funds sold and \$5.2 million in other interest bearing deposits.

Interest expense was \$2.3 million for the three months ended March 31, 2009, as compared to \$3.1 million for the same period in 2008. This represents a decrease of \$800,000, or 25.8%. The decrease was due primarily to average cost of deposits and interest bearing liabilities which decreased to an average cost of 2.10% for the three months ended March 31, 2009 from an average cost of 3.21% for the same period in 2008. Average interest-bearing deposits totaled \$350.0 million for the three months ended March 31, 2009, as compared to \$333.5 million for the same period in 2008, an increase of \$16.5 million, or 4.9%, and were comprised of \$129.2 million in interest-bearing checking and money market deposits, \$62.6 million in savings deposits and \$158.2 million in time deposits. Interest expense associated with borrowings and subordinated debentures totaled \$247,000 and \$57,000, respectively, for the three months ended March 31, 2009, as compared to \$249,000 and \$107,000, respectively, for the same period in 2008. Borrowings for the three months ended March 31, 2009 averaged \$79.6

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million, as compared to \$39.8 million for the same period in 2008. The increase was due to growth in the bank subsidiary's sweep account product for business customers and in Federal Home Loan Bank advances. The Federal Home Loan Bank advances were used to fund interest-earning assets during the period.

*Provision for Loan Losses*

For the three months ended March 31, 2009, the provision for loan losses was \$3.1 million, as compared to \$65,000 for the same period in 2008. The recorded provision for loan losses was mostly related to the risk rating downgrade of certain loans, an \$880,000 increase in the specific reserve of certain impaired loans and loan charge-offs totaling \$698,000. The significant increase in the provision for loan losses is due to the credit deterioration of certain commercial loans as a result of general economic conditions. There was \$698,000 in loan charge-offs during the three months ended March 31, 2009, as compared to no loan charge-offs for the same period in 2008. Loan loss recoveries totaled \$2,000 during the three months ended March 31, 2009, as compared to \$3,000 for the same period in 2008.

*Non-Interest Income*

Non-interest income, which consists of gains on the sale of investment securities available-for-sale, service charges on deposit accounts, income from bank owned life insurance and gains on the sale of loans held-for-sale, was \$2.2 million for the three months ended March 31, 2009, as compared to \$613,000 for the same period in 2008. Gains on the sale of investment securities available-for-sale totaled \$1.8 million for the three months ended March 31, 2009, as compared to no gains for the same period in 2008. These gains were generated as a result of favorable market conditions due to the low interest rate environment. Gains on the sale of loans held-for-sale were \$12,000 for the three months ended March 31, 2009, as compared to \$201,000 for the three months ended March 31, 2008. The decrease in gains on the sale of loans held-for-sale was due to fees realized from the sale and servicing of SBA loans for the three months ended March 31, 2008. There were no servicing rights fees recorded in conjunction with SBA loans sold for the three months ended March 31, 2009, as compared to \$79,000 for the same period in 2008. The secondary market for SBA loans has been soft since the latter part of 2008 and, as a result, newly originated SBA loans are being held in Central Jersey Bank, N.A.'s loan portfolio.

*Non-Interest Expense*

Non-interest expense was \$4.0 million for the three months ended March 31, 2009, as compared to \$3.8 million for the same period in 2008. Non-interest expense generally includes costs associated with employee salaries and benefits, occupancy expenses, data processing fees, core deposit intangible amortization, and other operating expenses.

On February 27, 2009 the board of directors of the FDIC voted to amend the restoration plan for the Deposit Insurance Fund. The Board also took action to ensure the continued strength of the insurance fund by imposing a special assessment on insured institutions of 20 basis points, implementing changes to the risk-based assessment system, and setting rates beginning the second quarter of 2009. The assessment is to be collected on September 30, 2009. Comments on the interim rule on special assessments were due back on April 1, 2009 after which a final rule would then be issued. As the rule is not final, it has not been enacted. Further, as the assessment will be based on June 30, 2009 deposits, it is presently not measurable. The special assessment payment is to be made September 30, 2009, however, as the rule stands, the full amount will be accrued in the second quarter of 2009, when it is anticipated to be enacted and the June 30 deposits will be measurable.

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The table below presents non-interest expense, by major category, for the three months ended March 31, 2009 and 2008 (in thousands):

<b>Non-Interest Expense</b>	<b>Three months ended March 31,</b>	
	<b>2009</b>	<b>2008</b>
Salaries and employee benefits	\$ 1,937	\$ 1,966
Net occupancy expenses	525	447
Data processing fees	233	224
Outside service fees	203	206
Premises and equipment depreciation	183	158
Legal fees	151	45
Audit and tax fees	128	75
Core deposit intangible amortization	104	121
Printing, stationery and supplies	62	50
Advertising and marketing expenses	60	68
Other operating expenses	459	463
<b>Total</b>	<b>\$ 4,045</b>	<b>\$ 3,823</b>

*Income Tax (Benefit) Expense*

Central Jersey recorded an income tax benefit of (\$601,000) on a loss before taxes of (\$291,000) for the three months ended March 31, 2009, resulting in an effective income tax benefit rate of (209.62%). For the three months ended March 31, 2008, Central Jersey recorded an income tax expense of \$304,000 on income before taxes of \$885,000, resulting in an effective tax rate of 34.35%. The income tax benefit was due to the utilization of capital tax loss carry-forwards which resulted from the 2007 balance sheet restructuring initiative. As a result of the restructuring, a deferred tax valuation allowance was established against deferred tax assets generated from the capital tax loss carry-forwards. Since \$1.1 million of the \$1.8 million in gains from the sale of available-for-sale investment securities, recorded during the three months ended March 31, 2009, were realized in CJB Investment Company, a wholly-owned subsidiary of Central Jersey Bank, N.A., these gains are considered capital gains and are permitted to be offset against the remaining capital tax loss carry-forwards. The federal income tax benefit is primarily the result of the reversal of the deferred tax valuation allowance which totaled approximately \$369,000.

**Financial Condition***Cash and Cash Equivalents*

Cash and cash equivalents consist primarily of cash on hand, due from banks and federal funds sold. At March 31, 2009, cash and cash equivalents were \$14.7 million, an increase of \$4.9 million, or 50%, from the December 31, 2008 total of \$9.8 million. This increase was due primarily to the sale of investment securities during the three months ended March 31, 2009 and the timing of cash flows related to Central Jersey's business activities.

*Investment Portfolio*

Investment securities totaled \$158.0 million at March 31, 2009, a decrease of \$27.4 million, or 14.8%, from the December 31, 2008 total of \$185.4 million. The decrease was primarily due to the principal paydowns of mortgage-backed securities of \$9.1 million, sales of mortgage-backed securities totaling \$71.4 million, net premium amortization of \$137,000 and \$33.9 million of matured and called government-sponsored agency securities. Purchases during the three months ended March 31, 2009 consisted of \$43.2 million of mortgage-backed securities, \$34.4 million of municipal bond and note obligations and \$10.9 million in government-sponsored agency securities. Additional investment securities purchases totaling \$19.7 million were transacted at

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the end of 2008 and paid in January 2009. In addition, at March 31, 2009, the net change of the unrealized gain on available-for-sale securities decreased by \$1.4 million from December 31, 2008.

*Loan Portfolio*

Loans, net of the allowance for loan losses, closed the three months ended March 31, 2009 at \$354.2 million, a decrease of \$2.1 million, or 0.6%, from the \$356.3 million balance at December 31, 2008. Gross loans totaled \$361.4 million at March 31, 2009, an increase of \$423,000, or 0.1%, over the \$361.0 million balance at December 31, 2008. The decrease in net loans was due primarily to the allowance for loan losses that was recorded for the three months ended March 31, 2009.

Loan portfolio composition remained consistent at March 31, 2009 and December 31, 2008, with commercial loans comprising 84.5% of total loans outstanding at such dates.

Loans held-for-sale at March 31, 2009, totaled \$425,000 as compared to \$400,000 at December 31, 2008. The increase in loans held-for-sale is due primarily to the timing of residential mortgage loan closings.

*Allowance for Loan Losses and Related Provision*

The allowance for loan losses, which began the year at \$4.7 million, or 1.31% of total loans, increased to \$7.2 million at March 31, 2009, or 1.99% of total loans. There was \$698,000 in loan charge-offs during the three months ended March 31, 2009, as compared to no loan charge-offs for the same period in 2008. There was \$2,000 in loan loss recoveries during the three months ended March 31, 2009, as compared to \$3,000 for the same period in 2008.

For the three months ended March 31, 2009, the provision for loan losses was \$3.1 million, as compared to \$65,000 for the same period in 2008. The recorded provision for loan losses was mostly related to the risk rating downgrade of certain loans, an \$880,000 increase in the specific reserve of certain impaired loans and loan charge-offs totaling \$698,000. The significant increase in the provision for loan losses is due to the credit deterioration of certain commercial loans as a result of general economic conditions.

*Non-Performing Loans/Impaired Loans*

Loans are considered to be non-performing if they (a) are on a non-accrual basis, (b) are past due ninety days or more and still accruing interest, or (c) have been renegotiated to provide a reduction or deferral of interest because of a weakening in the financial position of the borrowers. A loan, which is past due ninety days or more and still accruing interest, remains on accrual status only when it is both adequately secured as to principal and is in the process of collection.

When necessary, Central Jersey performs individual loan reviews in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*, to determine whether any individually reviewed loans are impaired and, if impaired, measures a SFAS No. 114 allowance allocation in accordance with the standard. A loan is recognized as impaired when it is probable that principal and/or interest are not collectible in accordance with the loan's contractual terms. Central Jersey considers loans on non-accrual status or risk rated 8 or higher as impaired and automatically subject to SFAS No. 114 review. In addition, any other loan that management considers possibly impaired due to deteriorating conditions or for any other reasons, is, at management's discretion, subject to SFAS No. 114 review.

Non-performing/impaired loans totaled \$10.5 million at March 31, 2009, as compared to \$2.7 million at December 31, 2008. Of that amount, non-accrual loans totaled \$4.6 million at March 31, 2009, as compared to \$2.5 million at December 31, 2008. The increase in non-performing/impaired loans was due primarily to certain commercial loans which were placed on non-accrual status and/or deemed to be impaired during the three months ended March 31, 2009. The loans which were deemed to be impaired required a specific reserve in accordance with SFAS No. 114.



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If the non-accrual loans had performed in accordance with their original terms, interest income would have increased by \$58,000 and \$3,000, respectively, for the three months ended March 31, 2009 and 2008. At March 31, 2009, there were no commitments to lend additional funds to borrowers whose loans were on non-accrual status.

Central Jersey's policy for interest income recognition on impaired loans is to recognize income on currently performing restructured loans under the accrual method. Central Jersey recognizes income on non-accrual loans under the accrual basis when the principal payments on the loans become current and the collateral on the loan is sufficient to cover the outstanding obligation to Central Jersey. If these factors do not exist, Central Jersey does not recognize income. No interest income was recognized on impaired loans subsequent to classification as impaired in 2009. Total cash collected on impaired loans during the three months ended March 31, 2009 was \$39,000, all of which was credited to the principal balances outstanding, as compared to no cash collected on impaired loans for the three months ended March 31, 2008.

*Potential Problem Loans*

In addition to non-performing/impaired loans, Central Jersey maintains a watch list of loans which are subject to heightened scrutiny and more frequent review by management. Loans may be placed on the watch list because of documentation deficiencies, or because management has identified structural weakness which potentially could cause such loans to become non-performing in future periods.

As of March 31, 2009, loans on the watch list totaled \$35.0 million, as compared to \$24.2 million at December 31, 2008. This increase was representative of the change in the risk profile of the loan portfolio. Loans which were risk rated special mention decreased by \$4.9 million, to \$16.4 million, at March 31, 2009, from \$21.3 million at December 31, 2008. Loans which were risk rated substandard increased by \$15.4 million, to \$17.5 million, at March 31, 2009, from \$2.1 million at December 31, 2008. Loans which were risk rated doubtful increased by \$371,000, to \$1.1 million at March 31, 2009, from \$729,000 at December 31, 2008. There were no loans which were risk rated loss at March 31, 2009, as compared to \$94,000 at December 31, 2008. A majority of the risk rating downgrades occurred in the commercial mortgage loan portfolio.

*Commitments and Conditional Obligations*

In the ordinary course of business to meet the financial needs of Central Jersey's customers, Central Jersey is party to financial instruments with off-balance sheet risk. These financial instruments include unused lines of credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized in the consolidated financial statements. The contract or notional amounts of these instruments express the extent of involvement the Company has in each category of financial instruments.

Central Jersey's exposure to credit loss from nonperformance by the other party to the above-mentioned financial instruments is represented by the contractual amount of those instruments. Central Jersey uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. The contract or notional amount of financial instruments which represent credit risk at March 31, 2009 and December 31, 2008 is as follows (in thousands):

	March 31, 2009	December 31, 2008
Standby letters of credit	\$ 2,146	\$ 2,206
Outstanding loan and credit line commitments	\$ 68,957	\$ 65,079

Standby letters of credit are conditional commitments issued by Central Jersey which guarantee performance by a customer to a third party. The credit risk and underwriting procedures involved in issuing letters of credit are essentially the same as that involved in extending loan facilities to customers. All of Central

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Jersey Bank, N.A.'s outstanding standby letters of credit are performance standby letters within the scope of the FASB Interpretation No. 45. These are irrevocable undertakings by Central Jersey Bank, N.A., as guarantor, to make payments in the event a specified third party fails to perform under a non-financial contractual obligation. Most of Central Jersey Bank, N.A.'s performance standby letters of credit arise in connection with lending relationships and have terms of one year or less. The maximum potential future payments Central Jersey Bank, N.A. could be required to make equals the face amount of the letters of credit. Central Jersey Bank, N.A.'s liability for performance standby letters of credit was immaterial at March 31, 2009 and December 31, 2008.

Outstanding loan commitments represent the unused portion of loan commitments available to individuals and companies as long as there is no violation of any condition established in the contract. Outstanding loan commitments generally have a fixed expiration date of one year or less, except for home equity loan commitments which generally have an expiration date of up to fifteen years. Central Jersey evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if any, upon extension of credit is based upon management's credit evaluation of the customer. Various types of collateral may be held, including property and marketable securities. The credit risk involved in these financial instruments is essentially the same as that involved in extending loan facilities to customers.

*Deposits*

One of Central Jersey's primary strategies is the accumulation and retention of core deposits. Core deposits are defined as all deposits with the exception of certificates of deposits in excess of \$100,000. Deposits, at March 31, 2009, totaled \$430.6 million, an increase of \$11.8 million, or 2.80%, over the December 31, 2008 total of \$418.8 million. The increase in deposit balances was reflective of deposit growth that occurred in Central Jersey Bank, N.A.'s Ocean Township branch, which opened in mid-2008. Core deposits as a percentage of total deposits was 80.7% at March 31, 2009 and 82.5% at December 31, 2008.

*Borrowings*

Borrowings were \$57.0 million at March 31, 2009, as compared to \$71.7 million at December 31, 2008, representing a decrease of \$14.7 million, or 20.5%. Borrowings typically include wholesale borrowing arrangements as well as arrangements with deposit customers of Central Jersey Bank, N.A. to sweep funds into short-term borrowings. As of March 31, 2009, borrowings included \$35.8 million bank sweep funds, \$15.0 million in Federal Home Loan Bank callable advances and \$6.2 million in Federal Home Loan Bank fixed rate advances. The decrease was due to growth in the banks deposits and the sale of investment securities available-for-sale. The Federal Home Loan Bank advances were used to fund interest-earnings assets during the period.

**For the Years Ended December 31, 2008 and 2007****Overview**

Central Jersey reported net income of \$2.9 million for the year ended December 31, 2008, an increase of \$2.1 million over the reported net income total of \$844,000 for 2007. Basic and diluted earnings per share for the year ended December 31, 2008 were \$0.32 and \$0.31, respectively, as compared to basic and diluted earnings per share of \$0.09 for 2007. The significant increase in net income is primarily attributable to a number of key factors including; (1) net interest margin expansion, which is the result of the 2007 balance sheet restructuring initiative, lower funding costs and incremental growth in interest-earning assets; (2) the realization of gains from the sale of available-for-sale investment securities and SBA loans; and (3) cost savings initiatives implemented in the latter part of 2007.

During 2007, Central Jersey executed a balance sheet restructuring strategy involving approximately \$88.6 million of investment securities held in the available-for-sale investment portfolio. The restructuring resulted in a one-time pre-tax impairment charge of approximately \$1.96 million, which was reflected in Central Jersey's

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consolidated financial statements for the three months ended March 31, 2007. Available-for-sale investment securities, consisting primarily of lower yielding fixed rate callable agency investment securities were sold during the second quarter of 2007 and replaced with higher yielding investment securities with a comparable to modestly shorter aggregate weighted average life. The fair value loss that these investment securities carried at March 31, 2007, was recorded as an other-than-temporary impairment since Central Jersey did not have the intent to hold these securities to recovery. The investment securities Central Jersey identified as impaired were primarily fixed rate government sponsored agency bonds that either had a below market interest rate coupon or a longer than desired maturity term. Central Jersey realized a gain on the sale of available-for-sale securities of \$87,000, pre-tax, in conjunction with the balance sheet restructuring during the year ended December 31, 2007.

For the year ended December 31, 2008, income tax expense was \$1.3 million on income before taxes of \$4.2 million, resulting in an effective tax rate of 30.7%, as compared to income tax expense of \$1.1 million on income before taxes of \$2.0 million for the year ended December 31, 2007, resulting in an effective tax rate of 56.8%.

Central Jersey's effective tax rate of 56.8% for the year ended December 31, 2007, resulted from the fact that the majority of the investment securities for which the previously-mentioned \$1.96 million other-than-temporary impairment was recorded were held by CJB Investment Company, a wholly-owned subsidiary of Central Jersey Bank, N.A. A full valuation allowance was recorded for the deferred tax assets associated with the impairment of the investment securities sold by CJB Investment Company. The impairment of the investment securities at the investment company level was considered a capital loss for tax purposes while the impairment of the investment securities held by Central Jersey Bank, N.A. was considered an ordinary loss for tax purposes. CJB Investment Company did not, at the time, have the ability to generate capital gains and utilize the capital losses and thus a full valuation allowance was required for the deferred tax assets associated with the investment company's available-for-sale securities which were identified as other-than-temporarily impaired.

The net interest margin was 3.73% for the year ended December 31, 2008, as compared to 3.58% for the year ended December 31, 2007. The net interest margin expansion, for the year ended December 31, 2008, was the result of the 2007 balance sheet restructuring initiative, incremental growth in interest-earning assets and lower funding costs. The retail and commercial banking markets remain very competitive for deposit and loan pricing. The yield on interest-earning assets was 5.90% for the year ended December 31, 2008, as compared to 6.54% for the year ended December 31, 2007. The average cost of deposits and interest-bearing liabilities was 2.70% for the year ended December 31, 2008, as compared to 3.77% for the year ended December 31, 2007. The decrease in both average yield on interest-earning assets and the cost of deposits and interest-earning liabilities for year ended December 31, 2008 was primarily due to the significant reduction in the general level of short term rates and the 500 basis point reduction in the Prime Rate of interest which occurred between September 2007 and December 2008.

Per share earnings have been adjusted in all periods to reflect the two-for-one stock split, in the form of a stock dividend, paid to shareholders of record on June 15, 2005, for the 5% stock dividends paid on July 1, 2006, July 2, 2007 and July 1, 2008.

Total assets of \$599.4 million, at December 31, 2008, were comprised primarily of \$356.3 million in net loans, \$185.4 million in investment securities and \$9.8 million in cash and cash equivalents, as compared to total assets of \$503.5 million at December 31, 2007, which primarily consisted of \$311.8 million in net loans, \$132.3 million in investment securities, and \$14.9 million in cash and cash equivalents. Total assets at December 31, 2008 were funded primarily through deposits totaling \$418.8 million, a \$15.5 million, or 3.8%, increase from deposits totaling \$403.3 million at December 31, 2007.

At December 31, 2008, non-accrual loans totaled \$2.5 million, as compared to \$214,000 at December 31, 2007. The increase in non-performing loans was due primarily to four commercial loans totaling \$2.36 million which were placed on non-accrual status during 2008. These loans were considered impaired and were evaluated

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in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*. After evaluation, specific reserves were required for three of the impaired loans. There were no loan charge-offs during the year ended December 31, 2008, as compared to \$88,000 for 2007.

	At or For the Year Ended December 31,	
	2008	2007
<b>Performance Ratios:</b>		
Return on average assets	0.54%	0.16%
Return on average tangible assets	0.57%	0.17%
Return on average equity	4.20%	1.27%
Return on average tangible equity	7.13%	2.27%
Shareholders' equity to total assets	13.76%	13.68%

**Results of Operations***General*

Central Jersey's principal source of revenue is derived from Central Jersey Bank, N.A.'s net interest income, which is the difference between interest income on earning assets and interest expense on deposits and other borrowings. Interest-earning assets consist principally of loans, securities and federal funds sold, while the sources used to fund such assets consist primarily of deposits and other borrowings. Central Jersey's net income is also affected by Central Jersey Bank, N.A.'s provision for loan losses, other income (loss) and operating expenses. Other income (loss) consists primarily of service charges and fees and the gain on sale of securities available-for-sale. Operating expenses consist primarily of salaries and employee benefits, occupancy costs and other operating related expenses.

*Net Interest Income*

Net interest income for Central Jersey Bank, N.A. totaled \$18.4 million for the year ended December 31, 2008, as compared to \$16.7 million for the year ended December 31, 2007. Net interest income for the year ended December 31, 2008 was comprised primarily of \$21.1 million in interest and fees on loans, \$7.6 million in interest on securities, and \$386,000 in interest income on federal funds sold and due from banks, less interest expense on deposits of \$9.0 million, interest expense on borrowed funds of \$1.3 million, and interest expense on subordinated debentures of \$355,000, whereas net interest income for the year ended December 31, 2007 was comprised primarily of \$23.0 million in interest and fees on loans, \$6.0 million in interest on securities and \$1.5 million in interest income on federal funds sold and due from banks, less interest expense on deposits of \$12.6 million, interest expense on borrowed funds of \$746,000 and interest expense on subordinated debentures of \$439,000.

Average interest-earning assets totaled \$493.1 million for the year ended December 31, 2008, a \$26.7 million, or 5.7%, increase over average interest-earning assets of \$466.4 million for the year ended December 31, 2007. Interest-earning assets for such periods were funded primarily by deposit inflows and the proceeds from borrowed funds. Deposits for the year ended December 31, 2008 averaged \$401.7 million, of which \$326.5 million, or 81.3%, were interest-bearing. This number represents a 3.8% decrease over average total deposits of \$417.4 million for the year ended December 31, 2007, of which \$337.5 million, or 80.9%, were interest-bearing. Subordinated debentures and other borrowings for the year ended December 31, 2008, averaged \$5.2 million and \$63.1 million, respectively, as compared to \$5.2 million and \$22.4 million, respectively, for the year ended December 31, 2007. The increase was due to growth in the bank subsidiary's sweep account product for business customers and \$48.7 million in Federal Home Loan Bank advances. As of December 31, 2008, borrowings included \$23.0 million bank sweep funds, \$27.5 million in Federal Home Loan Bank overnight advances, \$20.0 million in Federal Home Loan Bank callable advances and \$1.2 million in Federal Home Loan Bank fixed rate advances.

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The net interest margin was 3.73% for the year ended December 31, 2008, as compared to 3.58% for the year ended December 31, 2007. The net interest margin expansion, for year ended December 31, 2008, was the result of the 2007 balance sheet restructuring initiative, incremental growth in interest earning assets and lower funding costs. The retail and commercial banking markets remain very competitive for deposit and loan pricing. The yield on interest-earning assets decreased to 5.90% for the year ended December 31, 2008, from 6.54% for the year ended December 31, 2007. The average cost of deposits and interest-bearing liabilities was 2.70% for the year ended December 31, 2008, as compared to 3.77% for the year ended December 31, 2007. The decrease in both average yield on interest-earning assets and the cost of deposits and interest-earning liabilities for year ended December 31, 2008 was primarily due to the significant reduction in the general level of short term rates and the 500 basis point reduction in the Prime Rate of interest which occurred between September 2007 and December 2008.

The following table presents a summary of the principal components of average interest-earning assets and average interest-bearing liabilities with the related interest income and interest expense for the years ended December 31, 2008 and 2007. No tax equivalent adjustments were made:

(dollars in thousands)	Year ended December 31, 2008			Year ended December 31, 2007		
	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
<b>Interest earning assets:</b>						
Federal funds sold	\$ 6,612	\$ 180	2.72%	\$ 27,039	\$ 1,369	5.06%
Loans receivable, gross	333,427	21,084	6.32%	314,195	22,975	7.31%
Deposits with banks	4,566	206	4.51%	3,739	161	4.31%
Securities	148,459	7,616	5.13%	121,442	5,983	4.93%
Total interest earning assets	493,064	29,086	5.90%	466,415	30,488	6.54%
Cash and due from banks	9,094			8,956		
Allowance for loan losses	(3,698)			(3,424)		
Other assets	42,672			41,244		
Total assets	\$ 541,132			\$ 513,191		
<b>Interest bearing liabilities:</b>						
Interest bearing demand	\$ 81,957	\$ 1,576	1.92%	\$ 91,159	\$ 2,864	3.14%
Money market	28,526	772	2.71%	27,641	1,185	4.29%
Savings	67,868	928	1.37%	71,810	1,464	2.04%
Time	148,173	5,708	3.85%	146,934	7,084	4.82%
Total interest bearing deposits	326,524	8,984	2.75%	337,544	12,597	3.73%
Other borrowings	63,141	1,325	2.10%	22,402	746	3.33%
Subordinated debentures	5,155	355	6.89%	5,155	439	8.52%
Total interest-bearing liabilities	394,820	10,664	2.70%	365,101	13,782	3.77%
Non-interest bearing demand	75,149			79,828		
Other liabilities	1,865			1,915		
Shareholders' equity	69,298			66,347		
Total liabilities and shareholders' equity	\$ 541,132			\$ 513,191		
Net interest income		\$ 18,422		\$ 16,706		
Net interest rate spread (1)			3.20%			2.77%
Net interest margin (2)			3.73%			3.58%

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- (1) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities.
- (2) Net interest margin represents net interest income divided by average interest-earning assets.

**Table of Contents***Rate/Volume Analysis*

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected Central Jersey Bank, N.A.'s interest income and interest expense during the periods indicated. Information is provided in each category with respect to: (1) changes attributable to changes in volume (changes in volume multiplied by prior rate); (2) changes attributable to changes in rate (changes in rate multiplied by prior volume); and (3) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate (in thousands).

(in thousands)	Year ended December 31, 2008 Compared to Year ended December 31, 2007		
	Increase (Decrease) Due to Change in:		Total Increase (Decrease)
	Volume	Rate	
<b>Interest Income:</b>			
Loans receivable, gross	\$ 1,347	\$ (3,238)	\$ (1,891)
Securities	1,377	255	1,632
Deposits with banks	37	8	45
Federal funds sold	(737)	(451)	(1,188)
<b>Total interest-earning assets</b>	<b>2,024</b>	<b>(3,426)</b>	<b>(1,402)</b>
<b>Interest Expense:</b>			
Interest-bearing demand	(266)	(1,022)	(1,288)
Savings deposits	(76)	(460)	(536)
Money market deposits	37	(450)	(413)
Time deposits	60	(1,436)	(1,376)
<b>Total interest-bearing deposits</b>	<b>(245)</b>	<b>(3,368)</b>	<b>(3,613)</b>
Other borrowings	940	(361)	579
Subordinated debentures		(84)	(84)
<b>Total interest-bearing liabilities</b>	<b>695</b>	<b>(3,813)</b>	<b>(3,118)</b>
<b>Net interest income</b>	<b>\$ 1,329</b>	<b>\$ 387</b>	<b>\$ 1,716</b>

*Provision for Loan Losses*

For the year ended December 31, 2008, the provision for loan losses was \$1.3 million, as compared to \$165,000 for the year ended December 31, 2007. The significant increase in the provision for loan losses is due to required incremental reserves resulting from the credit deterioration of certain commercial loans and, to a lesser extent, loan growth that occurred during the periods presented. Total gross loans outstanding at December 31, 2008 were \$361.0 million, an increase of \$45.8 million, or 14.5%, over the December 31, 2007 total of \$315.2 million.

*Non-Interest Income (Loss)*

Non-interest income (loss), which consists of service charges on deposit accounts, gains on the sale of loans held-for-sale, gains on the sale of investment securities available-for-sale, income from bank owned life insurance and the impairment on available-for-sale investment securities, was \$2.7 million for the year ended December 31, 2008, as compared to (\$217,000) for 2007. Gains on the sale of investment securities available-for-sale totaled \$739,000 for the year ended December 31, 2008, as compared to \$87,000 for 2007. Gains on the sale of loans held-for-sale totaled \$351,000 and \$56,000, respectively, for the years ended December 31, 2008 and 2007, and were primarily attributable to fees realized from the sale and servicing of SBA loans. The origination of SBA loans, which are generally sold with servicing retained, commenced in the fourth





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quarter of 2007, with the initial SBA loan sales occurring during the first quarter of 2008. The loss recorded in non-interest income for the year ended December 31, 2007 was directly related to the one-time balance sheet restructuring charge of \$1.96 million, pre-tax.

*Non-Interest Expense*

Non-interest expense generally includes costs associated with employee salaries and benefits, occupancy expenses, data processing fees, core deposit intangible amortization, and other operating expenses. Non-interest expense for the year ended December 31, 2008 was \$15.6 million, as compared to \$14.4 million for the prior year. Central Jersey Bank, N.A. incurred \$482,000 in core deposit intangible amortization expense related to the combination with Allaire Community Bank for the year ended December 31, 2008, as compared to \$552,000 in 2007.

Full-time equivalent employees totaled 140 at December 31, 2008, as compared to 128 at December 31, 2007. The increase in full-time equivalent employees is due primarily to the opening of the Oakhurst branch office. The table below presents non-interest expense, by major category, for the years ended December 31, 2008 and 2007, respectively (in thousands):

<b>Non-interest Expense:</b>	<b>2008</b>	<b>2007</b>
Salaries and employee benefits	\$ 7,759	\$ 7,146
Net occupancy expenses	2,059	1,821
Data processing	1,011	884
Professional fees	896	938
Outside service fees	782	856
Furniture, fixtures and equipment	694	626
Core deposit intangible amortization	482	552
Advertising	268	134
Stationery, supplies and printing	239	251
Insurance	184	194
Telephone	133	161
Abandonment of leasehold improvements		137
Other operating expenses	1,130	670
<b>Total</b>	<b>\$ 15,637</b>	<b>\$ 14,370</b>

*Income Tax Expense*

For the year ended December 31, 2008, income tax expense was \$1.3 million on income before taxes of \$4.2 million, resulting in an effective tax rate of 30.7%, as compared to income tax expense of \$1.1 million on income before taxes of \$2.0 million for the year ended December 31, 2007, resulting in an effective tax rate of 56.8%. The lower than anticipated income tax rate for the year ended December 31, 2008 was due to the tax treatment applied to gains on the sale of investment securities. Since the gains were realized in CJB Investment Company, the gains are considered capital gains and permitted to be offset against the remaining capital loss carry-forwards resulting from the 2007 balance sheet restructuring initiative.

**Financial Condition***Cash and Cash Equivalents*

Cash and cash equivalents consist of cash on hand, amounts due from banks with original maturities of three months or less, and federal funds sold. Cash and cash equivalents were \$9.8 million at December 31, 2008, a decrease of \$5.1 million, or 34.2%, from the December 31, 2007 total of \$14.9 million. The decrease is due primarily to the timing of cash flows related to Central Jersey Bank, N.A.'s business activities.

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### *Intangible Assets*

Intangible assets of Central Jersey consist of goodwill and core deposit premiums. Goodwill represents the excess of the purchase price over the estimated fair value of identifiable net assets acquired through purchase acquisitions. In accordance with SFAS No. 142, goodwill with an indefinite useful life is not amortized, but is evaluated for impairment on an annual basis. For each of the years ended December 31, 2008 and 2007, Central Jersey had \$27.0 million of goodwill related to the combination with Allaire Community Bank.

Core deposit premiums represent the intangible value of depositor relationships assumed in purchase acquisitions and are amortized on an accelerated basis over a period of ten years. The amortization of the core deposit premium is recorded as a component of operating expenses. For the years ended December 31, 2008 and 2007, Central Jersey had \$1.4 million and \$1.9 million, respectively, of core deposit intangible related to the combination with Allaire Community Bank.

### *Investment Securities Portfolio*

Investment securities totaled \$185.4 million at December 31, 2008, an increase of \$53.1 million, or 40.1%, over the December 31, 2007 total of \$132.3 million. The increase was attributable to the purchase of \$95.2 million of mortgage-backed securities, \$4.7 million of bond anticipation notes, \$32.0 million in government-sponsored agency securities and \$4.6 million in SBA sponsored securities during 2008. For the year ended December 31, 2008, principal pay downs of mortgage-backed securities totaled \$26.0 million, \$6.3 million of fixed rate government-sponsored agency securities, \$4.0 million of bond anticipation notes and \$1.0 million of mortgage-backed securities matured and \$47.8 million in mortgage-backed securities were sold. In addition, at December 31, 2008, the net change of the unrealized gain on available-for-sale securities increased by \$1.7 million from December 31, 2007. Fannie Mae and Freddie Mac guarantee the contractual cash flows of these investment securities. Since there has not been a decrease in fair value attributable to changes in credit quality, and because the Company has the ability and intent to hold these investment securities until a market price recovery or maturity, these investment securities are not considered other-than-temporarily impaired.

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The following table summarizes the maturity and weighted average yields in each of Central Jersey Bank, N.A.'s investment securities portfolios at December 31, 2008:

**Maturities and weighted average yields:**

(dollars in thousands)	Within 1 Year	Over 1 to 5 Years	Over 5 to 10 Years	Over 10 Years	Total
<b>Securities held-to-maturity:</b>					
<b>Mortgage-backed securities</b>					
Amortized cost	\$ 86	\$ 2,147	\$ 199	\$ 7,912	\$ 10,344
Weighted average yield	5.50%	4.00%	7.00%	5.23%	5.01%
<b>Obligations of U.S. Government agencies</b>					
Amortized cost		487	3,848		4,335
Weighted average yield		4.00%	4.61%		4.54%
<b>Total securities held-to-maturity</b>					
Amortized cost	\$ 86	\$ 2,634	\$ 4,047	\$ 7,912	\$ 14,679
Weighted average yield	5.50%	4.00%	4.73%	5.23%	4.87%
<b>Securities available-for-sale:</b>					
<b>Mortgage-backed securities</b>					
Fair value	\$ 1,260	\$ 647	\$ 43,275	\$ 88,740	\$ 133,922
Weighted average yield	5.00%	5.00%	5.14%	5.22%	5.19%
<b>Obligations of U.S. Government agencies</b>					
Fair value	\$ 22,000	\$ 10,033	\$	\$	\$ 32,033
Weighted average yield	3.67%	3.00%			3.46%
<b>Other debt securities</b>					
Fair value	4,728				4,728
Weighted average yield	1.70%				1.70%
<b>Total securities available-for-sale</b>					
Fair value	\$ 27,988	\$ 10,680	\$ 43,275	\$ 88,740	\$ 170,683
Weighted average yield	3.40%	3.12%	5.14%	5.22%	4.77%

*Other-Than-Temporary Impairment*

During 2007, Central Jersey executed a balance sheet restructuring strategy involving approximately \$88.6 million of investment securities held in the available-for-sale investment portfolio. The restructuring resulted in a one-time pre-tax impairment charge of approximately \$1.96 million, which was reflected in Central Jersey's consolidated financial statements for the three months ended March 31, 2007. Available-for-sale investment securities, consisting primarily of lower yielding fixed rate callable agency investment securities were sold during the second quarter of 2007 and replaced with higher yielding investment securities with a comparable to modestly shorter aggregate weighted average life. The fair value loss that these investment securities carried at March 31, 2007, was recorded as an other-than-temporary impairment since Central Jersey did not have the intent to hold these securities to recovery. The investment securities Central Jersey identified as impaired were primarily fixed rate government sponsored agency bonds that either had a below market interest rate coupon or a longer than desired maturity term. Central Jersey realized a gain on the sale of available-for-sale securities of \$87,000, pre-tax, in conjunction with the balance sheet restructuring during the year ended December 31, 2007.

*Investment Policy*

Central Jersey's board of directors has adopted an investment policy to govern the investment function of Central Jersey Bank, N.A., which includes the purchase of investment securities for the held-to-maturity and available-for-sale portfolios and the sale of investment securities from the available-for-sale portfolio.



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The basic objectives of the investment function are:

to keep Central Jersey Bank, N.A.'s funds fully employed at the maximum after-tax return;

to minimize exposure to credit risk; and

to provide liquidity required by current circumstances.

As used in our investment policy and in other policies of Central Jersey Bank, N.A., the term "liquidity" refers to the expected cash flow from performing assets and secondary to borrowings secured by performing assets. These two sources of liquidity are expected to fund the operations of Central Jersey Bank, N.A. For this reason, unless otherwise indicated, the term "liquidity" in Central Jersey Bank, N.A.'s policies does not refer to proceeds from the sale of assets, except for the sale of assets available-for-sale.

Investment management therefore emphasizes:

preservation of principal;

strong cash-flow characteristics;

ready availability of credit information;

appropriateness of size both as to Central Jersey Bank, N.A. and as to an obligor's outstanding debt;

eligibility as collateral for public-agency deposits and customer repurchase-agreement accounts; and

broad marketability, as an indicator of quality.

The purpose of bonds in the held-to-maturity portfolio is to provide earnings consistent with the safety factors of quality, maturity and risk diversification. This purpose is reflected in the accounting principle that carrying a debt security at amortized cost is appropriate only if the ALCO/investment committee of Central Jersey Bank, N.A. has the intent and ability to hold that security to maturity. Management should be indifferent to price fluctuations unrelated to the continuing ability of an investment security to contribute to recurring income. For purposes of our investment policy, an investment security shall be deemed to have matured if it is sold: (1) within three months of maturity or a call date if exercise of the call is probable; or (2) after collection of at least 85% of the principal outstanding at acquisition.

Debt securities that are not positively expected to be held-to-maturity, but rather for indefinite periods of time, and equity securities, shall be booked to the available-for-sale portfolio, which shall be monitored daily and reported at fair value with unrealized holding gains and losses excluded from earnings and reported as a tax-effected net amount in a separate component of shareholders' equity. However, in calculating and reporting regulatory capital, only net unrealized losses on marketable equity securities is deducted from Tier 1 or core capital.

### *Loan Portfolio*

Central Jersey Bank, N.A.'s primary policy goal is to establish a sound credit portfolio that contributes, in combination with other earning assets, to a satisfactory return on assets, return on shareholders' equity and capital to asset ratio.

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Central Jersey Bank, N.A. conducts both commercial and retail lending activities. The loan approval process at Central Jersey Bank, N.A. is driven by the aggregate indebtedness of the borrower and related entities. Executive officers with lending authority and loan officers have various individual and collective loan approval authorities up to \$500,000. All credit accommodations exceeding \$500,000 are referred to Central Jersey Bank, N.A.'s loan committee for review and approval. The loan committee is comprised of internal and outside directors and the senior commercial loan officer. A loan officer with a loan application for more than \$500,000 (or from a borrowing relationship with aggregate debt in excess of \$500,000) presents a complete analysis of the proposed credit accommodation to the members of the loan committee for their consideration.

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The analysis includes, among other things, the following:

a description of the borrower;

the loan purpose and use of proceeds;

the requested loan amount;

the recommended term;

the recommended interest rate;

primary, secondary and tertiary sources of repayment;

proposed risk rating;

full collateral description;

fees (if any);

full borrower financial analysis, including comparative balance sheets, income statements and statements of cash flows; and

inherent strengths and weaknesses of the requested credit accommodation.

A similar analysis is prepared for those loan requests aggregating in excess of \$100,000 but less than the \$500,000 threshold.

Central Jersey Bank, N.A. utilizes a comprehensive approach to loan underwriting. The primary quantitative determinants in the underwriting process include overall creditworthiness of the borrower, cash flow from operations in relation to debt service requirements and the ability to secure the credit accommodation with collateral of adequate value.

For commercial loans, the collateral is somewhat dependent on the loan type. Commercial lines of credit, term loans and time notes are typically secured by a general lien on business assets and qualified (typically less than 90 days) accounts receivable (based upon an acceptable advance rate). Commercial mortgage loans are secured by the underlying property with an acceptable equity margin. Personal guarantees from the principals of a business are generally required. In general, Central Jersey Bank, N.A. requires that income available to service debt repayment requirements be equal to at least 125% of those requirements.

Commercial loans are often subject to cyclical economic risks of the underlying business(es) of the borrower. Such risks are generally reduced during the loan approval process. For example, Central Jersey Bank, N.A. requires that a loan amount be less than the value of the collateral securing the loan and that the standard cash flow analysis of the commercial borrower shows an ample margin for debt service even with significant business contraction. Commercial mortgage underwriting also requires that available funds for debt service exceed debt service requirements.

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Retail or consumer loan credit accommodations include home equity loans, home equity lines of credit, direct automobile loans and secured and unsecured personal loans. Underwriting criteria for home equity products include a loan to value not to exceed 80% and a debt service to income ratio not to exceed 45%. Such criteria provide Central Jersey Bank, N.A. with underwriting comfort without placing the institution in a position of competitive disadvantage.

There are a number of risks associated with the granting of consumer loans. While income and equity or collateral values are primary determinants of the loan approval process for consumer loans, Central Jersey Bank, N.A. also gives much consideration to employment and debt payment history of the borrower(s). As with the commercial underwriting process, consumer loans require both an income cushion and a collateral cushion. Such criteria provide for a margin should a borrower's income diminish or the collateral securing the loan depreciate in value.



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The granting of a loan, by definition, contains inherent risks. Central Jersey Bank, N.A. attempts to mitigate risks through sound credit underwriting. Each loan that Central Jersey Bank, N.A. approves undergoes credit scrutiny that results in a quantification of risk and then the assignment of a risk rating. Individual risk ratings carry with them a required reserve that is used to fund Central Jersey Bank, N.A.'s allowance for loan losses. The inherent risk associated with each loan is a function of loan type, collateral, cash flow, credit rating, general economic conditions and interest rates.

Central Jersey Bank, N.A. is limited by regulation as to the total amount which may be committed and loaned to a borrower and its related entities. Central Jersey Bank, N.A.'s legal lending limit is equal to 15% of its capital funds, including capital stock, surplus, retained earnings and the allowance for loan losses. Central Jersey Bank, N.A. may lend an additional 10% of its capital funds to a borrower and its related entities if the additional loan or extension of credit is fully secured by readily marketable collateral having a fair value at least equal to the amount borrowed. The additional limitation is separate from, and in addition to, the general limitation of 15%.

The following table summarizes net loans outstanding by loan category and amount at December 31, 2008, 2007, 2006, 2005 and 2004.

(in thousands)	2008	2007	2006	2005	2004
Commercial and industrial loans	\$ 37,119	\$ 29,384	\$ 35,476	\$ 32,708	\$ 22,392
Real estate loans commercial	267,705	240,370	237,234	232,570	96,291
1-4 family real estate loans	2,646	3,822	4,182	4,858	
Home equity and second mortgages	51,688	37,832	35,573	38,153	22,014
Consumer loans	1,840	3,765	2,857	2,054	638
Total loans	\$ 360,998	\$ 315,173	\$ 315,322	\$ 310,343	\$ 141,335
Less allowance for loan losses	4,741	3,408	3,229	3,175	1,638
Net loans	\$ 356,257	\$ 311,765	\$ 312,093	\$ 307,168	\$ 139,697
Loans held-for-sale	\$ 400	\$ 658	\$ 242	\$ 3,127	\$

Loans, net of the allowance for loan losses, totaled \$356.3 million at December 31, 2008, an increase of \$44.5 million, or 14.2%, from the \$311.8 million balance at December 31, 2007. The increase in loan balances was due primarily to the origination of commercial real estate loans, consumer home equity loans and lines of credit during the period.

For the year ended December 31, 2008, commercial and industrial loans and commercial real estate loans increased by \$35.0 million to \$304.8 million, which represents a 13.0% increase from the balance of \$269.8 million at December 31, 2007.

During 2008, home equity and second mortgages increased by \$13.9 million to \$51.7 million at December 31, 2008, which represents a 36.7% increase over the balance of \$37.8 million at December 31, 2007.

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The following table summarizes the maturities of loans by category and whether such loans are at a fixed or floating rate at December 31, 2008.

Maturity and repricing data for loans: (in thousands)	December 31, 2008					Total
	Within 1 Year	Over 1 to 3 Years	Over 3 to 5 Years	Over 5 to 15 Years	Over 15 Years	
Loans secured by 1-4 family residential properties						
Fixed rate	\$ 1,375	\$ 2,963	\$ 7,567	\$ 9,664	\$ 4,779	\$ 26,348
Adjustable rate	13,780		1,674			15,454
All other loans secured by real estate						
Fixed rate	19,350	45,457	39,687	46,541	29,296	180,331
Adjustable rate	91,659	13,387	30,448	3,371		138,865
<b>Total</b>	<b>\$ 126,164</b>	<b>\$ 61,807</b>	<b>\$ 79,376</b>	<b>\$ 59,576</b>	<b>\$ 34,075</b>	<b>\$ 360,998</b>

*Non-Performing Loans*

A loan is considered to be non-performing if it (1) is on a non-accrual basis, (2) is past due 90 days or more and still accruing interest, or (3) has been renegotiated to provide a reduction or deferral of interest or principal because of a weakening in the financial position of the borrower. A loan, which is past due 90 days or more and still accruing interest, remains on accrual status only where it is both adequately secured as to principal and is in the process of collection. Central Jersey Bank, N.A. had non-performing loans totaling \$2.5 million and \$214,000 at December 31, 2008 and 2007, respectively. If the non-accrual loans had performed in accordance with their original terms, interest income would have increased by \$55,130 and \$4,359, for the years ended December 31, 2008 and 2007, respectively. At December 31, 2008, there are no commitments to lend additional funds to borrowers whose loans are on non-accrual.

*Impaired Loans*

When necessary, Central Jersey performs individual loan reviews in accordance with SFAS No. 114, *Accounting by Creditors for Impairment of a Loan*, to determine whether any individually reviewed loans are impaired and, if impaired, measures a SFAS No. 114 allowance allocation in accordance with the standard. A loan is recognized as impaired when it is probable that principal and/or interest are not collectible in accordance with the loan's contractual terms. Central Jersey considers loans on non-accrual status as impaired and automatically subject to SFAS No. 114 review. In addition, any other loan that management considers possibly impaired due to deteriorating conditions or for any other reasons, is, at management's discretion, subject to SFAS No. 114 review.

At December 31, 2008, Central Jersey had impaired loans totaling \$2.69 million, as compared to \$214,000 at December 31, 2007. The increase in impaired loans was due primarily to four commercial loans totaling \$2.36 million which were placed on non-accrual status during 2008. These loans were considered impaired and were evaluated in accordance with SFAS No. 114. After evaluation, specific reserves were required for three of the impaired loans. At December 31, 2008, Central Jersey recorded \$474,000 of specific reserves for impaired loans as compared to no specific reserves for impaired loans at December 31, 2007.

Central Jersey's policy for interest income recognition on impaired loans is to recognize income on currently performing restructured loans under the accrual method. Central Jersey recognizes income on non-accrual loans under the accrual basis when the principal payments on the loans become current and the collateral on the loan is sufficient to cover the outstanding obligation to Central Jersey. If these factors do not exist, Central Jersey does not recognize income. There was no income recognized on impaired loans during 2008. Total cash collected on impaired loans during 2008 was \$1.1 million, all of which was credited to the principal balance outstanding.

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### *Potential Problem Loans*

In addition to non-performing loans, Central Jersey Bank, N.A. maintains a watch list of loans which are subject to heightened scrutiny and more frequent review by management. Loans may be placed on the watch list because of documentation deficiencies, or because management has identified structural weaknesses which potentially could cause such loans to become non-performing in future periods.

As of December 31, 2008 and 2007, there were no loans identified as having structural weaknesses on the watch list. The total balance of loans on the watch list at December 31, 2008 and 2007 totaled \$24.2 million and \$6.0 million, respectively. The \$18.2 million increase was representative of the changes in the risk profile of the loan portfolio. Loans which were risk rated special mention increased by \$16.2 million, to \$21.3 million, at December 31, 2008, from \$5.1 million at December 31, 2007. Loans which were risk rated substandard increased by \$1.8 million, to \$2.8 million, at December 31, 2008, from \$974,000 at December 31, 2007. Loans which were risk rated doubtful increased to \$50,000 at December 31, 2008 from no loans risk rated doubtful at December 31, 2007. A majority of the risk rating downgrades occurred in the commercial mortgage loan portfolio.

### *Allowance for Loan Losses and Related Provision*

Allowance for loan losses is a valuation account that reflects an evaluation of the probable losses in the loan portfolio. The determination of the adequacy of the allowance for loan losses is a critical accounting policy of Central Jersey Bank, N.A., due to the inherently subjective nature of the evaluation. Credit losses primarily arise from Central Jersey Bank, N.A.'s loan portfolio, but also may be derived from other credit-related sources, including commitments to extend credit. Additions are made to the allowance through periodic provisions which are charged to expense. All losses of principal are charged to the allowance when incurred or when a determination is made that a loss is expected. Subsequent recoveries, if any, are credited to the allowance.

In order to comprehensively address periodic provisioning and the resultant allowance for loan losses, Central Jersey utilizes a multidisciplinary approach to the allowance for loan losses determination. That approach considers each of the following factors:

Historical Realized Losses in the credit portfolio.

Delinquency Trends currently experienced in the credit portfolio.

Internal Risk Rating System ( IRR ) that assigns a risk factor, and specific reserve, to every outstanding credit exposure.

External Independent Assessment of allowance for loan losses adequacy and the entire credit management function periodically performed by loan review and regulatory authorities.

Current and Anticipated Environmental Conditions that could affect borrowers' ability to continually meet their contractual repayment obligations.

Individually evaluated loans that are not determined to be impaired but have specific characteristics that indicate it is probable that there would be an incurred loss in a group of loans with those characteristics and all other loans are evaluated by Central Jersey Bank, N.A. in accordance with SFAS No. 5, *Accounting for Contingencies*.

The loss factors utilized in calculating a reasonable estimate are inherently subjective and require material estimates that may be susceptible to significant change. Central Jersey Bank, N.A. formally evaluates loss factors utilized in evaluating its unimpaired loans on no less than a quarterly basis, and more frequently, if in management's judgment, circumstances indicate the revaluation of such loss reserves is prudent. After the loss factors have been applied to each loan in the portfolio, further segmentation is required to adequately differentiate the risk in the portfolio. Therefore, the loan portfolio is segmented by both loan type and credit risk rating to capture common risk characteristics for each pool.



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The reserve allocation for SFAS No. 5 pools are based on Central Jersey Bank, N.A.'s historical loss experience of the particular group, adjusted for changes in trends, conditions, and other relevant qualitative factors that affect repayment of the loans as of the evaluation date. Qualitative and/or environmental factors are used to adjust historical loss rates which require significant judgment by management. In the event that Central Jersey Bank, N.A. must make adjustments to historical loss rates, management will explain how the adjustments reflect current information, events, circumstances, and conditions in the loss measurement.

Certain loans classified under SFAS No. 5 may, at management's discretion, be evaluated under SFAS No. 114 for impairment. If loans being evaluated are deemed not to be impaired they will remain in a SFAS No. 5 pool.

When necessary, Central Jersey Bank, N.A. performs individual loan reviews in accordance with SFAS No. 114 to determine whether any individually reviewed loans are impaired and, if impaired, measures a SFAS No. 114 allowance allocation in accordance with the standard.

Our primary lending emphasis is the origination of commercial real estate loans, commercial and industrial loans, and to a lesser extent, home equity and second mortgages. As a result of our strategic plans and lending emphasis, we have a loan concentration in commercial loans at December 31, 2008 and 2007, the majority of which are secured by real property located in New Jersey.

Based on the composition of our loan portfolio and the growth in our loan portfolio over the past five years, we believe the primary risks inherent in our portfolio are possible increases in interest rates, a possible decline in the economy, generally, and a possible decline in real estate fair values. Any one or a combination of these events may adversely affect our loan portfolio resulting in increased delinquencies and loan losses.

For the year ended December 31, 2008, the provision for loan losses was \$1.3 million, as compared to \$165,000 for the year ended December 31, 2007. The significant increase in the provision for loan losses is due to required incremental reserves resulting from the credit deterioration of certain commercial loans and, to a lesser extent, loan growth that occurred during the periods presented. Total gross loans outstanding at December 31, 2008 were \$361.0 million, an increase of \$45.8 million, or 14.5%, over the December 31, 2007 total of \$315.2 million.

Loan portfolio composition remained consistent in 2008, as compared to 2007, with commercial loans comprising 84.4% of total loans outstanding at December 31, 2008, as compared to 85.6% at December 31, 2007. Gross loans outstanding totaled \$361.0 million at December 31, 2008, as compared to \$315.2 million at December 31, 2007, an increase of \$45.8 million, or 14.5%.

The following table summarizes Central Jersey Bank, N.A.'s allowance for loan losses for the years ended December 31, 2008, 2007, 2006, 2005 and 2004.

(dollars in thousands)	2008	2007	2006	2005	2004
Balance, beginning of year	\$ 3,408	\$ 3,229	\$ 3,175	\$ 1,638	\$ 1,378
Provision charged to expense	1,319	165	500	426	260
Charge-offs		(88)	(455)	(92)	
Allaire Community Bank combination				1,203	
Recoveries	14	102	9		
Balance, end of year	\$ 4,741	\$ 3,408	\$ 3,229	\$ 3,175	\$ 1,638
Ratio of allowance for loan losses to total loans	1.31%	1.08%	1.02%	1.02%	1.1%
Ratio of net recoveries (charge-offs) to average loans outstanding	0.004%	0.004%	(0.14%)	(0.03%)	0.00%

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The following table sets forth Central Jersey Bank, N.A.'s percent of allowance for loan losses to total allowance and the percent of loans to total loans in each of the categories listed at the dates indicated (dollars in thousands):

Loan Type	December 31, 2008			December 31, 2007			December 31, 2006		
	Amount	Percent of allowance to total allowance	Percent of loans to total loans	Amount	Percent of allowance to total allowance	Percent of loans to total loans	Amount	Percent of allowance to total allowance	Percent of loans to total loans
Commercial	\$ 4,293	90.6%	84.4%	\$ 2,999	88.0%	85.6%	\$ 2,811	87.1%	86.5%
Consumer	448	9.4%	15.6%	409	12.0%	14.4%	418	12.9%	13.5%
<b>Total</b>	<b>\$ 4,741</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 3,408</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 3,229</b>	<b>100.0%</b>	<b>100.0%</b>

Loan Type	December 31, 2005			December 31, 2004		
	Amount	Percent of allowance to total allowance	Percent of loans to total loans	Amount	Percent of allowance to total allowance	Percent of loans to total loans
Commercial	\$ 2,749	86.6%	85.5%	\$ 1,403	85.7%	84.0%
Consumer	426	13.4%	14.5%	235	14.3%	16.0%
<b>Total</b>	<b>\$ 3,175</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$ 1,638</b>	<b>100.0%</b>	<b>100.0%</b>

*Restricted Stock*

Restricted stock, which represents required investments in the common stock of correspondent banks, is carried at cost and as of December 31, 2008 and 2007, consisted of the common stock of the Federal Home Loan Bank of New York ( FHLBNY ), the Federal Reserve Bank of New York ( FRB ) and Atlantic Central Bankers Bank ( ACBB ).

Management evaluates the restricted stock for impairment in accordance with the AICPA Accounting Standards Executive Committee ( AcSEC ) Statement of Position ( SOP ) 01-6, *Accounting by Certain Entities (Including Entities With Trade Receivables) That Lend to or Finance the Activities of Others*. Management's determination of whether these investments are impaired is based on their assessment of the ultimate recoverability of the investments' cost rather than by recognizing temporary declines in value. The determination of whether a decline affects the ultimate recoverability of the investments' cost is influenced by criteria such as (1) the significance of the decline in net assets of the FHLBNY, as compared to the capital stock amount for the FHLBNY and the length of time this situation has persisted, (2) commitments by the FHLBNY to make payments required by law or regulation and the level of such payments in relation to the operating performance of the FHLBNY, and (3) the impact of legislative and regulatory changes on institutions and, accordingly, on the customer base of the FHLBNY.

Management believes no impairment charge is necessary related to the restricted stock as of December 31, 2008.

*Deposits*

One of Central Jersey Bank, N.A.'s primary strategies is the accumulation and retention of core deposits. Core deposits are defined as all deposits except certificates of deposits with balances in excess of \$100,000.

Total deposits were \$418.8 million at December 31, 2008, an increase of \$15.5 million, or 3.8%, from the year ended December 31, 2007 total of \$403.3 million. Core deposits as a percentage of total deposits were 82.5% at December 31, 2008, as compared to 84.8% at December 31, 2007. The modest increase in deposit balances was reflective of the competitive deposit pricing environment and general economic slowdown.



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The following table represents categories of Central Jersey Bank, N.A.'s deposits at December 31, 2008 and 2007.

(in thousands)	December 31, 2008	December 31, 2007
Demand deposits, non-interest bearing	\$ 75,947	\$ 73,955
Savings, N.O.W. and money market accounts	190,475	187,354
Certificates of deposit of less than \$100,000	78,949	80,587
Certificates of deposit of \$100,000 or more	73,444	61,394
<b>Total deposits</b>	<b>\$ 418,815</b>	<b>\$ 403,290</b>

The following table represents categories of Central Jersey Bank, N.A.'s average deposit balances and weighted average interest rates for the years ended December 31, 2008 and 2007 (dollars in thousands):

	December 31, 2008		December 31, 2007	
	Average Balance	Weighted Average Rate	Average Balance	Weighted Average Rate
Demand deposits, non-interest bearing	\$ 75,149	0.00%	\$ 79,828	0.00%
Savings, N.O.W. and money market accounts	178,351	1.84%	190,610	2.89%
Certificates of deposit of less than \$100,000	79,867	3.80%	81,497	4.78%
Certificates of deposit of \$100,000 or more	68,306	3.95%	65,437	4.78%