

OCEANFIRST FINANCIAL CORP  
Form DEFR14A  
March 31, 2011

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

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. 1)**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to ss. 240.14a-12

**OceanFirst Financial Corp.**

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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**EXPLANATORY NOTE**

OceanFirst Financial Corp. (the Company ) previously filed a definitive proxy statement on March 25, 2011 with respect to its Annual Meeting of Stockholders to be held on May 5, 2011. After filing the proxy statement, but before mailing, it was discovered that the *New Plan Benefits* section of *Proposal 3. Approval of the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan* did not include information relating to a portion of the amount due to Mr. Garbarino under his Supplemental Executive Retirement Income Agreement that he agreed to make contingent upon attainment of performance metrics under the proposed 2011 Cash Incentive Compensation Plan. The proxy statement was restated to include such information and distributed to stockholders. This filing supplements and restates the proxy statement to be in the form distributed to stockholders. There were no changes to the proxy card previously filed.

**OCEANFIRST FINANCIAL CORP.**

**975 HOOPER AVENUE**

**TOMS RIVER, NEW JERSEY 08754-2009**

**(732) 240-4500**

April 1, 2011

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of OceanFirst Financial Corp. (the Company), the holding company for OceanFirst Bank. The Annual Meeting will be held on Thursday, May 5, 2011, at 10:00 a.m., Eastern time, at the Crystal Point Yacht Club, 3900 River Road, at the intersection of State Highway 70, Point Pleasant, New Jersey, 08742.

The Notice of Annual Meeting and the proxy statement appearing on the following pages describe the formal business to be transacted at the Annual Meeting. The Company's directors and officers, as well as a representative of KPMG LLP, the Company's independent registered public accounting firm, will be present at the Annual Meeting to respond to appropriate questions.

It is important that your shares are represented this year whether or not you are personally able to attend the meeting. Your cooperation is appreciated since a majority of the common stock must be represented, either in person or by proxy, to constitute a quorum for the conduct of business. You may still vote your shares by proxy by signing and returning the enclosed proxy card promptly.

On behalf of the Board of Directors and all of the employees of the Company and OceanFirst Bank, we thank you for your continued interest and support.

Sincerely yours,

John R. Garbarino  
Chairman

**OCEANFIRST FINANCIAL CORP.**

**975 HOOPER AVENUE**

**TOMS RIVER, NEW JERSEY 08754-2009**

**NOTICE OF 2011 ANNUAL MEETING OF STOCKHOLDERS**

- TIME AND DATE** 10:00 a.m. on Thursday, May 5, 2011.
- PLACE** The Crystal Point Yacht Club, 3900 River Road, at the intersection of State Highway 70, Point Pleasant, New Jersey.
- ITEMS OF BUSINESS**
- (1) The election of three directors of the Company;
  - (2) The approval of the OceanFirst Financial Corp. 2011 Stock Incentive Plan;
  - (3) The approval of the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan;
  - (4) The ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2011;
  - (5) An advisory vote on executive compensation as disclosed in these materials;
  - (6) An advisory selection of the frequency of the advisory vote on executive compensation; and
  - (7) Such other matters as may properly come before the Annual Meeting or any adjournments thereof. The Board of Directors is not aware of any other business to come before the annual meeting.
- RECORD DATE** In order to vote, you must have been a stockholder at the close of business on March 9, 2011.
- PROXY VOTING** It is important that your shares be represented and voted at the meeting. You can vote your shares by completing and returning the enclosed proxy card or voting instruction card. Voting instructions are printed on your proxy card and included in the accompanying proxy statement. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the proxy statement.

Steven J. Tsimbinos  
*Corporate Secretary*

**NOTE: Whether or not you plan to attend the Annual Meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed envelope.**

**OCEANFIRST FINANCIAL CORP.**

**PROXY STATEMENT**

**ANNUAL MEETING OF STOCKHOLDERS**

**MAY 5, 2011**

This proxy statement is being furnished to stockholders of OceanFirst Financial Corp. (the Company) the holding company of OceanFirst Bank (the Bank) in connection with the solicitation by the Board of Directors of proxies to be used at the Annual Meeting of Stockholders to be held on Thursday, May 5, 2011, at 10:00 a.m. Eastern time, at the Crystal Point Yacht Club, 3900 River Road, at the intersection of State Highway 70, Point Pleasant, New Jersey, 08742 and at any adjournment or postponement of the Annual Meeting. The Annual Report of Stockholders, including the consolidated financial statements of the Company and its subsidiaries for the fiscal year ended December 31, 2010, accompanies this proxy statement. This proxy statement is first being mailed to record holders on or about April 1, 2011.

**VOTING AND PROXY PROCEDURE**

**Who Can Vote at the Annual Meeting**

You are entitled to vote your shares of the Company's common stock only if the records of the Company show that you held your shares as of the close of business on March 9, 2011. As of the close of business on that date, a total of 18,842,816 shares of the Company's common stock were outstanding and entitled to vote. Each share of common stock has one vote. As provided in Article Fourth of the Company's Certificate of Incorporation, record holders of common stock who beneficially own in excess of 10% of the outstanding shares of common stock are not entitled to any vote in respect of the shares held in excess of this limit. A person or entity is deemed to beneficially own shares owned by an affiliate of, as well as by persons acting in concert with, such person or entity. The Company's Certificate of Incorporation authorizes the Board of Directors (i) to make all determinations necessary to implement and apply the limit, including determining whether persons or entities are acting in concert, and (ii) to demand that any person who is reasonably believed to beneficially own stock in excess of the limit supply information to the Company to enable the Board of Directors to implement and apply the limit.

**Attending the Annual Meeting**

If you are a beneficial owner of the Company's common stock held by a broker, bank or other nominee (i.e., in street name), you will need proof of ownership to be admitted to the Annual Meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

**Quorum and Vote Required**

The Annual Meeting will be held only if there is a quorum. A majority of the outstanding common shares entitled to vote and represented at the Annual Meeting constitutes a quorum. If you return valid proxy instructions or attend the 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 for a beneficial owner does not receive voting instructions from the beneficial owner and casts an uninstructed vote.

In voting on Proposal 1, the election of directors, you may vote in favor of all nominees, withhold votes as to all nominees or withhold votes as to specific nominees. There is no cumulative voting for the election of directors. Directors are elected by a plurality of the votes cast at the Annual Meeting. This means that the nominees receiving the greatest number of votes will be elected. Broker non-votes may not be counted as votes cast in the election of directors. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In voting on Proposal 2, the OceanFirst Financial Corp. 2011 Stock Incentive Plan, Proposal 3, the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan, Proposal 4, ratification of the appointment of KPMG LLP as the independent registered public accounting firm, and Proposal 5, the advisory vote on executive compensation, you may vote in favor of any of those proposals, against any of those proposals or abstain from voting. To be approved, these matters require the affirmative vote of a majority of the votes cast at the Annual Meeting. Broker non-votes and abstentions will not be counted as votes cast and will have no effect on the voting.

In voting on Proposal 6, the advisory selection of the frequency of the advisory vote on executive compensation, you may select any of the three alternatives: (1) every year, (2) every two years or (3) every three years, or abstain from voting. The alternative receiving the highest number of votes will be the non-binding selection of the stockholders. Broker non-votes and abstentions will not be counted as votes cast and will have no effect on the voting.

**Voting by Proxy; Revocation of Proxy; Board Recommendations**

This proxy statement is being sent to you by the Company's Board of Directors for the purpose of requesting that you allow your shares of Company common stock to be represented at the Annual Meeting by the persons named in the enclosed proxy card. All shares of Company common stock represented at the Annual Meeting by properly executed and dated proxies will be voted in accordance with the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. **The Board of Directors recommends the following votes:**

**FOR each of the nominees for director;**

**FOR the 2011 Stock Incentive Plan;**

**FOR the 2011 Cash Incentive Compensation Plan;**

**FOR ratification of KPMG LLP as the independent registered public accounting firm;**

**FOR the approval, on an advisory basis, of the compensation of the Company's named executive officers as disclosed in these materials; and**

**FOR a frequency of future advisory votes on executive compensation every three years.**

If any matters not described in this proxy statement are properly presented at the Annual Meeting, the persons named in the proxy card will use their own judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the Annual Meeting in order to solicit additional proxies. If the Annual Meeting is adjourned or postponed, your Company common stock may be voted by the persons named in the proxy card on the new meeting dates as well, unless you have revoked your proxy. The Company does not know of any other matters to be presented at the Annual Meeting.

You may revoke your proxy at any time before the vote is taken at the Annual Meeting. To revoke your proxy you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the Annual Meeting, deliver a later dated and signed proxy card, or attend the Annual Meeting and vote your shares in person. Attendance at the Annual Meeting will not in itself constitute revocation of your proxy.

If your Company common stock is held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. Your broker, bank or other nominee may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form provided by your broker, bank or other nominee, that accompanies this proxy statement.

**Interest of Management and Directors in Matters to be Acted Upon**



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Management and directors of the Company have an interest in the matters that will be acted upon that are different from the interests of other shareholders as follows:

Proposal 2. The adoption of the 2011 Stock Incentive Plan will allow stock options and restricted stock awards to be granted to management and outside directors.

**Proposal 3.** The adoption of the 2011 Cash Incentive Compensation Plan will allow the continuation of a cash incentive plan under which employees, including executive officers, may be granted cash incentive based upon reaching predetermined performance criteria.

The Board of Directors has taken the above interests into account in recommending that stockholders approve Proposals 2 and 3.

#### **Participants in OceanFirst Financial Corp. s and OceanFirst Bank s Benefit Plans**

Participants in the OceanFirst Bank Employee Stock Ownership Plan or the OceanFirst Bank Matching Contribution Employee Stock Ownership Plan (collectively the ESOP ), or the OceanFirst Bank Retirement Plan, (the 401(k) Plan ), will receive a voting instruction form for each plan that reflects all shares they may vote under the particular plan. Under the terms of the ESOP, the trustee votes all shares held by the ESOP, but each participant in the ESOP may direct the trustee how to vote the shares of the Company common stock allocated to his or her account. The ESOP trustee, subject to the exercise of its fiduciary duties, will vote all unallocated shares of Company common stock held by the ESOP and allocated shares of Company common stock for which no voting instructions are received in the same proportion as shares for which it has received timely voting instructions. Under the terms of the 401(k) Plan, a participant is entitled to direct the trustee how to vote the shares of Company common stock in the plan credited to his or her account. The trustee will vote all shares for which no directions are given or for which timely instructions were not received in the same proportion as shares for which such trustee received timely voting instructions. The deadline for returning voting instructions to each plan s trustee is April 29, 2011.

**IF YOU HAVE ANY QUESTIONS ABOUT VOTING, PLEASE CONTACT THE COMPANY S PROXY SOLICITOR, GEORGESON INC., BY CALLING TOLL FREE AT (866) 821-2614.**

### **CORPORATE GOVERNANCE**

#### **General**

The Company periodically reviews its corporate governance policies and procedures to ensure that the Company meets the highest standards of ethical conduct, reports results with accuracy and transparency, and maintains full compliance with the laws, rules and regulations that govern the Company s operations. As part of this periodic corporate governance review, the Board of Directors reviews and adopts best corporate governance policies and practices for the Company.

#### **Corporate Governance Policies and Procedures**

The Company has adopted a Corporate Governance Policy to govern certain activities, including:

- (1) the duties and responsibilities of the Board of Directors and each director;
- (2) the composition and operation of the Board of Directors;
- (3) the establishment and operation of Board committees;
- (4) convening executive sessions of independent directors;
- (5) succession planning;
- (6) the Board of Directors interaction with management; and
- (7) the evaluation of the performance of the Board of Directors, its committees and of the Chief Executive Officer.

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In accordance with the Corporate Governance Policy, at least a majority of the directors on the Board must be independent directors as defined in the listing requirements of the Nasdaq Stock Market.

**Board Leadership Structure.** The Board is led by the Chairman of the Board, John R. Garbarino. Mr. Garbarino also serves as the Chief Executive Officer of the Company. The Board believes that, because of Mr. Garbarino's leadership and experience, having combined roles of Chairman and CEO provides an efficient and

effective leadership model for the Company by fostering clear accountability, effective decision-making, and alignment on corporate strategy. In 2010, the Company separated the position of President from Chief Executive Officer in part to provide Mr. Garbarino with a greater ability to focus on Board leadership and management oversight. To assure effective independent oversight, the Board has adopted a number of governance practices, including:

the establishment of an independent lead director ( Lead Director );

executive sessions of the independent directors at least twice per year to discuss, among other matters, the performance of the CEO, management succession planning and such other matters as the independent directors deem appropriate;

the opportunity at each regularly scheduled Board meeting to enter into executive session if desired by the independent directors;

the independence of seven of eight of the Board members;

the Stock Ownership Guidelines for directors and proxy officers discussed below;

annual performance evaluation of the Chairman and CEO by the independent directors; and

the Company's Board Committees are comprised entirely of independent members.

The Company's Corporate Governance Policy provides that the Chairman of the Corporate Governance/Nominating Committee, currently Mr. John E. Walsh, shall also serve as the Lead Director. The Corporate Governance Policy provides that the duties of the Lead Director include assisting the Board in assuring compliance with and implementation of the Company's Corporate Governance Policy, coordinating the agenda for and moderating sessions of the Board's independent directors, and acting as principal liaison on certain issues between the independent and inside directors, including the Chairman of the Board, as applicable.

While the Board believes that the current leadership structure is best suited for the Company, it recognizes that other leadership models in the future might be appropriate, depending on the circumstances. Accordingly, the Board periodically reviews its leadership structure.

**Stock Ownership Guidelines.** Effective February 21, 2007, upon the recommendation of the Corporate Governance/Nominating Committee, the Board adopted the stock ownership guidelines ( Guidelines ) for non-employee directors and those executive officers named in the proxy statement ( proxy officers ). The Guidelines were adopted to better align the interests of the non-employee directors and those executive officers named in the proxy statement with those of the Company's stockholders. The Guidelines provide that each non-employee director must own shares of the Company's common stock with a market value of at least three times the value of the combined annual director retainers received from the Company and the Bank. Current directors are expected to attain the minimum ownership within three years of adoption of the Guidelines. Newly elected directors must meet the Guidelines within three years of first being elected and qualified. For purposes of the Guidelines, the following shares count towards meeting the ownership requirements: (1) shares beneficially owned by the director and by immediate family members sharing the same household; (2) vested and unvested restricted stock awards; (3) shares acquired upon the exercise of stock options; and (4) shares held in trust where the director or an immediate family member is the beneficiary. Until the Guidelines are met, all retainers will be paid in Company stock, and a director must retain the net shares delivered upon the vesting of restricted share awards or the exercise of stock options. Once achieved, the ownership guidelines must continue to be met during the period the director serves on the Board.

Similarly, the Guidelines require the Chief Executive Officer to own Company stock with a market value of at least five times his annual base salary. The other proxy officers must own Company stock with a market value of at least three times their annual base salary. Each officer must meet the share ownership requirements within the later of five years of the Guidelines' adoption or the officer having become a proxy officer. Shares that count towards the Guidelines' requirement include those shares listed under the directors share ownership requirements with the



addition of shares held in the officer's ESOP and 401(k) account and the value of vested and unvested stock options, where such value is calculated as the cumulative expense recognized by the Company on its financial statements.

### **Board Role in the Oversight of Risk**

Under the Company's Corporate Governance Policy, the business and affairs of the Company are managed by the officers under the direction of the Board. The Board is charged with providing oversight of the Company's risk management processes. The Audit Committee is primarily responsible for overseeing the risk management function at the Company on behalf of the Board. In carrying out its responsibilities, the Audit Committee works closely with the Company's Chief Risk Officer and other officers of the Company involved in risk management. The Audit Committee meets at least quarterly with executive management, the Chief Risk Officer, the internal auditor and the independent registered public accounting firm and receives a comprehensive report on risk management, including management's assessment of risk exposures (including risks related to liquidity, credit, operations and regulatory compliance, among others), and the processes in place to monitor and control such exposures. The Audit Committee also receives updates between meetings, as may be necessary, from the Chief Risk Officer, the Chief Executive Officer, the President, the Chief Financial Officer and other members of management relating to risk oversight matters. The Audit Committee provides a report to the full Board on at least a quarterly basis. In addition, each quarter, the Audit Committee will discuss with management and the independent registered public accountant their review of the Company's financial statements and significant findings based upon the independent registered public accounting firm's review. The Company's Chief Risk Officer performs a risk-based assessment of each of the Bank's products, services, operations and regulatory requirements to determine the overall risk to the Bank. The Chief Risk Officer's compliance report, including the latest risk-based assessment, is provided annually to the Board. In addition, the Human Resources/Compensation Committee reviews with the Chief Risk Officer the Company's compensation plans for all employees, including the CEO and other proxy officers, to ensure that these plans do not encourage taking unnecessary and excessive risks that would threaten the value of the Company.

### **Code of Ethics and Standards of Personal Conduct**

The Company and Bank have adopted a Code of Ethics and Standards of Personal Conduct that is designed to ensure that all directors, executive officers and employees of the Company and Bank, meet the highest standards of ethical conduct. The Code of Ethics and Standards of Personal Conduct requires that all directors, executive officers and employees avoid conflicts of interest, protect confidential information and customer privacy, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Company's best interest. Under the terms of the Code of Ethics and Standards of Personal Conduct, all directors, executive officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code.

As a mechanism to encourage compliance with the Code of Ethics and Standards of Personal Conduct, the Company and Bank established procedures to receive, retain and treat complaints received regarding accounting, internal accounting controls or auditing matters. These procedures ensure that individuals may submit concerns regarding questionable accounting or auditing matters in a confidential and anonymous manner. The Code of Ethics and Standards of Personal Conduct also prohibits the Company from retaliating against any director, executive officer or employee who reports actual or apparent violations of the Code.

### **Meetings of the Board of Directors**

The Board of Directors of the Company and the Bank conduct business through meetings and the activities of the Boards and their committees. Board members are encouraged to attend all Board and Committee meetings. Their attendance and performance are among the criteria considered for re-nomination to the Board of Directors. During the fiscal year ended December 31, 2010, the Company's Board of Directors held 11 meetings. All of the Directors of the Company attended at least 75% of the Board meetings and the committee meetings held on which such Directors served during the fiscal year ended December 31, 2010. The Board of Directors of the Company maintains an Audit Committee, a Human Resources/Compensation Committee and a Corporate Governance/Nominating Committee.

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

The following table identifies the standing committees and their members as of December 31, 2010.

Director	Audit Committee	Corporate Governance/ Nominating Committee	Human Resources/ Compensation Committee
Joseph J. Burke	X*	X	
Angelo Catania	X		
John W. Chadwick			
Carl Feltz, Jr.		X	X
Donald E. McLaughlin	X		
Diane F. Rhine			X*
John E. Walsh		X*	X
<i>Number of Meetings in 2010</i>	6	3	5

\* Chairperson

**Audit Committee.** The Board of Directors has a separately-designated standing Audit Committee for the Company and Bank established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act ). The Audit Committee acts under a written Charter adopted by the Board of Directors. The Charter is available on the Company's website ([www.oceanfirst.com](http://www.oceanfirst.com)). Each member of the Audit Committee is independent in accordance with the listing standards of the Nasdaq Stock Market (Nasdaq ). The Audit Committee meets periodically with the independent registered public accounting firm and management to review accounting, auditing, internal control structure and financial reporting matters. The Board has determined that Joseph J. Burke, the Audit Committee Chairman, Angelo Catania and Donald E. McLaughlin are audit committee financial experts under the Rules of the Securities and Exchange Commission (the Commission ). The report of the Audit Committee required by the Rules of the Commission is included in this proxy statement. See *Proposal 4 Ratification of Independent Registered Public Accounting Firm Report of Audit Committee*.

**Corporate Governance/Nominating Committee.** The Corporate Governance/Nominating Committee of the Company takes a leadership role in shaping governance policies and practices, including recommending to the Board of Directors the corporate governance guidelines applicable to the Company and monitoring compliance with these policies and guidelines. In addition, the Corporate Governance/Nominating Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for election at the next annual meeting of stockholders. The Committee also recommends to the Board director candidates for each committee for appointment by the Board. Each member of the Corporate Governance/Nominating Committee is independent in accordance with Nasdaq listing standards. The chairman of the Corporate Governance/Nominating Committee functions as Lead Director.

The Corporate Governance/Nominating Committee acts under a written Charter and the Corporate Governance Policy adopted by the Board of Directors, which are available on the Company's website ([www.oceanfirst.com](http://www.oceanfirst.com)). The procedures of the Corporate Governance/Nominating Committee required to be disclosed by the Commission rules are included in this proxy statement. See *Corporate Governance/Nominating Committee Procedures*.

**Human Resources/Compensation Committee.** The Human Resources/Compensation Committee of the Company and the Bank (the Compensation Committee ) meets to establish compensation for the executive officers and to review the incentive compensation program when necessary. The Compensation Committee acts under a written Charter adopted by the Board of Directors, which is available on the Company's website ([www.oceanfirst.com](http://www.oceanfirst.com)). The Compensation Committee reviews and reassesses the adequacy of the Human Resources/Compensation Committee Charter on an annual basis.

The Compensation Committee is also responsible for establishing certain guidelines and limits for compensation and benefit programs for other salaried officers and employees of the Company and the Bank. Each member of the Compensation Committee is independent in accordance with the Nasdaq listing standards. The report of the Compensation Committee required by the Commission rules is included in this proxy statement. See *Executive Compensation Compensation Committee Report on Executive Compensation*.

### STOCK OWNERSHIP

The following table provides information as of March 9, 2011 with respect to the persons known by the Company to be the beneficial owners of more than 5% of its outstanding stock. A person is considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power.

Name and Address Of Beneficial Owner	Number of Shares Owned	Percent of Common Stock Outstanding
OceanFirst Bank,	1,934,127(1)	10.27%
Employee Stock Ownership Plan ( ESOP ) and Matching Contribution ESOP		
975 Hooper Avenue		
Toms River, New Jersey 08754-2009		
OceanFirst Foundation	1,342,093(2)	7.12%
1415 Hooper Avenue Suite 304		
Toms River, New Jersey 08753		
Wellington Management Company, LLP	1,732,020(3)	9.19%
280 Congress Street		
Boston, Massachusetts 02210		
Prudential Financial, Inc.	1,100,457(4)	5.84%
751 Broad Street		
Newark, New Jersey 07102-3777		
BlackRock Inc.	1,043,095(5)	5.54%
40 East 52 <sup>nd</sup> Street		
New York, New York 10022		

- (1) Under the terms of the ESOP and the Matching Contribution ESOP, the Trustee will vote all allocated shares held in the ESOP and the Matching Contribution ESOP in accordance with the instructions of the participants. As of March 9, 2011, 1,289,381 shares and 115,126 shares had been allocated under the ESOP and the Matching Contribution ESOP, respectively, and 529,620 shares remain unallocated under the ESOP. Under the ESOP and the Matching Contribution ESOP, allocated shares and unallocated shares as to which voting instructions are not given by participants are to be voted by the Trustee in a manner calculated to most accurately reflect the instructions received from participants regarding the allocated stock so long as such vote is in accordance with the fiduciary provisions of the Employee Retirement Income Security Act of 1974, as amended ( ERISA ).
- (2) All shares of Common Stock held by the Foundation must be voted in the same ratio as all other shares of the Company's Common Stock on all proposals considered by stockholders of the Company.
- (3) Based on SEC Form 13G Amendment No. 1 filed by Wellington Management Company, LLP on February 14, 2011.
- (4) Based on SEC Form 13G filed by Prudential Financial, Inc. ( Prudential ) on February 8, 2011. Prudential is the indirect owner of 100% of the equity interests of Jennison Associates LLC ( Jennison ), which filed a separate SEC Form 13G on February 11, 2011 for 1,069,738 shares. Prudential's and Jennison's filings state that Prudential may be deemed to be the beneficial owner of shares reported by Jennison.



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(5) Based on SEC Form 13G filed by BlackRock Inc. on February 7, 2011.

The following table provides information as of March 9, 2011, about the shares of the Company common stock that may be considered to be beneficially owned by each director, nominee for director and the senior executive officers listed in the table under *Executive Compensation - Summary Compensation Table*, and by all such directors and executive officers of the Company as a group. A person may be considered to beneficially own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment

power. Unless otherwise indicated, each of the named individuals has sole voting power and sole investment power with respect to the shares shown.

Name	Number of Shares Owned (excluding options)(1)	Number of Shares That May Be Acquired Within 60 Days by Exercising Options	Total Number of Shares Beneficially Owned	Percent of Common Stock Outstanding (2)
<b>Directors</b>				
Joseph J. Burke (3)	12,174	7,827	20,001	0.11%
Angelo Catania (3)	13,513	7,827	21,340	0.11%
John W. Chadwick (3)(4)	11,867	26,827	38,694	0.21%
Carl Feltz, Jr. (3)	96,823	26,827	123,650	0.66%
John R. Garbarino (5)(6)(7)	540,940	474,970	1,015,910	5.26%
Donald E. McLaughlin (3)(8)	55,033	26,827	81,860	0.43%
Diane F. Rhine (3)(9)	45,133	26,827	71,960	0.38%
John E. Walsh (3)	17,990	26,827	44,817	0.24%
<b>Named Executive Officers who are not also Directors</b>				
Vito R. Nardelli (5)(10)	45,224	96,558	141,782	0.75%
Michael J. Fitzpatrick (5)(11)	167,861	175,696	343,557	1.81%
Joseph J. Lebel, III (5)(12)	13,340	19,839	33,179	0.18%
Joseph R. Iantosca (5)(13)	17,011	36,892	53,903	0.29%
All directors and named executive officers as a group (12 persons)	1,036,909	953,744	1,990,653	10.06%

- (1) Each person effectively exercises sole (or shared with spouse or other immediate family members) voting power as to shares reported as of the Record Date.
- (2) Percentages with respect to each person or group of persons have been calculated on the basis of 18,842,816 shares of the Company's Common Stock, the number of shares of Company Common Stock outstanding and entitled to vote as of March 9, 2011, plus the number of shares of Company Common Stock which such person or group of persons has the right to acquire within 60 days of March 9, 2011 by the exercise of stock options.
- (3) Includes 1,713 unvested shares. Each non-employee director was awarded 434 restricted shares in February 2007, 335 restricted shares in February 2008, 355 restricted shares in February 2009, 605 restricted shares in February 2010, and 796 restricted shares in February 2011. Each such award was granted under the Company's 2006 Stock Incentive Plan (the "2006 Stock Plan") and vests at a rate of 20% per year commencing on March 1 of the year following the grant.
- (4) Includes 2,400 shares held by Mr. Chadwick as Trustee.
- (5) Includes 61,189, 9,041, 63,567, 3,623 and 7,438 shares held in trust pursuant to the ESOP and Matching Contribution ESOP which have been allocated to Messrs. Garbarino, Nardelli, Fitzpatrick, Lebel and Iantosca, respectively, as of March 9, 2011. Such persons have sole voting power, but no investment power, except in limited circumstances, as to such shares.
- (6) Includes 14,445 shares owned by Mr. Garbarino's wife and 11,788 shares held by Mr. Garbarino and his wife as co-Trustees.
- (7) Includes 31,001 unvested shares. Mr. Garbarino was awarded 3,909 restricted shares in February 2007, 3,000 restricted shares in February 2008, and 5,450 restricted shares in February 2010. Each such award vests at a rate of 20% per year commencing on March 1 of the year following the grant. On July 21, 2009, Mr. Garbarino was awarded a total of 27,051 unvested shares, 14,398 of which vest on July 21, 2011, and 12,653 of which vest at 0% or between 50% to 100% on July 21, 2011, depending upon the attainment of defined performance goals for the one year period ending December 31, 2009. Based on the Company's performance during the performance period, 10,262 shares (81.1% of the 12,653 share award) were earned and vest on July 21, 2011. The remaining 2,391 shares have been forfeited. All of the above awards were granted under the 2006 Stock Plan.
- (8) Includes 5,073 shares owned by Mr. McLaughlin's wife.
- (9) Includes 700 shares for which Ms. Rhine acts as custodian.

- (10) Includes 14,035 unvested shares. Mr. Nardelli was awarded 1,303 restricted shares in February 2007, 1,000 restricted shares in February 2008, 1,815 restricted shares in February 2010 and 2,557 restricted shares in February 2011. Each such award vests at a rate of 20% per year commencing on March 1 of the year following the grant. On July 21, 2009, Mr. Nardelli was awarded a total of 10,471 unvested shares, 4,625 of which vest on July 21, 2011, and 5,846 of which vest at 0% or between 50% to 100% on July 21, 2011, depending upon the attainment of defined performance goals for the one year period ending December 31, 2009. Based on the Company's performance during the performance period, 4,741 shares (81.1% of the 5,846 share award) were earned and vest on July 21, 2011. The remaining 1,105 shares have been forfeited. All of the above awards were granted under the 2006 Stock Plan.
- (11) Includes 12,604 unvested shares. Mr. Fitzpatrick was awarded 1,303 restricted shares in February 2007, 1,000 restricted shares in February 2008, 1,815 restricted shares in February 2010 and 2,273 restricted shares in February 2011. Each such award vests at a rate of 20% per year commencing on March 1 of the year following the grant. On July 21, 2009, Mr. Fitzpatrick was awarded a total of 9,076 unvested shares, 4,538 of which vest on July 21, 2011, and 4,538 of which vest at 0% or between 50% to 100% on July 21, 2011, depending upon the attainment of defined performance goals for the one year period ending December 31, 2009. Based on the Company's performance during the performance period, 3,681 shares (81.1% of the 4,538 share award) were earned and vest on July 21, 2011. The remaining 857 shares have been forfeited. All of the above awards were granted under the 2006 Stock Plan.
- (12) Includes 5,231 unvested shares. Mr. Lebel was awarded 335 restricted shares in February 2008, 605 restricted shares in February 2010 and 767 restricted shares in February 2011. Each such award vests at a rate of 20% per year commencing on March 1 of the year following the grant. On July 21, 2009, Mr. Lebel was awarded a total of 4,538 unvested shares, 873 of which vest on July 21, 2011, and 3,665 of which vest at 0% or between 50% to 100% on July 21, 2011, depending upon the attainment of defined performance goals for the one year period ending December 31, 2009. Based on the Company's performance during the performance period, 2,973 shares (81.1% of the 3,665 share award) were earned and vest on July 21, 2011. The remaining 692 shares have been forfeited. All of the above awards were granted under the 2006 Stock Plan.
- (13) Includes 1,682 unvested shares. Mr. Iantosca was awarded 424 restricted shares in February 2007, 335 restricted shares in February 2008, 355 restricted shares in February 2009, 605 restricted shares in February 2010 and 767 restricted shares in February 2011. Each such award was granted under the 2006 Stock Plan and vests at a rate of 20% per year commencing on March 1 of the year following the grant.

#### **PROPOSAL 1. ELECTION OF DIRECTORS**

The Company's Board of Directors currently consists of eight directors. All of the directors are independent under current Nasdaq listing standards, except for John R. Garbarino, Chairman and Chief Executive Officer of the Company and the Bank. The Board is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. Each of the members of the Board also serves as a director of the Bank. The Board of Directors' nominees for election this year, to serve for a three year term or until their respective successors have been elected and qualified, are Messrs. Joseph J. Burke, Angelo Catania and John R. Garbarino, each of whom is currently a director of the Company and the Bank, with Mr. Garbarino also serving as Chairman and Chief Executive Officer. The experience and qualifications of each director are set forth under Nominees for Election of Director.

It is intended that the proxies solicited by the Board of Directors will be voted for the election of the nominees named above. If any nominee is unable to serve, the persons named in the proxy card will vote your shares and approve the election of any substitute proposed by the Board of Directors. Alternatively, the Board of Directors may adopt a resolution to reduce the size of the Board. At this time, the Board of Directors knows of no reason why any nominee might be unable to serve.

**The Board of Directors recommends a vote FOR the election of Messrs. Joseph J. Burke, Angelo Catania and John R. Garbarino.**

#### **Information With Respect to Nominees, Continuing Directors and Certain Executive Officers**

Information regarding the Board of Directors' nominees for election at the Annual Meeting, as well as information regarding the continuing directors and the senior executive officers listed in the table under *Executive*

*Compensation Summary Compensation Table* who are not directors is provided below. Unless otherwise stated, each individual has held his or her current position for the last five years. The age indicated for each individual is as of December 31, 2010. The indicated period of service as a director includes service as a director of OceanFirst Bank.

#### **Nominees for Election of Director**

The biographies of each of the nominees and continuing directors below contains information regarding the person's service as a director, business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Corporate Governance/Nominating Committee and the Board to determine that the person should serve as a director for the Company. The Board of Directors has determined that the Board as a whole must have the right diversity and mix of characteristics and skills for the optimal functioning of the Board in its oversight of the Company. The Company considers the following requirements for each of its members of the Board:

- 1) Personal characteristics: Integrity and accountability; informed judgment; financial literacy; mature confidence; and high performance standards.
- 2) Core competencies: Accounting and finance; business judgment; management; crisis response; industry knowledge; regional markets; leadership; and strategy/vision.
- 3) Director commitment: Time and effort; awareness and ongoing education; board attendance; other board commitments; stock ownership; changes in professional responsibilities; and length of service.
- 4) Team and company considerations: Balancing director contributions; diversity of skills; and Company financial condition.

The following directors have been nominated by the Corporate Governance/Nominating Committee for election to the Board with terms to expire in 2014:

**Joseph J. Burke** is a Certified Public Accountant (CPA) with over 30 years of experience specializing in the audits of banking institutions. He is a retired audit partner with KPMG LLP. This experience brings to the Board significant expertise in financial, accounting and auditing matters. KPMG LLP is not an affiliate of the Company. Mr. Burke has been a member of the Board since January 19, 2005. He is 63 years of age.

**Angelo Catania** is the Chief Executive Officer and Managing Member of HomeStar Services LLC, an air conditioning, heating, plumbing and electrical service company, where he has been employed since February 2005. Prior to that time, he was President and Chief Operating Officer of Petro, Inc., one of the largest home heating oil and services companies in the United States. As President and COO of Petro, Mr. Catania was responsible for the oversight of approximately 2,800 employees that serviced over 535,000 residential and commercial accounts. Mr. Catania has also served as the corporate controller of a publicly-owned home heating oil delivery and service company, where he was responsible for accounting systems, bank relations, benefits, information technology and acquisitions. Mr. Catania's experience as a senior officer of a large corporation brings to the Board significant management expertise and leadership skills, particularly as they relate to the use of technology to improve efficiency and customer service. Neither HomeStar Services LLC nor Petro, Inc. is an affiliate of the Company. He has been a member of the Board since January 18, 2006. He is 61 years of age.

**John R. Garbarino** has served as Chairman and Chief Executive Officer of the Company since 1995, and was President from 1995 to 2010. He has served in various capacities for the Bank since 1971, and has been a member of the Bank's senior management since 1979. In 1985 he was elected President and Chief Executive Officer of the Bank, serving as President until 2010. He has been a member of the Bank's Board of Directors since 1984, and was appointed Chairman of the Board in 1989. Mr. Garbarino brings extensive experience in banking and executive management to the Board. Mr. Garbarino's experience and vision has resulted in OceanFirst Bank becoming the largest and oldest community-based financial institution headquartered in Ocean County, New Jersey. His past involvement in leadership positions with the Federal Home Loan Bank of New York, the New Jersey Savings League, America's Community Bankers, as well as numerous other community and business organizations during

his 40 year career in banking provide insight to the Board on the factors that impact both the Company and its communities. Moreover, Mr. Garbarino's day to day leadership and intimate knowledge of our business and operations provide the Board with Company-specific experience and expertise. He is 61 years of age.

#### **Directors Continuing in Office**

The following directors have terms ending in 2012:

**John W. Chadwick** retired as the General Manager of Point Bay Fuel, a petroleum products distributor in late 2006. In his capacity as General Manager, Mr. Chadwick was responsible for the oversight of all aspects of the company's operation, including its sixty-nine full-time employees which serviced approximately 15,000 accounts. Mr. Chadwick was responsible for all environmental issues, permits, advertising, insurance issues, public relations, consumer credit situations, contracting and buying of petroleum products and personnel decisions. Mr. Chadwick's experience brings to the Board significant expertise in management, consumer affairs and leadership. Point Bay Fuel is not an affiliate of the Company. Mr. Chadwick has been a member of the Board of Directors since 2002. He is 69 years of age.

**Carl Feltz, Jr.** is a registered architect and has been a principal in the firm of Feltz & Frizzell Architects, LLC since 1977. Prior to that, Mr. Feltz was employed as an architect at a New York City architectural firm for 10 years. In his more than 40 years of experience, Mr. Feltz has provided architectural services on residential, commercial, public and industrial buildings. His background in managing his own firm and his experience as an architect provides the Board with leadership and expertise in the local residential and commercial real estate markets. Feltz & Frizzell Architects, LLC is not an affiliate of the Company. Mr. Feltz has been a member of the Board of Directors since 1990. He is 72 years of age.

**Diane F. Rhine** has owned and operated her own real estate company since 1979. From October 2000 through November 2009, Ms. Rhine was a partner in Citta Rhine LLC. As of November 16, 2009, Ms. Rhine is President and sole owner of Citta & Cobb Inc. DBA as Rhine & Associates Inc. Ms. Rhine's more than 30 years' experience in residential real estate brokerage in Ocean County, New Jersey, brings to the Board management expertise and an extensive knowledge of the local real estate markets in which the Company conducts its business. Rhine & Associates Inc. is not an affiliate of the Company. Ms. Rhine has served on the Board of Directors since 1997. She is 61 years of age.

The following directors have terms ending in 2013:

**Donald E. McLaughlin** is a retired CPA. Prior to his retirement in 2005, from Donald E. McLaughlin, CPA, P.C. Mr. McLaughlin was employed as a CPA for 35 years. As a CPA, Mr. McLaughlin worked on audits of corporations, both public and privately owned. Mr. McLaughlin has prepared financial statements and tax returns, analyzed financial statements and results of operations and advised clients on methods to better improve performance. He has also been employed as a controller at a company with annual sales of \$40 million. Through his extensive experience as a CPA, Mr. McLaughlin provides significant expertise to the Board on public accounting and financial matters. Mr. McLaughlin has served on the Board of Directors since 1985. He is 63 years of age.

**John E. Walsh** is a licensed professional engineer and has been employed with T&M Associates as Regional Client Manager since 2010. T&M Associates is a privately owned engineering, planning and environmental consulting company. Before then, he was Executive Vice President and interim Chief Operating Officer at CMX Engineering, Inc., a privately owned engineering company. At CMX, Mr. Walsh was responsible for all operational aspects of the business, including operational profitability and oversight of 380 professional engineers and technical staff. Mr. Walsh's experience with T&M and CMX provides the Board with management and leadership skills, as well as extensive knowledge of business and marketing plans, annual budgets, personnel/resource management, sales initiatives, financial reporting and client management. Prior to joining CMX Engineering, he was President of Bay Pointe Engineering Associates, Inc. None of T&M Associates, CMX Engineering or Bay Pointe Engineering Associates, Inc. is an affiliate of the Company. Mr. Walsh has served on the Board of Directors since 2000. He is 57 years of age.

**Senior Executive Officers Who Are Not Also Directors**

**Vito R. Nardelli** has been President of the Company and the Bank since 2010 and Chief Operating Officer of the Bank since September 2005. He has been employed with the Bank since June 1, 2004. Mr. Nardelli has been employed in the banking industry for over 30 years. He most recently served as Director of Retail Banking for The Trust Company of New Jersey and, until 2003, as Division President of the Dime Savings Bank of New Jersey. He held various executive level positions at Marine Midland Bank and Wachovia (formerly First Union). Between 1991 and 1994, Mr. Nardelli served as Executive Director of the New Jersey Economic Development Authority. Mr. Nardelli began his banking career with Chase Manhattan Bank, N.A. as Vice President and Department Head Letter of Credit Division. His broad experience has ranged in the areas of investment banking, international products/global collections and corporate and municipal finance. He is 61 years of age.

**Michael J. Fitzpatrick** has been Executive Vice President and Chief Financial Officer of the Company since 1995. He has also been Executive Vice President and Chief Financial Officer of the Bank since joining the Bank in 1992. He is 55 years of age.

**Joseph J. Lebel III** has been First Senior Vice President, Chief Lending Officer of the Bank since May 2007. When he first joined the Bank in April 2006, he was Senior Vice President of the Bank, in charge of Commercial Lending. Before then, he was employed with Wachovia Bank N.A. for approximately 22 years, most recently as Senior Vice President. He is 48 years of age.

**Joseph R. Iantosca** has been First Senior Vice President, Chief Administrative Officer of the Bank since May 2007. Before then, he was Senior Vice President, Chief Administrative Officer of the Bank since February 2004, when he joined the Bank. Before then, he was employed with BISYS Banking Solutions for seven years, most recently as National Vice President, Conversions and Implementations. He is 51 years of age.

**Steven J. Tsimbinos** has been First Senior Vice President, General Counsel and Corporate Secretary of the Company and the Bank since September 2010. Prior to joining OceanFirst, he was General Counsel of Copper River Management, L.P., the investment manager to a family of hedge funds since May 2006, and prior to that a partner with Lowenstein Sandler PC, where he practiced corporate and securities law. He is 41 years of age.

**PROPOSAL 2. APPROVAL OF THE****OCEANFIRST FINANCIAL CORP. 2011 STOCK INCENTIVE PLAN****Background**

On March 16, 2011, the Board of Directors of the Company adopted, subject to stockholder approval, the OceanFirst Financial Corp. 2011 Stock Incentive Plan (the Stock Plan ). The Stock Plan is intended to, among other things, increase the number of shares of common stock ( Shares ) authorized for issuance through equity awards. As of March 2, 2011, the Company had 25,511 Shares available for issuance under the Company's existing equity compensation plan, the 2006 Stock Incentive Plan (the 2006 Stock Plan ). The 2006 Stock Plan has a three-to-one fungible plan design that is, awards of restricted stock count as three shares and options as one. The OceanFirst Financial Corp. 2000 Stock Option Plan terminated in accordance with its terms on January 19, 2010. As of March 2, 2011 the Company had an aggregate of 2,098,212 options outstanding with a weighted average price of \$18.19 and a weighted average term of 5.39 years, and an aggregate of 94,645 full value awards outstanding. Option and grants of restricted stock awards granted for the last three calendar years are as follows:

Year	Restricted Stock		Weighted Average Basic Shares Outstanding
	Option Grants (Underlying Shares)	Grants (Shares)	
2010	300,745	19,460	18,142,000
2009	97,879	60,120	12,737,000
2008	217,644	11,010	11,667,000

The Stock Plan is proposed to provide sufficient Shares to cover new award grants to enable the Company to attract, retain and motivate employees and outside directors by providing for or increasing their economic interests in the success of the Company. The ability to grant equity awards in the future to attract people of experience and ability to serve the Company and its affiliates is critical to sustain the Company's continued growth and success. The granting of equity awards advances the interests of the Company and its stockholders by providing employees and non-employee directors upon whose judgment, initiative and efforts the successful conduct of the business of the Company and its affiliates largely depends, with additional incentive in the form of a proprietary interest in the Company to perform in a superior manner. For these reasons, the Company wishes to continue and enhance its equity awards program. Therefore, the Company is presenting the OceanFirst Financial Corp. 2011 Stock Incentive Plan for stockholder approval in the form attached hereto as Appendix A. The provisions of the Stock Plan are similar to the 2006 Stock Plan. The description below is a summary and qualified by reference to the full document, which should be read carefully.

### Summary of the Stock Plan

**Type of Equity Awards.** The Stock Plan provides for the grant of Non-Statutory Stock Options ( NSOs ), Incentive Stock Options ( ISOs and together with NSOs, Options ) within the meaning of section 422 of the Internal Revenue Code of 1986, as amended ( Code ) and Stock Awards (collectively, Awards ).

**Administration.** The Stock Plan will be administered by the Compensation Committee. Subject to the terms of the Stock Plan and resolutions of the Compensation Committee, the Compensation Committee interprets the Stock Plan and is authorized to make all determinations and decisions thereunder. The Compensation Committee also determines the participants to whom Awards will be granted, the type and amount of Awards that will be granted and the terms and conditions applicable to such grants. The Stock Plan allows the Compensation Committee to grant Awards with respect to which the compensation realized by certain individuals may be deductible by the Company pursuant to section 162(m) of the Code, which limits the deductibility of compensation in excess of \$1 million paid to the CEO and each of the four highest paid individuals during the taxable year. Compensation attributable to Options is generally deductible by the Company and not subject to the limitations of section 162(m) if the Stock Plan is approved by stockholders, a committee satisfying the requirements of section 162(m) makes the grants, the Stock Plan specifies the maximum number of shares with respect to which Options may be granted during a specified period of time and the compensation received by the individual is based solely on an increase in the value of the underlying stock. Some, but not all, Awards granted under the Stock Plan will meet these criteria and therefore, will not be subject to the limitations of section 162(m).

**Participants.** All employees and outside directors of the Company and its subsidiaries to whom the Compensation Committee grants eligibility are eligible to participate in the Stock Plan. It is anticipated that the class of Participants will be limited to Directors and officers who are Senior Vice Presidents or more senior. It is estimated that there will be approximately 25 participants.

**Number of Shares of Common Stock Available.** The Company has reserved 2,400,000 Shares for issuance in connection with Awards under the Stock Plan. In applying this limitation, the number of Shares covered by an Option shall count against the limitation on a one-for-one basis and the number of Shares associated with an Award other than an Option shall count against the limitation in a ratio of two and one-half (2.5) to one.

Shares reserved under the Stock Plan may be either authorized but unissued shares, or reacquired shares held by the Company in its treasury. Upon the issuance of shares used to satisfy Award grants, the number of shares then-outstanding would increase and would have a dilutive effect on the holdings of existing stockholders. Any Shares subject to an Award that expires or otherwise terminates unexercised will generally again be available for issuance under the Stock Plan. Shares that will not be available for issuance or reissuance under the Stock Plan include: Shares tendered by a participant as full or partial payment for the exercise of an Option, Shares associated with an Option if the Option is cancelled within the meaning of Code section 162(m), or Shares withheld by or otherwise remitted to satisfy a participant's tax withholding obligations upon the lapse of restrictions on a Stock Award or the exercise of Options granted under the Stock Plan or upon any other payment or issuance of Shares under the Stock Plan.

**Stock Option Grants.** The exercise price of each ISO or NSO is determined by the Compensation Committee and will not be less than the fair market value of the common stock on the date the ISO or NSO is granted, as defined in the plan (or 110% of the fair market value of the common stock in the case of an ISO granted to a 10% stockholder of the Company). The exercise price of an Option may generally be paid in cash, shares or other property, by the surrender of all or part of the Option being exercised, by the immediate sale through a broker of the number of shares being acquired sufficient to pay the purchase price, a net exercise as described in the Stock Plan, or by a combination of these methods, as and to the extent permitted by the Compensation Committee. No more than 1,000,000 Shares may be issued under the Stock Plan in connection with ISOs. The maximum number of Shares with respect to which Options may be granted to any individual during any one calendar year is 500,000 Shares. In no event may an Option be exercised after the tenth anniversary of the date the Option was granted. Dividend and dividend equivalents are not paid on Options.

Financial Accounting Standards require the Company to recognize compensation expense for Options. Generally, the recognition of an expense equal to the grant date fair value of the Options granted is required. The accounting expense is partially offset by the Company's anticipated tax deduction, if any, for the income realized when the option is exercised.

Unless approved by the Company's stockholders, repricing Options is prohibited by the Stock Plan. Repricing means any of the following (or any other action that has the same effect as any of the following): (A) changing the terms of an Option to lower its exercise price except in limited circumstances permitted in Section 15 of the Stock Plan; (B) any other action that is treated as a repricing under generally accepted accounting principles; and (C) canceling an Option at a time when its exercise price is equal to or greater than the fair market value of the underlying stock in exchange for cash, or another Option, Stock Award or other equity award, unless the cancellation and exchange occurs in connection with an event set forth in Section 15 of the Stock Plan. Such cancellation and exchange would be considered a repricing regardless of whether it is treated as a repricing under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Participant.

Under the Stock Plan, NSOs are transferable only by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code; however, with approval of the Compensation Committee, a participant may transfer an NSO for no consideration to or for the benefit of one or more family members of the participant subject to limits imposed by the Compensation Committee. In the event of a participant's death, NSOs may be transferred to the holder's beneficiary or, absent a beneficiary, to the estate or to a person who acquired the right to exercise the NSO by will or the laws of descent and distribution.

NSOs may become exercisable in full at the time of grant or at such other times and in such installments as the Compensation Committee determines or as may be specified in the Stock Plan. Options may be exercised during periods before and after the participant terminates employment, as the case may be, to the extent authorized by the Compensation Committee or specified in the Stock Plan. Pursuant to the Stock Plan, in the event of termination of employment (other than for cause) or in the event of retirement, a participant may exercise only those NSOs that were immediately exercisable at the date of termination or retirement and only for a period of three months in the event of termination (other than for cause) and three years in the event of termination for retirement. In the event of termination due to death or disability, all NSOs held by a participant shall become immediately exercisable and shall remain exercisable for a period of one year following the date of such termination. In the event of termination for cause, all rights with respect to a participant's NSOs shall expire immediately. The Compensation Committee may, at any time and without additional consideration, accelerate the date on which an NSO becomes exercisable.

Under the Stock Plan, ISOs are transferable only by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code. In the event of a participant's death, ISOs may be transferred to the holder's beneficiary or, absent a beneficiary, to the estate or to a person who acquired the right to exercise the ISO by will or the laws of descent and distribution.

ISOs may become exercisable in full at the time of grant or at such other times and in such installments as the Compensation Committee determines or as may be specified in the Stock Plan. Options may be exercised during periods before and after the participant terminates employment, as the case may be, to the extent authorized by the Compensation Committee or specified in the Stock Plan. The provisions of the Stock Plan relating to the exercisability of ISOs in the event of termination (other than for cause), retirement, death, disability or for cause are



the same as those provisions applicable to NSOs, as described above. In no event may an ISO be exercised after the tenth anniversary of the date the ISO was granted; however, if at the time an ISO is granted to an employee who is a 10% stockholder of the Company, the ISO may not be exercised after the fifth anniversary of the date of the grant. The Compensation Committee may, at any time and without additional consideration, accelerate the date on which an ISO becomes exercisable.

**Stock Awards.** The Stock Plan also authorizes the granting of Stock Awards to employees and non-employee directors. The Compensation Committee has the authority to determine the dates on which Stock Awards granted will vest. Stock Awards may only be made in whole Shares. The Stock Plan provides that all Stock Awards immediately vest upon a change in control of the Company, as well as following retirement, death or disability. Under the Stock Plan the vesting of Stock Awards may also be made contingent upon the attainment of certain performance goals by the Company, which performance goals, if any, would be established by the Compensation Committee. The Compensation Committee may also accelerate the vesting of Stock Awards in its sole discretion except for any Stock Awards that are Qualified Performance-Based Awards, as defined below.

Stock Awards under the Stock Plan are transferable only by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code; however, with approval of the Compensation Committee, a participant may transfer a Stock Award for no consideration to or for the benefit of one or more family members of the participant subject to limits imposed by the Compensation Committee. In the event of a participant's death, Stock Awards may be transferred to the holder's beneficiary or, absent a beneficiary, to the estate or to a person who acquired the Stock Award by will or the laws of descent and distribution. All unvested awards are forfeited in the event of termination of employment, other than for retirement, death or disability. In the event of termination due to retirement, death or disability, all unvested awards, including any award subject to a performance goal, shall vest immediately.

After vesting, Shares are distributed to the recipients of Stock Awards in accordance with the Stock Plan. After vesting, the recipients of Stock Awards (including Performance-Based Stock Awards discussed below) will also receive amounts equal to accumulated cash and stock dividends (if any) with respect thereto plus earnings thereon minus any required tax withholding amounts. Prior to vesting, recipients of Stock Awards may direct the voting of shares of common stock granted to them and held in the trust. Shares held by the trust which have not been allocated or for which voting has not been directed are voted by the trustee in the same proportion as the awarded shares are voted in accordance with the directions given by all recipients of Stock Awards.

**Performance-Based Stock Awards.** The Compensation Committee may grant Stock Awards that are subject to the achievement of performance goals as may be determined by the Compensation Committee. Such Awards, called Qualified Performance-Based Awards, are Shares granted to participants with restrictions that lapse only upon the attainment of specified performance goals and will be granted to persons whom the Compensation Committee anticipates to be Covered Employees within the meaning of section 162(m) of the Code. The term Covered Employee means the Company's chief executive officer and each other person whose compensation is required to be disclosed in the Company's filings with the Commission by reason of that person being among the four highest compensated officers of the Company on the last day of a taxable year.

To the extent necessary to comply with the Qualified Performance-Based Award requirements of the Code, with respect to any Stock Award that may be granted to one or more Covered Employees and intended to comply with the requirements for performance-based awards under section 162(m), the Compensation Committee will, in writing, (a) designate one or more Covered Employees, (b) select the performance criteria applicable to the performance period, (c) establish the performance goals, and amounts of such Awards, as applicable, which may be earned for such performance period, and (d) specify the relationship between performance criteria and the performance goals and the amounts of such Stock Awards, as applicable, to be earned by each Covered Employee for the performance period. Performance criteria that may be used to establish performance goals are limited to: net income (either before or after taxes); operating earnings; earnings per share (basic or diluted); return on capital; return on assets; return on net assets; return on stockholders' equity; operating efficiency; economic value added (as determined by the Compensation Committee); origination or sales of loans or deposits; regulatory capital ratios; deposit levels; sales of services; customer satisfaction; stockholder returns; productivity; expenses; margins; stockholders' equity or tangible stockholders' equity (either in the aggregate or per share); price per share of Common

Stock; and market share. Performance criteria may be measured (a) in absolute terms, (b) as compared to any incremental increase or (c) as compared to results of a peer group. Following the completion of each performance period, the Compensation Committee will certify in writing whether the applicable performance goals have been achieved for the performance period. No Stock Award or portion thereof that is subject to the satisfaction of any condition will be considered to be earned or vested until the Compensation Committee certifies in writing that the conditions to which the distribution, earning or vesting of the Stock Award is subject have been achieved. During the performance period, the Compensation Committee may not increase the amount of a Qualified Performance-Based Award that would otherwise be payable upon satisfaction of the conditions, but may reduce or eliminate the payments as provided for in the Award Agreement. The maximum number of Shares with respect to Qualified Performance-Based Awards that can be granted to any Covered Employee under the Stock Plan during a calendar year is 200,000 Shares.

***Effect of a Change in Control.*** In the event of a change in control of the Company (as defined in the Stock Plan), each outstanding Award under the Stock Plan will immediately become fully vested. Each Option will become immediately exercisable and will remain exercisable for the remainder of its term. Further, in the event of a change in control, all available Stock Awards under the Stock Plan that have not been granted as of that date shall automatically be granted to current employees and outside directors in proportion to the grants of Awards previously made to them under the Stock Plan, the 2006 Stock Plan, and the OceanFirst Financial Corp. 2000 Stock Option Plan. In calculating each participant's proportion of the number of total Awards to be granted, the actual number of Shares subject to an Option awarded under this Plan or the 2000 Plan will be included at a ratio of one to one and Shares subject to Stock Awards will be included at a ratio of two and one-half (2.5) to one.

***Adjustments for Change in Capitalization.*** The Stock Plan provides that in the event of a stock dividend, stock split, reverse stock split, share combination, or recapitalization or similar event affecting the capital structure of the Company, or a merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, stock rights offering, liquidation, disaffiliation of a subsidiary, affiliate or division or similar event affecting the Company, the Compensation Committee may in its discretion make such substitutions or adjustments as it deems appropriate and equitable to the share reserve, the share limitations described above, and the purchase price and number of shares subject to outstanding equity or equity-based awards.

***Certain Federal Income Tax Consequences.*** The following brief description of the tax consequences of Awards under the Stock Plan is based on federal income tax laws currently in effect and does not purport to be a complete description of such federal income tax consequences.

There are no federal income tax consequences either to the optionee or to the Company upon the grant of an ISO or an NSO. On the exercise of an ISO during employment or within three months thereafter, the optionee will generally not recognize any income and the Company will not be entitled to any deduction. Generally, if the optionee disposes of shares acquired upon exercise of an ISO within two years of the date of grant or one year of the date of exercise, the optionee will recognize ordinary income, and the Company will be entitled to a deduction, equal to the excess of the fair market value of the shares on the date of exercise over the Option price (limited generally to the gain on the sale). The balance of any gain or loss will be treated as a capital gain or loss to the optionee. If the shares are disposed of after the two-year and one-year periods mentioned above, the Company will not be entitled to any deduction, and the entire gain or loss for the optionee will be treated as a capital gain or loss.

On exercise of an NSO, the excess of the date-of-exercise fair market value of the shares acquired over the Option price will generally be taxable to the optionee as ordinary income and deductible by the Company. The disposition of shares acquired upon the exercise of a NSO will generally result in a capital gain or loss for the optionee, but will have no tax consequences for the Company.

For Stock Awards, the recipient is deemed to receive ordinary income equal to the fair market value of the underlying Shares on the date the restrictions lapse plus any dividends and earnings on such shares (provided such date is more than six months after the date of grant) and the Company is permitted a commensurate compensation expense deduction for income tax purposes.

Generally, the Company will be entitled to a deduction for federal income tax purposes equal to the amount of any ordinary income the participant recognizes; however, section 162(m) of the Code generally disallows a public

Company's tax deduction for compensation in excess of \$1 million paid in any taxable year to a Covered Employee. Compensation that qualifies as performance-based compensation, however, is excluded from the \$1 million deductibility cap. The Company may provide that some of the Awards granted to employees whom the Compensation Committee expects to be Covered Employees at the time a deduction arises in connection with the Awards qualify as performance-based compensation so that deductions with respect to those Awards will not be subject to the \$1 million cap under section 162(m) of the Code. Future changes in section 162(m) of the Code or the regulations thereunder may adversely affect the ability of the Company to ensure that Awards under the 2006 Plan will qualify as performance based compensation so that deductions are not limited by section 162(m) of the Code.

**Term of the Stock Plan.** The Stock Plan will only be effective if approved by the stockholders of the Company. If the Stock Plan is approved, it will be effective on the date of approval. The Stock Plan will expire, with respect to the ability to grant Awards, on the tenth anniversary of the effective date, unless terminated sooner by the Board.

**Amendment of the Stock Plan.** The Stock Plan allows the Board to amend the Stock Plan without stockholder approval, unless such approval is required to comply with a tax law or regulatory requirement. In no event, however, will the Stock Plan or an Award be amended to allow any Option to be granted with an exercise price below the fair market value of the common stock on the date of grant or to allow the exercise price of any Option previously granted to be reduced subsequent to the date of award.

**Forfeiture; Clawbacks.** Awards under the Stock Plan to proxy officers and employees may, in the Compensation Committee's discretion, include clawback provisions for certain events, such as breach of restrictive covenants or restatement of financial results on the basis of which incentives or shares vested.

**New Plan Benefits.** The Company anticipates that Awards will primarily be made to employees and non-employee directors on or after the effective date of the Stock Plan, as the Compensation Committee deems appropriate. However, as of the date of this proxy statement, no specific determinations have been made regarding any future grants under the Stock Plan at this time.

Unless marked to the contrary, the shares represented by the enclosed proxy card, if executed and returned, will be voted **FOR** the approval of the OceanFirst Financial Corp. 2011 Stock Incentive Plan.

**The Board of Directors recommends that you vote **FOR** the approval of the OceanFirst Financial Corp. 2011 Stock Incentive Plan.**

### **PROPOSAL 3. APPROVAL OF THE**

### **OCEANFIRST FINANCIAL CORP. 2011 CASH INCENTIVE COMPENSATION PLAN**

#### **Background**

On February 16, 2011, the Company's Board of Directors adopted the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan (the Cash Incentive Plan) which is attached as Appendix B to this proxy statement. The description below is a summary and qualified by reference to the full document, which should be read carefully. For the last several years, the Company and the Bank have provided performance-based cash bonus opportunities to virtually all their employees, including executive officers, that have been linked to the achievement of predetermined performance objectives under an Annual Incentive Plan. See *Compensation Discussion and Analysis Elements of Compensation Cash Incentive Awards*.

#### **Why We Are Asking For Stockholder Approval**

Applicable law does not require that the Company obtain stockholder approval for a cash bonus plan; however, the Company cannot deduct fiscal year taxable compensation in excess of \$1,000,000 that it pays to Covered Employees under section 162(m) of the Code, unless such compensation constitutes qualified performance-based compensation under section 162(m). Performance-linked compensation paid under a

stockholder-authorized plan where the range of available performance goals are disclosed to and approved by stockholders every five years meets these requirements for qualified performance-based compensation. The Company is presenting the Cash Incentive Plan in the form attached as Appendix B. If the stockholders do not approve the Cash Incentive Plan, the Company will not pay any bonuses under the Cash Incentive Plan to the executive officers named in the Summary Compensation Table herein (the NEOs ), but will pay bonuses to other officers and employees. The Company is seeking stockholder approval to maximize the deductibility of incentives that we pay to certain of our executive officers.

### **Summary of the Cash Incentive Plan**

**Administration.** The Cash Incentive Plan is administered by a committee of the Board of Directors which is comprised of at least two outside directors. Unless otherwise determined by the Board of Directors, the Compensation Committee will be the committee to administer the Cash Incentive Plan. Its duties include designating participants and individual award opportunities, and designating and administering performance metrics and other award terms and conditions. The Compensation Committee has substantial discretion to make all other determinations related to bonus opportunities under the Cash Incentive Plan.

**Participants.** All employees of the Company and its subsidiaries (including employees who are also Directors) to whom the Compensation Committee grants eligibility are eligible to participate in the Cash Incentive Plan. It is anticipated that all employees, other than residential loan officers, will participate in the plan. It is estimated that there will be approximately 385 participants.

**Performance Goals and Awards.** The performance goals are limited to one or more of the following Company or subsidiary financial performance measures:

- (i) earnings per share (basic or diluted);\*
- (ii) net income;\*
- (iii) return on average equity;\*
- (iv) return on average assets;\*
- (v) core earnings;\*
- (vi) stock price;
- (vii) total stockholder return;
- (viii) operating income;
- (ix) operating efficiency ratio;
- (x) net interest rate spread;

- (xi) loan production volumes;
- (xii) non-performing loans;
- (xiii) regulatory capital ratios;
- (xiv) cash flow;
- (xv) deposit levels;
- (xvi) customer satisfaction scores;
- (xvii) stockholders' equity (in the aggregate or on a per share basis);
- (xviii) tangible stockholders' equity (in the aggregate or on a per share basis);
- (xix) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures;
- (xx) except in the case of a Covered Employee, any other performance criteria established by the Compensation Committee; or
- (xxi) any combination of (i) through (xx) above.

Performance goals indicated with an asterisk may be established on the basis of either reported earnings or cash earnings. Under the Cash Incentive Plan, any performance goal may be based on the Company's performance on an absolute basis as compared to a goal set for the Company, the Company's performance in a designated peer group, or a combination of both.

For each specific performance goal, a predetermined bonus amount can be earned by the participant upon achievement of the goal. Performance goals may relate to a fiscal year or to a longer period. Performance goals must be established while the performance relative to the target remains substantially uncertain within the meaning of Section 162(m). For an annual performance period, the performance goals must be established by the ninetieth day of the year.

**Payment of Awards.** All awards that are earned shall be paid at such time and in such amounts (not in excess of the maximum established for each person) as determined by the Compensation Committee and will be paid in cash. In general, awards will be paid within two and one-half months after the end of the calendar year in which they are earned.

**Maximum Payout.** Under the Cash Incentive Plan, the maximum payment opportunity under the Cash Incentive Plan to the Chief Executive Officer or any other Covered Employee for any calendar year may not exceed \$1.5 million.

**Adjustments.** If the performance criteria for any performance period has been affected by special factors (including material changes in accounting policies or practices, material acquisitions or dispositions of property, or other unusual items) that in the Compensation Committee's judgment should or should not be taken into account, the Compensation Committee may adjust such criteria and make payments accordingly under the Cash Incentive Plan; provided, however, that no such adjustment shall cause an award to a Covered Employee to fail to be qualified performance-based compensation. In addition, the Compensation Committee may, in the exercise of their discretion, reduce or eliminate the amount of an award to a participant prior to its payment.

**Term of the Cash Incentive Plan.** The Cash Incentive Plan will only be effective if it is approved by the stockholders of the Company. If the Cash Incentive is approved, it will be effective the date it was approved by the stockholders. The Cash Incentive Plan has an indefinite term; however, the performance goals must be reapproved by stockholders every five years.

**Amendment of the Cash Incentive Plan.** The Board of Directors, may at any time terminate, in whole or in part, or amend the Cash Incentive Plan, provided that, except as otherwise provided in the plan, no amendment or termination shall adversely affect the rights of any participant under any awards previously granted to or deferred by the participant. In the event of a termination of the plan, the Compensation Committee may in its sole discretion direct any remaining payments to participants in a lump sum or installments as the Compensation Committee shall prescribe with respect to each participant. Any material amendment to the plan (including, but not limited to, a change in the class of individuals eligible to participate, the maximum annual award, or the authorized performance measures) must be approved by the Company's stockholders if required by and in accordance with section 162(m) of the Code.

**Forfeiture; Clawbacks.** Awards under the Cash Incentive Plan to proxy officers and employees may, in the Compensation Committee's discretion, include clawback provisions for certain events, such as breach of restrictive covenants or restatement of financial results on the basis of which cash incentives were paid.

**Section 409A Compliance.** The Cash Incentive Plan is intended to be exempt from the provisions of Section 409A of the Code regarding deferred compensation.

**New Plan Benefits.** The amounts to be paid under the Cash Incentive Plan generally cannot be determined because awards under the Cash Incentive Plan are subject to discretion of the Compensation Committee and the attainment of performance goals specified by the Compensation Committee. On February 16, 2011, the Compensation Committee approved awards to the NEOs contingent upon the approval of the Cash Incentive Plan by the stockholders and the attainment of certain specified performance goals during 2011 and, in the case of the special award to Mr. Garbarino indicated below, during the two-year period from January 1, 2011 to December 31, 2012. If the Cash Incentive Plan is not approved by stockholders, these awards under the Cash Incentive Plan will not be paid. Each of these awards is subject to certain minimum performance requirements for the applicable performance period, which if not met, will result in no amounts being paid with respect to the award. Each award is also subject a maximum amount that can be paid with respect to the award. The table below shows certain features of these conditional awards:

	Threshold (\$)	Target (\$)	Maximum (\$)
John R. Garbarino, Chairman; Chief Executive Officer of the Company and the Bank	\$ 61,313	\$ 245,250	\$ 367,875
	315,588*	315,588*	315,588*
Vito R. Nardelli, President and Chief Operating Officer of the Company and the Bank	41,250	165,000	247,500
Michael J. Fitzpatrick, Executive Vice President and Chief Financial Officer of the Company and the Bank	25,750	103,000	154,500
Joseph J. Lebel III, First Senior Vice President and Chief Lending Officer of the Bank	21,600	86,400	129,600
Joseph R. Iantosca, First Senior Vice President and Chief Administrative Officer of the Bank	17,282	69,129	103,694
All current officers as a group**	\$ 482,783	\$ 984,367	\$ 1,318,757

\* Indicates a special award for the 2011-2012 performance period that would be paid as a portion of the payment due to Mr. Garbarino under his Supplemental Executive Retirement Plan Agreement.

\*\* The Compensation Committee has approved performance-based awards for 2011 under the Cash Incentive Plan to officers and employees other than those listed above. However, the awards to officers and employees other than those listed above are not contingent upon stockholder approval of the Cash Incentive Plan.

Unless marked to the contrary, the shares represented by the enclosed proxy card, if executed and returned, will be voted FOR the approval of the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan.

**The Board of Directors recommends that you vote FOR the approval of the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan.**

#### PROPOSAL 4. RATIFICATION OF APPOINTMENT

##### OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company's independent registered public accounting firm for the fiscal year ended December 31, 2010 was KPMG LLP. Acting on the recommendation of the Audit Committee, the Board of Directors reappointed KPMG LLP to continue as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2011, subject to ratification of such appointment by the stockholders. If stockholders do not ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm, the Audit Committee may consider other independent registered public accounting firms.

Representatives of KPMG LLP will be present at the Annual Meeting. They will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from stockholders present at the Annual Meeting.

**The Board of Directors recommends that you vote FOR ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the Company.**

**Audit Fees**

The following table sets forth the fees billed to the Company for the fiscal years ended December 31, 2010 and December 31, 2009 by KPMG LLP:

	2010	2009
Audit fees	\$ 427,500	\$ 415,000
Audit related fees (1)	64,000	240,000
Tax related fees (2)	66,045	72,700
Other fees		
	\$ 557,545	\$ 727,700

- (1) Audit-related fees are excluded from Audit Fees because the services were not required for reporting on the Company's consolidated financial statements. Such fees are principally related to audits of financial statements of employee benefit plans, audit procedures relating to the U.S. Department of Housing and Urban Development (HUD) reporting requirements and services rendered in connection with registration statements on Forms S-3 and S-4 filed with the SEC in 2009.
- (2) Consists of tax filing and tax related compliance and other advisory services.

The Audit Committee believes that the provision of non-audit services by KPMG LLP is compatible with maintaining KPMG LLP's independence.

**Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm**

The Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In accordance with its Charter, the Audit Committee approves, in advance, all audit and permissible non-audit services to be performed by the independent registered public accounting firm. Such approval process ensures that the independent registered public accounting firm does not provide any non-audit services to the Company that are prohibited by law or regulation.

During the year ended December 31, 2010, 100% of the audit related fees, tax related fees and other fees set forth above were approved by the Audit Committee.

**Report of the Audit Committee**

The Company's management is responsible for the Company's internal controls and financial reporting process. The Director of Internal Audit reports directly to the Audit Committee. The Director of Internal Audit conducted a risk assessment of the organization and submitted and implemented an internal audit plan for 2010.

The independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements and issuing an opinion on the conformity of these financial statements with generally accepted accounting principles. The Audit Committee oversees the Company's internal controls and financial reporting process on behalf of the Board of Directors.

The Audit Committee reviewed and discussed the annual financial statements with management and the Company's independent registered public accounting firm. As part of this process, management represented to the Audit Committee that the financial statements were prepared in accordance with generally accepted accounting principles. The Audit Committee also received and reviewed written disclosures and a letter from the independent registered public accounting firm regarding their independence as required under applicable standards for independent registered public accounting firms of public companies. The Audit Committee discussed with the independent registered public accounting firm the contents of such materials, their independence and additional matters required under Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements.





In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees), as adopted by the Public Company Accounting Oversight Board in Rule 3600T and has discussed with the independent registered public accounting firm, the independent registered public accounting firm's independence from the Company and its management. In concluding that the independent registered public accounting firm was independent, the Audit Committee considered, among other factors, whether the non-audit services provided by the independent registered public accounting firm were compatible with the independent registered public accounting firm's independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Company's internal controls, and the overall quality of the Company's financial reporting. In performing all of these functions, the Audit Committee acts only in an oversight capacity. In its oversight role, the Audit Committee relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm who, in their report, express an opinion on the conformity of the Company's financial statements to generally accepted accounting principles. The Audit Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards or that the Company's independent registered public accounting firm is in fact independent.

Based on such review and discussions, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 for filing with the Commission. The Audit Committee also has approved, subject to stockholder ratification, the selection of the Company's independent registered public accounting firm.

**The Audit Committee**

**Joseph J. Burke, CPA, Chairman**

**Donald E. McLaughlin, CPA, Retired**

**Angelo Catania**

**PROPOSAL 5. ADVISORY VOTE ON EXECUTIVE COMPENSATION**

The Company's executive compensation program is intended to attract, motivate, reward and retain the senior management talent required to achieve its corporate objectives and increase stockholder value. The Company believes that its compensation policies and procedures are competitive, are focused on pay-for-performance principles and are strongly aligned with the long-term interests of its stockholders. The Company also believes that the Company and its stockholders benefit from responsive corporate governance policies and constructive and consistent dialogue. The proposal described below, commonly known as a "Say on Pay" proposal, gives each stockholder the opportunity to endorse or not endorse the compensation for the proxy officers by voting to approve or not approve such compensation as described in this proxy statement.

In accordance with recent legislation and Commission regulations, the Company's stockholders are being asked to approve the compensation of the Company's proxy officers as described in this proxy statement, namely, under *Compensation Discussion and Analysis* and the included tabular and narrative disclosure.

The Board of Directors urges stockholders to endorse the compensation program for the Company's executive officers by voting FOR Proposal 5. As discussed in the Compensation Discussion and Analysis, the Compensation

Committee believes that the NEO compensation described herein is reasonable and appropriate, and is justified by the performance of the Company in an extremely difficult operating environment.

In deciding how to vote on this proposal, the Board urges you to consider the following factors, many of which are more fully discussed in the Compensation Discussion and Analysis (which stockholders are encouraged to read):

The Compensation Committee has designed compensation packages for the Company's senior executives to be competitive with the compensation offered by those peers with whom it competes for management talent.

The Company was profitable in 2010, having announced record net income and 14.3% annual earnings per share growth for the year.

This Company's compensation practices have not and do not include the abusive and short-term practices that have been prevalent at some large financial institutions.

The Company's compensation program does not encourage excessive and unnecessary risks that would threaten the value of the Company.

The Company's compensation program is the result of a carefully reasoned, balanced approach, that considers the short-term and long-term interests of stockholders and safe and sound banking practices.

Please note that your vote is advisory and will not be binding upon the Board, may not be construed as overruling a decision by the Board or create or imply any additional fiduciary duty by the Board. The Compensation Committee may take into account the outcome of the vote when considering future executive compensation arrangements.

**The Board of Directors recommends that you vote FOR the approval, on an advisory basis, of the compensation of our NEOs as disclosed in this proxy statement, the accompanying compensation tables, and the related narrative disclosure.**

#### **PROPOSAL 6. ADVISORY SELECTION OF THE FREQUENCY OF THE ADVISORY VOTE ON EXECUTIVE COMPENSATION**

In addition to providing stockholders with the opportunity to cast an advisory vote on executive compensation, this year the Company is providing stockholders with an advisory vote on whether the advisory vote on executive compensation should be held every one, two or three years. This is commonly known as a "say-when-on-pay" proposal.

The Board, after review of the evolution and purposes of say-on-pay and say-when-on-pay proposals, is recommending the every three years option for this advisory vote. After carefully studying the alternatives, the Board has determined that this approach will best serve the Company and its stockholders. In reaching this determination, the Board considered that the Company's compensation program includes components that are tied to long-term corporate performance and stockholder returns. The Board believes that having a "say-when-on-pay" proposal every three years will give stockholders the opportunity to assess the Company's compensation program in light of three years of corporate performance. In addition, the three-year cycle will give the Board sufficient time to review stockholder views on executive compensation and to make changes if appropriate. Stockholders who have concerns about executive compensation during the interval between "say on pay" votes are welcome to bring their specific concerns to the attention of the Board. See *Additional Information Stockholder Communications* for information about communicating with the Board.

The enclosed proxy card provides stockholders with four options for voting on this item. Stockholders can choose whether the say-on-pay vote should occur every year, every two years, every three years or abstain. Stockholders will not be voting to approve or disapprove the Board's recommendation.



Although this advisory vote on the frequency of the say on pay vote is nonbinding, the Board will take into account the outcome of the vote when considering the frequency of future advisory votes on executive compensation.

**The Board of Directors unanimously recommends that you vote for the option of every three years for future advisory votes on executive compensation.**

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

This section describes the objectives, design and rationale of the Company's compensation program for its executives named in the Summary Compensation Table below (the NEOs ), as well as discusses each material element of the Company's NEO compensation program, how compensation is determined, and recent developments in the Company's compensation program.

### Objectives

OceanFirst's vision and mission is to produce value for its stockholders by providing outstanding service and responsiveness to the markets and customers it serves. To achieve that goal, the Company's objectives for its executive officer compensation program are to:

target and reward individual behaviors that promote the Company's performance in a way that is consistent with its strategic plan and encourages prudent decision-making, effective risk management and safe and sound practices;

create balanced incentives that do not encourage NEOs to expose the Company to inappropriate risks by providing excessive compensation that could lead to material loss;

motivate each individual to perform to the best of his or her ability;

align management's interests with those of stockholders;

reward individuals of greatest responsibility and achievement within a framework that is internally equitable;

provide a competitive overall compensation package so that Company may attract, retain and reward highly qualified, motivated and productive executives; and

be mindful of the economic environment and control costs.

### How Compensation Is Determined

**Human Resources/Compensation Committee.** The Human Resources/Compensation Committee reviews compensation for the CEO, the other NEOs and the other officers subject to the reporting requirements of Section 16 under the Exchange Act (including the NEOs, the Section 16 Officers ), as well as establishes certain guidelines and limits for compensation and benefits programs for other employees of the Company and the Bank. The Compensation Committee annually reviews and evaluates recommendations made by management regarding compensation, including base salary, bonuses and equity grants for the Section 16 Officers. The Compensation Committee then recommends the compensation for the CEO and Section 16 Officers to the Board for approval. In establishing compensation levels, the Compensation Committee considers the Company's overall objectives and performance, reports of compensation consultants, peer group comparisons, market data for other institutions, individual executive performance, the relative level of compensation among executive officers and regulatory requirements. The Compensation Committee also meets with the Chief Risk Officer to review any potential and actual risks created by the Company's compensation program, and to analyze the controls in place and risk mitigation mechanisms.

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Executive management and outside advisors from time-to-time may be invited to Compensation Committee meetings to provide their views on compensation matters. The CEO participates in the process of determining senior

officer compensation by making recommendations regarding base salary adjustments, and awards under incentive and equity plans. The CEO does not participate in the Compensation Committee's decision as to his own compensation package. See *Corporate Governance Committees of the Board of Directors* for further information regarding the Compensation Committee.

**Use of Compensation Consultant.** In late 2008, the Compensation Committee engaged Towers Watson, then Watson Wyatt Worldwide (Towers Watson), to perform a study to be used for setting compensation for 2009 and the first half of 2010. Towers Watson developed a peer group which approximates the Company's operations, geographic location, demographics, and size, which was used as a benchmark for pay and performance; reviewed the current level of executive compensation against peers; and assessed the Company's performance against peers and studied current director compensation levels against peers. The peer group selected by Towers Watson included:

Alliance Financial Corp. (NY) NASDAQ: ALNC

Center Bancorp, Inc. (NJ) NASDAQ: CNBC

Dime Community Bancshares (NJ) NASDAQ: DCOM

Flushing Financial Corp. (NY) NASDAQ: FFIC

Hudson Valley Holding Corp. (NY) NASDAQ: HUVL

Kearny Financial Corp. (NJ) NASDAQ: KRNY

Lakeland Bancorp, Inc. (NJ) NASDAQ: LBAI

Peapack-Gladstone Financial Corp. (NJ) NASDAQ: PGC

Provident New York Bancorp (NY) NASDAQ: PBNY

Rockville Financial Inc. (CT) NASDAQ: RCKB

Smithtown Bancorp, Inc. (NY) NASDAQ: SMTB

State Bancorp, Inc. (NY) NASDAQ: STBC

Sterling Bancorp. (NY) NASDAQ: STL

Suffolk Bancorp (NY) NASDAQ: SUBK

Trustco Bank Corp (NY) NASDAQ: TRST

The Company retained Towers Watson in 2009 and 2010 to update its 2008 study. In its 2010 study, Towers Watson found, among other things, a strong alignment between executive compensation and company financial performance, and that the Company performed at or above the median of its peers on three key financial metrics (EPS Growth, Return on Assets and Return on Equity) and just below median on Total Shareholder Return for the 2009 calendar year. The 2010 study was used to set and establish executive compensation for the second half of 2010 and the first half of 2011. The Compensation Committee intends to engage a compensation consultant in March 2011 to perform a similar study for the second half of 2011 and the first half of 2012.

### **Compensation Program Design and Rationale**

**Cash Compensation.** Current cash compensation consists of base salary and a performance-based cash bonus under the annual Incentive Compensation Plan. In addition to the performance-based compensation, the Company may from time to time make discretionary cash bonus payments to rectify inequities or recognize outstanding performance. No such discretionary bonuses were made to Section 16 Officers during fiscal 2010.

**Base Salary.** The base salary levels for the Section 16 Officers are intended to be competitive with the practices of comparable financial institutions at appropriate levels to motivate individuals to discharge the responsibilities of their positions, while being mindful of managing

costs. Messrs. Garbarino, Nardelli and Fitzpatrick have employment agreements with the Company and the Bank and receive base salaries under those agreements, subject to annual review.

***Performance-Based Bonuses.*** A significant portion of each Section 16 officer's annual cash compensation is contingent on the performance of the Company, the Bank and the individual under a cash incentive compensation plan. Under the incentive compensation plan, performance-based bonuses are paid, generally annually, based on the Company's level of achievement of pre-established financial performance objectives, as well as individual performance. This mechanism allows the Company to target and reward individual behaviors that promote the Company's performance in a way that is consistent with its strategic plan and encourages prudent decision-making, effective risk management and safe and sound practices. The Company is proposing its annual cash incentive



program for stockholder approval to maximize the deductibility for tax purposes of the cash bonuses paid to NEOs. See *Proposal 3 Approval of the OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan*.

**Equity Compensation Plan.** During 2010, the Company granted stock options and restricted stock award under the 2006 Stock Plan to attract, retain and motivate non-employee directors and employees by providing for or increasing their economic interests in the success of the Company. Equity grants under the Stock Plans complement total compensation packages as well as enable the Company to align director and executive management interests as stockholders of the Company. Stock Awards and Options granted during this time have been in accordance with the rates of issuance recommended by Institutional Shareholder Services. There are, however, insufficient options or restricted awards for grants beyond 2011 under the 2006 Stock Plan. Accordingly, the Company is proposing a new stock incentive plan for stockholder approval, under which future awards will be granted, assuming stockholder approval. See *Proposal 2 Approval of the OceanFirst Financial Corp. 2011 Stock Incentive Plan*.

**Mix of Compensation Elements; Risk Mitigation.** The Committee believes that it maintains the appropriate balance of base salary and incentive compensation to motivate executives and reward accomplishments. Performance-based incentive bonus awards play an important role in the executive compensation program, but their use is balanced to provide stability and to avoid encouraging strategies and risk-taking that might not align with the long term best interests of the Company and its stockholders, as further described below. The Company utilizes target performance-based bonuses ranging from 25% to 50% of base salary for its Section 16 Officers.

In 2010, the federal banking agencies issued guidance and proposed rules on sound compensation practices that are designed to cause banking institutions to structure compensation programs in a way that does not provide incentives for executives to take imprudent risks. The Dodd-Frank Act requires Federal banking regulators to issue regulations no later than April 2011 which would prohibit any incentive based compensation plan that would encourage inappropriate risks by providing excessive compensation or that could lead to material loss. The Company's compensation program for Section 16 Officers is designed to mitigate risk by (1) providing non-performance-based salaries, retirement and fringe benefits that are competitive in the market, permit executives to pay living expenses and provide stability without reliance on incentives; (2) incorporating cash incentives to reward performance in accordance with predefined goals and objectives; (3) including long-term incentives in the form of restricted stock awards and stock options to maintain focus on long-term shareholder value; and (4) considering prior period results, the exposure to risk, and actual risk outcomes in determining current and future compensation. To further mitigate risk resulting from performance-based compensation, the Committee, considers, and uses when appropriate, metrics and performance goals that incorporate risk management, clawbacks to recover payments, and performance periods longer than one year. The use of equity-based long term compensation, in combination with executive stock ownership requirements, reflects the Company's compensation program's goals of aligning the interests of executives and stockholders, thereby reducing the exposure to imprudent risk taking. The Company believes these features recognize a balance between the need to accept risk exposure in the successful operation of its business and the need to identify and prudently manage such risks.

## Elements of Compensation

**Overview.** To achieve the Company's objectives for its NEO compensation program, the program includes the following elements. (1) base salary; (2) a performance-based annual cash bonus under a cash incentive compensation plan; (3) awards of stock options and restricted shares of Company common stock under the equity compensation plans; (4) welfare benefits under the group benefit programs; (5) retirement benefits under the ESOP and 401(k) Plan and supplemental retirement benefits for select NEOs under the Supplemental Executive Retirement Plan (*\_SERP*); (6) Company-paid automobile benefit for selected NEOs; (7) eligibility for payments and benefits in the event of certain employment terminations and/or in the event of a change in control of the Company; and (8) nonqualified deferred compensation under the Deferred Compensation Plan for Executives. The following describes the elements of compensation and provides information on certain decisions regarding 2010 compensation.

**Base Salary.** After the Compensation Committee's consideration of various factors, including prevailing market conditions, current and anticipated Company performance, the performance and responsibilities of individual executives, current pay levels and the Towers Watson report, the Company made the following changes with respect to base salary for 2010:

*John R. Garbarino.* In light of the separation of the CEO and President positions, Mr. Garbarino's base salary was held constant at \$545,000 per annum for the remainder of 2010 and, effective January 1, 2011, reduced to \$490,500 per annum.

*Mr. Nardelli.* As a result the increased responsibility coming with Mr. Nardelli's promotion to President from Executive Vice President in July of 2010, his base salary increased to \$330,000 from \$300,000 per annum.

The base salaries of the other NEOs for 2011 increased by 2.5% to 3.0% over 2010 amounts.

**Cash Incentive Awards.** The Company determined cash incentive awards for 2010 in accordance with guidelines established by the Compensation Committee. Annual cash bonuses for the Section 16 Officers are determined under the annual incentive plan and contingent on the performance of the Company, the Bank and the individual, by comparing actual Company performance against targets that are approved by the Compensation Committee at the beginning of 2010. The targets are weighted between individual objectives and the Company's success in achieving its financial goals. Targeted bonus levels for NEOs in 2010 ranged from 25% to 50% of base salary. Generally, the higher the level of responsibility of the officer or employee in the Company, the greater the percentage of base salary that may be awarded under the plan for achievement of performance goals. Ordinarily, if incentive compensation is paid out under the plan, actual bonus payments may range from 50% of targeted bonus levels for threshold performance to 150% for superior performance.

For 2010, incentive payments were based on earnings per share, efficiency ratio, total shareholder return and internal audit scores, utilizing the following matrix:

Category	Weight	Threshold 50%	Target 100%	Superior 150%
<b>Earnings Per Share (EPS)</b>	50%	\$ .90	\$ 1.04	\$ 1.10
<b>Efficiency Ratio</b>	20%	60.90%	58.80%	57.70%
<b>Total Shareholder Return Against Peers (TSR)</b>	20%	50 <sup>th</sup> Percentile (8 <sup>th</sup> of 16)	62.5 Percentile (10 <sup>th</sup> of 16)	75 <sup>th</sup> Percentile (12 <sup>th</sup> of 16)
<b>Internal Audit Score Average</b>	10%	2.90	3.00	3.10
	100%			

For purposes of the matrix, Earnings Per Share (EPS) and Efficiency Ratio are the amounts set forth in the Company's financial statements, as adjusted for certain non-recurring items that are approved by the Board of Directors. Total Shareholder Return Against Peers (TSR) is based on the Company's stock and dividend performance measured against the group of fifteen similar financial institutions utilized by Towers Watson in its study. See *How Compensation is Determined Use of Compensation Consultant*. Internal Audit Score Average is calculated using the average audit score as determined by the Company's Internal Auditor during the calendar year. Internal audit scores range from Unsatisfactory (1) to Superior (4). The Company must attain net income of at least \$1,884,370 and meet the threshold level in at least one category in order to pay any bonus based on the Company's performance. For 2010, the Company's adjusted EPS was \$1.07 (in calculating EPS for purposes of determining payouts under the incentive plan, a \$0.05 tax benefit was disregarded), Efficiency Ratio was 58.04%, TSR was 75<sup>th</sup> Percentile and Audit Score Average was 3.11. Based on the weighting of the various Categories set forth above, the Bank's performance funded at 134.4% of Target. Actual payouts were subject to adjustment for each NEO's performance. Based on the above matrix and performance of the Company, the Bank and the individual objectives

established for each of the NEOs, payouts under the Plan totaled \$366,240, \$178,416, \$136,079, \$102,816 and \$84,010 for Messrs. Garbarino, Nardelli, Fitzpatrick, Lebel and Iantosca, respectively.

**Equity Incentive Awards.** The Board, at the recommendation of the Compensation Committee, approved the grant of stock options and restricted stock awards under the 2006 Stock Plan. The award levels and vesting schedule were determined based on various factors, including prevailing market conditions, performance and responsibilities of individual executives, current pay levels, the amount of awards previously granted and the Towers Watson report. Awards in 2010 to the NEOs are presented under the Stock Award column of the Summary Compensation Table and the Grants of Plan-Based Awards Table.

**Benefits.** All NEOs participate in the benefit plans generally available to the employees, including medical insurance, the 401(k) Plan and the ESOP. The Company also maintains SERPs covering Messrs. Garbarino, Nardelli and Fitzpatrick. These SERPs are intended to promote continued service of covered executives by providing a supplement to the executive's other qualified retirement plan benefits, which are limited by law. The benefit is based on the average of the highest compensation during any four consecutive calendar years and length of service with the Company. In 2010 Mr. Garbarino agreed to make a portion of his SERP payment contingent upon the attainment of certain Company performance targets. If the 2011 Cash Incentive Compensation Plan is approved, these amounts would be paid under that Plan to maximize their tax deductibility.

**Perquisites.** The Company provided perquisites to selected NEOs in the form of Company-paid automobile benefits and golf club dues. The NEOs are subject to the Company's Travel and Entertainment Policy, which governs travel, dining and entertainment expenses for all employees.

**Deferred Compensation.** The Bank provides the NEOs with an opportunity to elect to defer current compensation under the Deferred Compensation Plan for Executives (Deferral Plan). The Deferral Plan permits eligible executives selected by the Bank's Board to elect to defer receipt of up to 100% of base salary and annual bonus pursuant to the terms of the Deferral Plan.

**Employment Agreements.** The Bank and the Company have entered into employment agreements with Messrs. Garbarino, Nardelli and Fitzpatrick (individually, the Executive). The employment agreements are intended to ensure that the Bank and the Company will be able to maintain a stable and competent management base. The continued success of the Bank and the Company depends to a significant degree on the skills and competence of Messrs. Garbarino, Nardelli and Fitzpatrick.

The employment agreements provide for a three-year term for the Executives. The Bank employment agreement provides that the Board of the Bank, annually, may extend the agreement for an additional year so that the remaining term shall be three years, unless written notice of non-renewal is given by the Board of the Bank after conducting a performance evaluation of the Executive. The term of the Company employment agreement is extended on a daily basis unless written notice of non-renewal is given by the Board of the Company. In addition to the base salary, the agreements provide for, among other things, participation in stock benefit plans and other fringe benefits applicable to executive personnel.

The agreements provide for termination, at any time, by the Bank or the Company for cause as defined in the agreements. In the event the Bank or the Company chooses to terminate the Executive's employment for reasons other than for cause, or in the event of the Executive's resignation from the Bank and the Company upon: (1) failure to re-elect the Executive to his current offices; (2) a material change in the Executive's functions, duties or responsibilities; (3) material change in the Executive's principal place of employment; (4) material reduction in the Executive's salary; or (5) a material breach of the agreement by the Bank, the Company, the Executive, or in the event of Executive's subsequent death, his beneficiary, beneficiaries or estate, as the case may be, would be entitled to receive an amount equal to the remaining base salary payments due to the Executive and the contributions that would have been made on the Executive's behalf to any employee benefit plans of the Bank or the Company during the remaining term of the agreement. The Bank and the Company would also continue to pay for the Executive's life, health and disability coverage for the remaining term of the employment agreement.

Under the agreements, if voluntary or involuntary termination follows a change in control of the Bank or the Company (as defined in the employment agreement), the Executive or, in the event of the Executive's death, his beneficiary, would be entitled to a severance payment equal to the greater of: (1) the payments due for the remaining term of the agreement; or (2) three times the average of the five preceding taxable years compensation. Such average compensation includes not only base salary, but also commissions, bonuses, contributions on behalf of the Executive to any pension or profit sharing plan, insurance payments, directors' or committee fees and fringe benefits paid or to be paid to the Executive during the preceding five taxable years. The Bank and the Company would also continue the Executive's life, health, and disability coverage for thirty-six months. Although both the Company and the Bank agreements provide for a severance payment in the event of a termination by the Company or the Bank, or in the event of a termination following a change in control, the Executive would only be entitled to receive a severance payment under one agreement.

Payments to the Executive under the Bank's agreement will be guaranteed by the Company in the event that payments or benefits are not paid by the Bank. Payment under the Company's agreement would be made by the Company. All reasonable costs and legal fees paid or incurred by the Executive pursuant to any dispute or question of interpretation relating to the agreements shall be paid by the Bank or Company, respectively, if the Executive is successful on the merits pursuant to a legal judgment, arbitration or settlement. The employment agreements also provide that the Bank and Company shall indemnify the Executive to the fullest extent allowable under federal and Delaware law, respectively.

***Change in Control Agreements.*** For similar reasons as with the employment agreements, the Bank and the Company entered into change in control agreements ( CIC Agreements ) with Messrs. Lebel and Iantosca (individually, the Executive ). Each CIC Agreement provides for a two-year term. Commencing on the date of the execution of the Company's CIC Agreement, the term is extended for one day each day until such time as the Board of Directors of the Company or the Executive elects by written notice not to extend the term, at which time the CIC Agreement will end on the second anniversary of the date of notice. The Company's CIC Agreement provides that in the event voluntary or involuntary termination follows a change in control of the Bank or the Company (as defined in the agreement), the Executive would be entitled to a severance payment equal to two (2) times the Executive's average annual compensation for the five years preceding termination. Annual compensation includes Base Salary, commissions, bonuses, contributions on behalf of the Executive to any pension and profit sharing plan, severance payments and fringe benefits paid or to be paid the Executive during such years. Additionally, in the event the Executive has been employed less than five years at the time of termination in connection with a change in control, the Executive's annual compensation shall be annualized for any partial taxable year of employment or service as if the Executive was employed or served for the full taxable year. The Bank's CIC Agreement is similar to that of the Company. The Bank CIC Agreement provides that the Board of the Bank may, annually, extend the CIC Agreement for an additional year so that the remaining term shall be two years, unless written notice of non-renewal is given by the Board of the Bank after conducting a performance evaluation of the Executive. However, any payments to the Executive under the Bank's CIC Agreement, would be subtracted from any amount due simultaneously under the Company's CIC Agreement. The Company and the Bank would also continue and pay for the Executive's life, health and disability coverage for thirty-six (36) full calendar months following termination.

Payments to the Executive under the Bank's CIC Agreement are guaranteed by the Company in the event that payments or benefits are not paid by the Bank.

Payments under the employment agreements and change in control agreements in the event of a change in control may constitute some portion of an excess parachute payment under section 280G of the Code for executive officers, resulting in the imposition of an excise tax on the recipient and denial of the deduction for such excess amounts to the Company and the Bank.

## EXECUTIVE COMPENSATION

## Summary Compensation Table

The following table sets forth certain summary information regarding the compensation paid or accrued by the Company during the fiscal year ended December 31, 2010 to or for the account of the CEO, Chief Financial Officer, and the other three (3) most highly compensated executive officers of the Company:

Name and Principal Position	Year	Salary (\$)	Stock Awards (\$) <sup>1</sup>	Option Awards (\$) <sup>2</sup>	Non-Equity Incentive Plan Compensation (\$) <sup>3</sup>	Change in Pension Value	All Other Compensation (\$)	Total (\$)
						and Nonqualified Deferred Compensation Earnings (\$) <sup>4</sup>		
John R. Garbarino, Chief Executive Officer of the Company and the Bank	2010	545,000	54,500	163,428	366,240		464,437 <sup>(5)</sup>	1,593,603
	2009	537,500	310,000		116,400		434,296	1,398,196
	2008	528,616	50,430	151,178	206,561		423,630	1,360,415
Vito R. Nardelli, President and Chief Operating Officer of the Company and the Bank	2010	312,693	18,150	54,479	178,416		100,712 <sup>(6)</sup>	664,450
	2009	289,900	120,000		57,666	177	93,895	561,638
	2008	278,977	16,810	50,393	103,309	2,731	93,843	546,063
Michael J. Fitzpatrick, Executive Vice President and Chief Financial Officer of the Company and the Bank	2010	253,750	18,150	54,479	136,079	610	95,198 <sup>(7)</sup>	558,266
	2009	243,150	104,000		42,716	5,234	94,243	489,343
	2008	235,615	16,810	50,393	77,554	6,979	93,852	481,203
Joseph J. Lebel III, First Senior Vice President and Chief Lending Officer of the Bank	2010	213,000	6,050	18,163	102,816		21,027 <sup>(8)</sup>	361,056
	2009	202,100	52,000		35,881		20,262	310,243
	2008	193,662	5,631	16,799	54,176		24,395	294,663
Joseph R. Iantosca, First Senior Vice President and Chief Administrative Officer of the Bank	2010	195,060	6,117	18,361	84,010		22,102 <sup>(9)</sup>	325,650
	2009	189,805	4,359	13,042	41,427		21,249	269,882
	2008	186,462	5,631	16,799	46,310		28,511	283,713

- (1) Reflects the value of restricted stock awards granted to the executive officers under the 2006 Stock Plan based on the grant date fair value of the awards. See note 1 to Company's consolidated financial statements for the year ended December 31, 2010, filed with the Company's Form 10-K for assumptions made in the valuation. A portion of the 2009 stock awards to Messrs. Garbarino, Nardelli, Fitzpatrick and Lebel were performance based. As a result of Company performance over the applicable performance period, they will earn \$282,595, \$107,337, \$94,172, and \$44,062, respectively, of the 2009 awards listed above, provided they satisfy the other conditions for vesting. See *Outstanding Equity Awards at Year-End* and *Stock Ownership*.
- (2) Reflects the value of stock option awards granted to the executive officers under the 2006 Stock Plan and based on the grant date fair value of the awards.
- (3) Reflects payments made for each respective year under the Incentive Compensation Plan.

- (4) Reflects earnings on amounts deferred under the Deferred Compensation Plan for Executives during 2010, 2009 and 2008.
- (5) Includes (a) the market value of Company Employee Stock Ownership Plan allocation of \$9,788 in 2010, \$9,493 in 2009 and \$15,100 in 2008; (b) Company matching contribution to the 401(k) Plan of \$8,575 in 2010, \$8,575 in 2009 and \$8,050 in 2008; (c) allocations under the Supplemental Executive Retirement Plan of \$414,772 in 2010, \$387,050 in 2009 and \$372,832 in 2008; (d) Company-paid life insurance premiums of \$5,544 in 2010, \$5,544 in 2009 and \$3,612 in 2008; (e) Company-provided automobile benefit of \$14,707 in 2010, \$13,951 in 2009 and \$14,774 in 2008; and (f) Company-paid club dues of \$11,051 in 2010, \$9,683 in 2009 and \$9,262 in 2008.
- (6) Includes (a) the market value of Company Employee Stock Ownership Plan allocation of \$9,788 in 2010, \$9,427 in 2009 and \$15,100 in 2008; (b) Company matching contribution to the 401(k) Plan of \$8,575 in 2010, \$8,575 in 2009 and \$8,050 in 2008; (c) allocations under the Supplemental Executive Retirement Plan of \$68,636 in 2010, \$63,405 in 2009 and \$59,899 in 2008; (d) Company-paid life insurance premiums of \$4,847 in 2010, \$4,364 in 2009 and \$2,632 in 2008; and (e) Company-provided automobile benefit of \$8,866 in 2010, \$8,124 in 2009 and \$8,162 in 2008.
- (7) Includes (a) the market value of Company Employee Stock Ownership Plan allocation of \$9,788 in 2010, \$9,323 in 2009 and \$15,100 in 2008; (b) Company matching contribution to the 401(k) Plan of \$8,299 in 2010, \$8,298 in 2009 and \$8,050 in 2008; (c) allocations under the Supplemental Executive Retirement Plan of \$67,621 in 2010, \$61,975 in 2009 and \$56,316 in 2008; (d) Company-paid life insurance premiums of \$2,405 in 2010, \$1,245 in 2009 and \$1,168 in 2008; and (e) Company provided automobile benefit of \$7,085 in 2010, \$13,402 in 2009 and \$13,218 in 2008.
- (8) Includes (a) the market value of Company Employee Stock Ownership Plan allocation of \$8,492 in 2010, \$7,729 in 2009 and \$12,679 in 2008; (b) Company matching contribution to the 401(k) Plan of \$5,844 in 2010, \$5,865 in 2009 and \$5,106 in 2008; (c) Company-paid life insurance premiums of \$691 in 2010, \$668 in 2009 and \$610 in 2008; and (d) Company-provided automobile benefit of \$6,000 in 2010, \$6,000 in 2009 and \$6,000 in 2008.
- (9) Includes (a) the market value of Company Employee Stock Ownership Plan allocation of \$7,778 in 2010, \$7,294 in 2009 and \$14,458 in 2008; (b) Company matching contribution to the 401(k) Plan of \$6,827 in 2010, \$6,643 in 2009 and \$6,648 in 2008; (c) Company-paid life insurance premiums \$955 in 2010, \$605 in 2009 and \$585 in 2008; and (d) Company-provided automobile benefit of \$6,542 in 2010, \$6,707 in 2009 and \$6,820 in 2008.

**Grants of Plan-Based Awards**

The following table sets forth certain information regarding stock options and restricted stock awards to the executive officers of the Company during the Company's fiscal year ended December 31, 2010.

Name	Grant Date	Estimated Potential Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup>			All Other Stock Awards: Number of Shares of Stock or Units (#) <sup>2</sup>	All Other Awards: Number of Securities Underlying Options (#) <sup>3</sup>	Exercise or Base Price of Option Awards (\$/Sh) <sup>4</sup>	Grant Date Fair Value & Option Awards (\$) <sup>5</sup>
		Threshold (\$)	Target (\$)	Maximum (\$)				
John R. Garbarino	2/17/2010	68,125	272,500	613,125	5,450	89,305	10.00	217,928
Vito R. Nardelli	2/17/2010	36,875	147,500	331,875	1,815	29,770	10.00	72,629
Michael J. Fitzpatrick	2/17/2010	25,312	101,249	227,810	1,815	29,770	10.00	72,629
Joseph J. Lebel III	2/17/2010	21,250	85,000	191,250	605	9,925	10.00	24,213
Joseph R. Iantosca	2/11/2010	15,627	62,507	140,641	605	9,925	10.11	24,478

- (1) Amounts shown represent the range of potential payouts for fiscal 2010 under the 2010 Incentive Compensation Plan. As described in the section titled "Cash Incentive Awards" in the Compensation Discussion and Analysis,

the level of actual payouts for 2010 under the Incentive Compensation Plan, were \$366,240, \$178,416, \$136,079, \$102,816 and \$84,010, for Messrs. Garbarino, Nardelli, Fitzpatrick, Lebel and Iantosca, respectively. The performance period for the non-equity grants was January 1, 2010 through December 31, 2010.

- (2) Refers to awards of restricted shares of Company common stock under the 2006 Stock Plan. Awards vest over five years from date of grant.
- (3) Refers to awards of stock options under the 2006 Stock Plan. Options vest over five years from date of grant.
- (4) Closing price of the underlying shares of Company common stock at the Nasdaq Global Select Market on the date of grant.
- (5) Grant date fair value.

**Outstanding Equity Awards at Fiscal Year-End**

The following table sets forth certain information regarding stock option and stock awards to the executive officers of the Company during the Company's Fiscal year ended December 31, 2010:

Name	Option Awards					Stock Awards			Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Others That Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(3)</sup>	Units or Others That Have Not Vested (#)	Units or Others That Have Not Vested (\$)
John R. Garbarino	120,000			17.880	2/20/12				
	90,000			23.440	5/30/13				
	90,000			22.525	5/28/14				
	3,430			23.070	1/19/15				
	3,806			20.795	4/20/15				
	50,400			23.475	2/15/16				
				22.170	2/21/17				
	36,450			16.810	2/20/18				
	25,515			10.000	2/17/20				
		12,600							
	24,300								
	38,273								
	89,305								
						930	11,969		
						1,563	20,116		
						1,800	23,166		

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				24,660	317,374
				5,450	70,142
Vito R. Nardelli	30,000		22.380	6/01/14	
	780		23.070	1/19/15	
			20.795	4/20/15	
	866		23.475	2/15/16	
	24,000		22.170	2/21/17	
	12,150	6,000	16.810	2/20/18	
		8,100			
	8,505		10.000	2/17/20	
		12,758			
		29,770			
					520
					6,692
					600
					7,722
					9,366
					120,540
					1,815
					23,359

*(Table continues and footnotes on following pages)*



Name	Option Awards					Stock Awards		Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Others That Have Not Vested
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested <sup>(2)</sup>	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(3)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Others That Have Not Vested (\$)
Michael J. Fitzpatrick	45,000			17.880	2/20/12			
	33,000			23.440	5/30/13			
	30,000			22.525	5/28/14			
	1,320			23.070	1/19/15			
	1,464			20.795	4/20/15			
	24,000			23.475	2/15/16			
				22.170	2/21/17			
	12,150			16.810	2/20/18			
	8,505			10.000	2/17/20			
		6,000						
	8,100							
	12,758							
	29,770							
					520	6,692		
					600	7,722		
					8,219	105,779		
					1,815	23,359		
Joseph J. Lebel III	8,000	2,000		22.740	4/28/16			
				20.250	3/02/17			
	2,700	1,800		16.810	2/20/18			
	2,835	4,253		10.000	2/17/20			
		9,925						
					201	2,587		
					3,846	49,498		
					605	7,786		

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Joseph Iantosca	1,250		25.165	2/16/14		
			22.525	5/28/14		
	10,000					
			23.070	1/19/15		
	554					
			20.795	4/20/15		
	615					
			23.475	2/15/16		
	8,000	2,000				
			20.250	3/2/17		
	4,050	2,700				
			16.810	2/20/18		
	2,835	4,253				
		12.280	2/18/19			
1,418	5,670					
		10.110	2/11/20			
	9,925					
					170	2,188
					201	2,587
					284	3,655
					605	7,786

- (1) Options vest as to 20% of the shares subject to the grant on each anniversary of the grant date, subject to the executive's continued service on the relevant vesting dates. With respect to Mr. Garbarino's stock options that have not vested, the options for 12,600 shares vest on February 15, 2011; the options for 24,300 shares vest in equal installments on February 21, 2011 and February 21, 2012; the options for 38,273 shares vest in equal installments on February 20, 2011, February 20, 2012, and February 20, 2013; and the options for 89,305 shares vest in equal installments on February 17, 2011, February 17, 2012, February 17, 2013, February 17, 2014, and February 17, 2015.

With respect to Mr. Nardelli's stock options that have not vested, the options for 6,000 shares vest on February 15, 2011; the options for 8,100 shares vest in equal installments on February 21, 2011 and February 21, 2012; the options for 12,758 shares vest in equal installments on February 20, 2011, February 20, 2012, and February 20, 2013; and the options for 29,770 shares vest in equal installments on February 17, 2011, February 17, 2012, February 17, 2013, February 17, 2014, and February 17, 2015.

With respect to Mr. Fitzpatrick's stock options that have not vested, the options for 6,000 shares vest on February 15, 2011; the options for 8,100 shares vest in equal installments on February 21, 2011 and February 21, 2012; the options for 12,758 shares vest in equal installments on February 20, 2011, February 20, 2012, and February 20, 2013; and the options for 29,770 shares vest in equal installments on February 17, 2011, February 17, 2012, February 17, 2013, February 17, 2014, and February 17, 2015.

With respect to Mr. Lebel's stock options that have not vested, the options for 2,000 shares vest on April 28, 2011; the options for 1,800 shares vest in equal installments on March 2, 2011 and March 2, 2012; the options for 4,253 shares vest in equal installments on February 20, 2011, February 20, 2012 and February 20, 2013; and the options for 9,925 shares vest in equal installments on February 17, 2011, February 17, 2012, February 17, 2013, February 17, 2014, and February 17, 2015.

With respect to Mr. Iantosca's stock options that have not vested, the options for 2,000 shares vest on February 15, 2011; the options for 2,700 shares vest in equal installments on March 2, 2011 and March 2, 2012; the options for 4,253 shares vest in equal installments on February 20, 2011, February 20, 2012 and February 20, 2013; the options for 5,670 shares vest in equal installments on February 18, 2011, February 18, 2012, February 18, 2013 and February 18, 2014; and the options for 9,925 shares vest in equal installments on February 11, 2011, February 11, 2012, February 11, 2013, February 11, 2014, and February 11, 2015.

(2) With respect to Mr. Garbarino's shares that have not vested, the 930 shares vest on February 15, 2011; the 1,563 shares vest in equal installments on March 1, 2011 and March 1, 2012; the 1,800 shares vest in equal installments on March 1, 2011, March 1, 2012 and March 1, 2013; the 24,660 shares vest on July 21, 2011; and the 5,450 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013, March 1, 2014, and March 1, 2015.

With respect to Mr. Nardelli's shares that have not vested, the 520 shares vest in equal installments on March 1, 2011 and March 1, 2012; the 600 shares vest in equal installments on March 1, 2011, March 1, 2012 and March 1, 2013; the 9,366 shares vest on July 21, 2011; and the 1,815 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013, March 1, 2014, and March 1, 2015.

With respect to Mr. Fitzpatrick's shares that have not vested, the 520 shares vest in equal installments on March 1, 2011 and March 1, 2012; the 600 shares vest in equal installments on March 1, 2011, March 1, 2012 and March 1, 2013; the 8,219 shares vest on July 21, 2011; and the 1,815 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013, March 1, 2014, and March 1, 2015.

With respect to Mr. Lebel's shares that have not vested, the 201 shares vest in equal installments on March 1, 2011, March 1, 2012 and March 1, 2013; the 3,846 shares vest on July 21, 2011; and the 605 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013, March 1, 2014, and March 1, 2015.

With respect to Mr. Iantosca's shares that have not vested, the 170 shares vest in equal installments on March 1, 2011 and March 1, 2012; the 201 shares vest in equal installments on March 1, 2011, March 1, 2012 and March 1, 2013; the 284 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013 and March 1, 2014; and the 605 shares vest in equal installments on March 1, 2011, March 1, 2012, March 1, 2013, March 1, 2014, and March 1, 2015.

(3) Market Value computed as of close of business on December 31, 2010 of \$12.87.

**Option Exercises and Stock Vested**

The following table sets forth certain information regarding exercises of options or vesting of restricted shares during the Company's fiscal year ended December 31, 2010:

Name	Option awards		Stock awards	
	Number of shares acquired on exercise (#)	Value realized on exercise (\$)	Number of shares acquired on vesting (#)	Value realized on vesting (\$)
John R. Garbarino			2,314	23,785
Vito R. Nardelli			461	4,813
Michael J. Fitzpatrick			461	4,813
Joseph J. Lebel III			67	699
Joseph R. Iantosca			223	2,328

**Nonqualified Deferred Compensation***Supplemental Executive Retirement Plan*

The Bank maintains a non-qualified Supplemental Executive Retirement Plan (SERP) to provide eligible executive officers with additional retirement benefits. The benefits provided under the SERP make up the difference between an amount up to 70% of the average of the highest compensation during any four consecutive calendar years and the benefits provided from the Bank's 401(k) Retirement Plan plus the benefits which would have been provided from the Bank's Retirement Plan (Pension Plan) which was frozen in 1996 and terminated in 1998. In addition, the SERP provides a benefit equal to the benefits lost from the ESOP due to the application of limitations imposed by the Code, as amended, on compensation and maximum benefits under the ESOP. The Bank established an irrevocable trust in connection with the SERP. This trust is funded with contributions from the Bank for the purpose of providing the benefits promised under the terms of the SERP. The assets of the trust are beneficially owned by the SERP participants, who recognize income as contributions are made to the trust. Earnings on the trust's assets are taxable to the participants. On December 20, 2010, the Bank and Mr. Garbarino entered into an amendment to his SERP Agreement to make a portion of the payments due to Mr. Garbarino contingent upon performance against metrics established by the Compensation Committee to improve the tax deductibility of his compensation.

*Nonqualified Deferred Compensation Plan for Executives*

NEOs may participate in the Deferred Compensation Plan for Executives (Deferral Plan). This plan allows eligible officers selected by the Bank's Board to defer receipt of up to 100% of base salary and annual bonus pursuant to the terms of the plan. The participating executive's deferral is credited to a bookkeeping account and increased on the last day of each month by interest earned at the rate equal to the Stable Fund Rate for the 401(k) Plan plus 250 basis points.

The following table sets forth certain information regarding nonqualified deferred compensation benefits to NEOs of the Company during the Company's fiscal year ended December 31, 2010:

Name	Plan	Executive contributions in last FY (\$)	Registrant contributions in last FY (\$)(1)	Aggregate earnings in last FY (\$)	Aggregate withdrawals/distributions (\$)	Aggregate balance at last FYE \$(2)
John R. Garbarino	SERP Deferral Plan		414,772			
Vito R. Nardelli	SERP Deferral Plan		68,636			
Michael J. Fitzpatrick	SERP Deferral Plan		67,621			
Joseph J. Lebel III	SERP Deferral Plan			17,935		368,481
Joseph R. Iantosca	SERP Deferral Plan					

- (1) Represents annual SERP contributions. The contributions are held in trust for the irrevocable benefit of SERP participants. Contributions and trust earnings are taxed to participants in the year they are added to the trust. SERP account balances are treated as participant assets, rather than Company assets, and are not reflected on the Company's financial statements.
- (2) Excludes SERP account balances.

**Potential Payments Upon Termination or Change in Control**

The following describes the provisions of contracts, agreements or plans (other than plans available generally to salaried employees that do not discriminate in favor of executive officers) which provide for payments to executive officers at, following or in connection with termination of employment or a change in control of the Company.

**Employment Agreements – Involuntary or Constructive Termination.** The employment agreement of Messrs. Garbarino, Nardelli and Fitzpatrick provide for certain severance payments in the event employment is terminated by the Company or the Bank without cause or the executive terminates employment under the circumstances described above under Employment Agreements. The severance payment provided under the employment agreements would be equal to (i) the amount of remaining payments the executive would receive if he had continued employment during the remaining term of the agreement at the executive's base salary as of the date of termination and (ii) an amount equal to the annual contributions that would have been made on executive's behalf to any employee benefit plans of the Company or the Bank during the remaining term of the agreement based on contributions made as of the date of termination. In addition, the executive would receive continued life, medical, dental and disability coverage for the remaining term of the agreement. Payments, other than continued welfare benefits, would be made on a lump sum basis. Payments and benefits would be provided by either the Company or the Bank.

**Employment Agreements – Involuntary or Constructive Termination Following Change in Control.** The employment agreements for Messrs. Garbarino, Nardelli and Fitzpatrick provide for certain payments if the officer's employment is terminated by the Company or the Bank following a change in control due to (i) the executive's dismissal, other than for cause, or (ii) the executive's voluntary resignation following any failure to reelect the Executive to his current offices, a material change in the Executive's functions, duties or responsibilities, a material change in the Executive's principal place of employment, material reduction in the Executive's salary, or material breach of the employment agreement unless such termination is due to death or for cause, as defined in the agreement.

A change in control means a change in control of the Company or the Bank involving (a) an event reportable on form 8-K pursuant to Section 13 or 15(d) of the Exchange Act; (b) a Change in Control within the meaning of the Home Owners' Loan Act of 1933, the Federal Deposit Insurance Act or Office of Thrift Supervision regulations; (c) a person becoming beneficial owner, directly or indirectly, of 20% the outstanding securities of the Company or the Bank; (d) a change in majority control of the Board of Directors of the Company, other than a

change approved by the incumbent board; (e) a plan of reorganization, merger, consolidation, sale of all or substantially all the assets of the Company or the Bank in which either entity is not the survivor; (f) a distribution soliciting proxies for stockholder approval of a plan of reorganization, merger or consolidation of the Company or the Bank as a result of which the outstanding shares of the class of securities then subject to the plan would be exchanged for or converted into cash or property or securities not issued by either entity; or (g) a tender offer is made for 20% or more of the voting securities of the Company or the Bank.

If the change in control benefit is triggered, the officer is entitled to a benefit equal to the greater of (A) three times the executive's average annual compensation paid in the preceding five taxable years or (B) the payments due for the remaining term of the agreement. In addition, the executive would become entitled to continued life, medical, dental and disability coverage for 36 months following the change in control. In the event payments and benefits under employment agreements, together with other payments and benefits he may receive, would constitute an excess parachute payment under Section 280G of the Internal Revenue Code, the employment agreements provide that the executive would be entitled to the greater of (i) the total net-after tax benefit or (ii) the net-after tax benefit after reduction of the aggregate parachute to an amount \$1.00 less than the executive's base amount, which is three times the executive's average taxable compensation for the five tax years ending with the tax year prior to the change in control. Payments, other than continued welfare benefits, would be made on a lump sum basis. Benefits would be provided by the Company or the Bank.

***Change in Control Agreements – Involuntary or Constructive Termination Following Change in Control.*** The change in control agreements with Messrs. Lebel and Iantosca provide for certain payments if the officer's employment is terminated by the Company or the Bank following a change in control due to (i) the executive's dismissal other than for cause or (ii) the executive's voluntary resignation following any failure to re-elect the Executive to his current offices, a material change in the Executive's functions, duties or responsibilities, a material change in the Executive's principal place of employment, a material change in the Executive's salary, or a material breach of the change of control unless such termination is due to death or for cause, as defined in the agreement.

For purposes of the Change in Control Agreements, the definition of Change in Control is the same as described above under *Employment Agreements – Involuntary or Constructive Termination Following a Change of Control*.

If the change in control benefit is triggered, the officer is entitled to a benefit equal to two times the executive's average annual compensation paid in the most recent five taxable years. In addition, the executive would become entitled to continued life, medical, dental and disability coverage for 36 months following the change in control. In the event payments and benefits under the change in control agreements, together with other payments and benefits he may receive, would constitute an excess parachute payment under Section 280G of the Internal Revenue Code, the change in control agreements provide that payments under the agreements will be reduced to an amount \$1.00 less than the executive's base amount, which is three times the executive's average taxable compensation for the five tax years ending with the tax year prior to the change in control. Payments, other than continued welfare benefits, would be made on a lump sum basis. Benefits would be provided by the Company or the Bank.

***Equity Incentive Plan – Change in Control Grant.*** In the event of a change in control, the 2006 Stock Plan provides that each option award under the plan will become fully exercisable and remain exercisable for the duration of their term and all restricted stock awards will become fully vested. In addition, the plan provides that all stock awards available for grant under the plan will be automatically granted to employees and outside directors in proportion to the grants of awards previously made under the 2006 Stock Plan and the 2000 Stock Option Plan. Under both Plans, Change in Control has the same meaning as described above under *Employment Agreements Involuntary or Constructive Termination Following a Change in Control*.

***Supplemental Executive Retirement Plan – Involuntary or Constructive Termination.*** In the event of a change in control participants in the Supplemental Executive Retirement Plan are entitled to a lump sum contribution equal to the supplemental retirement income benefit contribution required for the year in which the change in control occurs plus the present value of the total supplemental retirement income benefit contributions which would have been required for the three years following the year in which the change in control occurs.

**Summary of Potential Payments Upon Termination or Change in Control.** The following tables summarize potential payments to each executive officer listed on the summary compensation table assuming a triggering termination of employment occurred on December 31, 2010. The tables do not reflect benefits under plans that do not discriminate in favor of executive officers and are available generally to all salaried employees.

**John R. Garbarino**

Payments and Benefits	Involuntary or Constructive Termination	Change in Control	Involuntary or Constructive Termination following a Change in Control <sup>(6)</sup>	Death
Cash Compensation	\$ 4,066,787 <sup>(1)</sup>		\$ 2,819,947	
Value of Continued Health and Welfare Benefits	72,389 <sup>(2)</sup>		72,389 <sup>(2)</sup>	
Acceleration of Stock and Option Awards		\$ 699,100 <sup>(3)</sup>		\$ 699,100 <sup>(3)</sup>
Automatic Stock Grant		484,337 <sup>(4)</sup>		
SERP Contribution		1,401,029 <sup>(5)</sup>		2,040,529 <sup>(7)</sup>
<b>Total</b>	<b>\$ 4,139,176</b>	<b>\$ 2,584,466</b>	<b>\$ 2,892,336</b>	<b>\$ 2,739,629</b>

- (1) Represents estimated lump sum payments and benefits due for the remaining three-year term of the employment agreement based on current year levels of base salary, incentive plan payment and employee benefit plan contributions.
- (2) Approximate lump sum value of continued life, medical, dental and disability coverage for 36 months following termination.
- (3) Represents the value of accelerated vesting of 34,403 shares of restricted Company stock and stock options covering 164,478 shares of Company stock. Stock options that become vested due to a change in control or death are valued based on their option spread (i.e. the difference between the fair market value of a share of common stock at the time of the change in control and the exercise price).
- (4) Represents the value of an automatic change in control award of 37,633 shares of Company common stock based on the shares remaining in the 2006 Stock Plan as of December 31, 2010.
- (5) Represents the value of the lump sum change in control SERP contribution equal to the present value of the contributions that would be required for the three years following the change in control.
- (6) Executive would also receive benefits set forth under Change in Control.
- (7) Represents the lump sum value of the remaining SERP contributions that would be required following the death of the executive.

**Vito R. Nardelli**

Payments and Benefits	Involuntary or Constructive Termination	Change in Control	Involuntary or Constructive Termination following a Change in Control <sup>(6)</sup>	Death
Cash Compensation	\$ 1,816,122 <sup>(1)</sup>		\$ 1,600,979	
Value of Continued Health and Welfare Benefits	75,731 <sup>(2)</sup>		75,731 <sup>(2)</sup>	
Acceleration of Stock and Option Awards		\$ 243,769 <sup>(3)</sup>		\$ 243,769 <sup>(3)</sup>
Automatic Stock Grant		127,838 <sup>(4)</sup>		
SERP Contribution		237,723 <sup>(5)</sup>		348,235 <sup>(7)</sup>
<b>Total</b>	<b>\$ 1,891,853</b>	<b>\$ 609,330</b>	<b>\$ 1,676,710</b>	<b>\$ 592,004</b>

- (1) Represents estimated lump sum payments and benefits due for the remaining three-year term of the employment agreement based on current year levels of base salary, incentive plan payment and employee benefit plan contributions.





- (2) Approximate lump sum value of continued life, medical, dental and disability coverage for 36 months following termination.
- (3) Represents the value of accelerated vesting of 12,301 shares of restricted Company stock and stock options covering 56,628 shares of Company stock. Stock options that become vested due to a change in control or death are valued based on their option spread (i.e., the difference between the fair market value of a share of common stock at the time of the change in control and the exercise price).
- (4) Represents the value of an automatic change in control award of 9,933 shares of Company common stock based on the shares remaining in the 2006 Stock Plan as of December 31, 2010.
- (5) Represents the value of the lump sum change in control SERP contribution equal to the present value of the contributions that would be required for the three years following the change in control.
- (6) Executive would also receive benefits set forth under Change in Control.
- (7) Represents the lump sum value of the remaining SERP contributions that would be required following the death of the executive.

**Michael J. Fitzpatrick**

Payments and Benefits	Involuntary or Constructive Termination	Change in Control	Involuntary or Constructive Termination following a Change in Control <sup>(6)</sup>	Death
Cash Compensation	\$ 1,457,240 <sup>(1)</sup>		\$ 1,246,077	
Value of Continued Health and Welfare Benefits	65,341 <sup>(2)</sup>		65,341 <sup>(2)</sup>	
Acceleration of Stock and Option Awards		\$ 228,994 <sup>(3)</sup>		\$ 228,994 <sup>(3)</sup>
Automatic Stock Grant		183,642 <sup>(4)</sup>		
SERP Contribution		234,046 <sup>(5)</sup>		1,136,356 <sup>(7)</sup>
Total	\$ 1,522,581	\$ 646,682	\$ 1,311,418	\$ 1,365,350

- (1) Represents estimated lump sum payments and benefits due for the remaining three-year term of the employment agreement based on current year levels of base salary, incentive plan payment and employee benefit plan contributions.
- (2) Approximate lump sum value of continued life, medical, dental and disability coverage for 36 months following termination.
- (3) Represents the value of accelerated vesting of 11,154 shares of restricted Company stock and stock options covering 56,628 shares of Company stock. Stock options that become vested due to a change in control or death are valued based on their option spread (i.e., the difference between the fair market value of a share of common stock at the time of the change in control and the exercise price).
- (4) Represents the value of an automatic change in control award of 14,269 shares of Company common stock based on the shares remaining in the 2006 Stock Plan as of December 31, 2010.
- (5) Represents the value of the lump sum change in control SERP contribution equal to the present value of the contributions that would be required for the three years following the change in control.
- (6) Executive would also receive benefits set forth under Change in Control.
- (7) Represents the lump sum value of the remaining SERP contributions that would be required following the death of the executive.

**Joseph J. Lebel III**

<b>Payments and Benefits</b>	<b>Involuntary or Constructive Termination</b>	<b>Change in Control</b>	<b>Involuntary or Constructive Termination following a Change in Control<sup>(3)</sup></b>	<b>Death</b>
Cash Compensation			\$ 455,122	
Value of Continued Health and Welfare Benefits			63,842 <sup>(4)</sup>	
Acceleration of Stock and Option Awards		\$ 88,343 <sup>(1)</sup>		\$ 88,343 <sup>(1)</sup>
Automatic Stock Grant		27,851 <sup>(2)</sup>		
<b>Total</b>		<b>\$ 116,194</b>	<b>\$ 518,964</b>	<b>\$ 88,343</b>

- (1) Represents the value of accelerated vesting of 4,652 shares of restricted Company stock and stock options covering 17,978 shares of Company stock. Stock options that become vested due to a change in control or death are valued based on their option spread (i.e., the difference between the fair market value of a share of common stock at the time of the change in control and the exercise price).
- (2) Represents the value of an automatic change in control award of 2,164 shares of Company common stock based on the shares remaining in the 2006 Stock Plan as of December 31, 2010.
- (3) Executive would also receive benefits set forth under Change in Control.
- (4) Approximate lump sum value of continued life, medical, dental and disability coverage for 36 months following termination.

**Joseph R. Iantosca**

<b>Payments and Benefits</b>	<b>Involuntary or Constructive Termination</b>	<b>Change in Control</b>	<b>Involuntary or Constructive Termination following a Change in Control<sup>(3)</sup></b>	<b>Death</b>
Cash Compensation			\$ 485,660	
Value of Continued Health and Welfare Benefits			64,149 <sup>(4)</sup>	
Acceleration of Stock and Option Awards		\$ 46,950 <sup>(1)</sup>		\$ 46,950 <sup>(1)</sup>
Automatic Stock Grant		44,183 <sup>(2)</sup>		
<b>Total</b>		<b>\$ 91,133</b>	<b>\$ 549,809</b>	<b>\$ 46,950</b>

- (1) Represents the value of accelerated vesting of 1,260 shares of restricted Company stock and stock options covering 24,548 shares of Company stock. Stock options that become vested due to a change in control or death are valued based on their option spread (i.e., the difference between the fair market value of a share of common stock at the time of the change in control and the exercise price).
- (2) Represents the value of an automatic change in control award of 3,433 shares of Company common stock based on the shares remaining in the 2006 Stock Plan as of December 31, 2010.
- (3) Executive would also receive benefits set forth under Change in Control.
- (4) Approximate lump sum value of continued life, medical, dental and disability coverage for 36 months following termination.

**DIRECTOR COMPENSATION**

The following table sets forth certain information regarding compensation earned by or paid to the Directors during the Company's fiscal year ended December 31, 2010:

Name	Fees Earned or Paid in Cash (\$) <sup>1</sup>	Stock Awards (\$) <sup>2</sup>	Option Awards (\$) <sup>3</sup>	Nonqualified Deferred Compensation Earnings (\$) <sup>4</sup>	All Other Compensation (\$) <sup>5</sup>	Total (\$)
Joseph J. Burke	68,000	6,050	6,057		12,739	92,846
Angelo Catania	57,600	6,050	6,057		9,645	79,352
John W. Chadwick	58,400	6,050	6,057		9,146	79,653
Carl Feltz, Jr.	59,200	6,050	6,057		9,645	80,952
Donald E. McLaughlin	60,000	6,050	6,057		9,645	81,752
Diane F. Rhine	65,000	6,050	6,057	241	9,645	86,993
John E. Walsh	64,800	6,050	6,057	391		77,298

- (1) Aggregate dollar amount of all fees earned or paid in cash for services as a director, including annual retainer fees, committee and/or chairmanship fees, and meeting fees.
- (2) For awards of stock, the amounts presented above reflect the full grant date fair value. Each director received a grant of 605 stock awards in 2010. The grant date fair value of these stock awards is expensed over a five year vesting period. Each of the directors had 1,333 of stock awards unvested at the end of fiscal 2010.
- (3) For awards of stock options, the amounts are based on the grant date fair value. Each director received a grant of 3,310 stock options in 2010. Each of the directors had vested and unvested options to purchase the following number of shares of Company common stock outstanding at the end of fiscal 2010: Mr. Burke, 13,286; Mr. Catania, 13,286; Mr. Chadwick, 32,286; Mr. Feltz, 32,286; Mr. McLaughlin, 32,286; Ms. Rhine, 32,286; and Mr. Walsh, 32,286.
- (4) Reflects above-market or preferential earnings on non-tax-qualified deferred compensation.
- (5) Company paid medical benefits.

**Cash and Stock Retainers and Meeting Fees for Non-Employee Directors.** The following tables set forth the applicable retainers and fees that are paid to non-employee directors for their service on the Board of Directors of the Bank and the Board of Directors of the Company. Until a Director attains the stock ownership levels required under the Guidelines for directors, the Company and Bank retainers are paid in the form of Company stock.

*Directors of OceanFirst Bank:*

Annual Retainer	\$ 15,000 (paid in quarterly installments)
Fee per Board Meeting (Regular or Special)	\$ 1,000
Fee per Committee Meeting	\$ 800

*Directors of OceanFirst Financial Corp.:*

Annual Retainer	\$ 20,000 (paid in quarterly installments)
Additional Annual Cash Retainer for the Chairperson of each of the Audit and Corporate Governance/Nominating Committees	\$ 8,000
The Human Resources/Compensation Committee	\$ 5,000

**Deferred Compensation Plan for Directors.** The Bank maintains a deferred compensation plan for the benefit of outside directors. The plan is a non-qualified arrangement which offers participating directors the opportunity to defer compensation through a reduction in fees in lieu of a promise of future benefits. Such benefits are payable commencing at an age mutually agreed upon by the Bank and the participating director (the Benefit Age ). The benefits equal the account balance of the director annuitized over a period of time mutually agreed upon

by the Bank and the director, and then reannuitized at the beginning of each calendar year thereafter. Lump sum payouts are also available upon eligibility for distribution of benefits or in the event of the death of the director. The account balance equals deferrals and interest. Currently, the plan credits interest on deferrals at a rate equal to the sum of (i) the Stable Fund investment option in the Bank's qualified 401(k) plan plus (ii) 250 basis points. Early distribution of benefits may occur under certain circumstances which include change in control, financial hardship, termination for cause, disability or termination of the plan by authorization of the Board of Directors.

#### **HUMAN RESOURCES/COMPENSATION COMMITTEE REPORT**

The following is the report of the Human Resources/Compensation Committee with respect to the Company's Compensation Discussion and Analysis for the fiscal year ended December 31, 2010:

The Human Resources/Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management of the Company. Based on the review and discussions, the Human Resources/Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's annual report on Form 10-K for the fiscal year ended December 31, 2010 and the Company's proxy statement for the annual meeting of stockholders to be held on May 5, 2011.

#### **The Human Resources/Compensation Committee**

**Diane F. Rhine, Chairperson**

**Carl Feltz, Jr.**

**John E. Walsh**

The above report of the Human Resources/Compensation Committee does not constitute soliciting material and should not be deemed to be filed with the Commission or incorporated by reference into any other filing of the Company under the Securities Act of 1933 or the Exchange Act, except to the extent that the Company specifically incorporates this report by reference in any of those filings.

#### **HUMAN RESOURCES/COMPENSATION COMMITTEE INTERLOCKS**

#### **AND INSIDER PARTICIPATION**

No person serving as a member of the Human Resources/Compensation Committee, Diane F. Rhine, Carl Feltz Jr., or John E. Walsh, during the past fiscal year, is or was a current or former officer or employee of the Company or the Bank or engaged in certain transactions with the Company or the Bank that are required to be disclosed by Commission regulations. See *Transactions With Management Other Transactions*. Additionally, there are no compensation committee interlocks, which generally means that no executive officer of the Company or the Bank served as a director or member of the compensation committee of another entity, one of whose executive officers serves as a Director or member of the Human Resources/Compensation Committee.

#### **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires the Company's executive officers and directors, and persons who own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Commission. Executive officers, directors and greater than 10% stockholders are required by Commission regulation to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on a review of copies of such reports it has received and written representations provided to the Company from the individuals required to file the reports, the Company believes that each of the Company's executive officers and directors, and greater than 10% beneficial owners have complied with all applicable reporting requirements for transactions in OceanFirst Common Stock during the fiscal year ended December 31, 2010, except for Steven J. Tsimbinos, a Section 16 Officer, who experienced a late filing for a restricted stock award on September 7, 2010 (the day he joined the Company) and for Diane Rhine, who experienced a late filing for a charitable gift made on December 16, 2010.

## TRANSACTIONS WITH MANAGEMENT

### *Loans and Extensions of Credit*

The Sarbanes-Oxley Act of 2002 generally prohibits loans by the Company to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption from such prohibition for loans by OceanFirst Bank to its executive officers and directors as long as it is in compliance with federal banking regulations. The Bank's policies require that all transactions between the Bank and its executive officers, directors, holders of 10% or more of the shares of any class of its common stock, and affiliates thereof, contain terms no less favorable to the Bank than could have been obtained by it in arm's length negotiations with unaffiliated persons and must be prior approved by a majority of independent outside directors of the Bank not having any interest in the transaction. All loans made by the Bank to its executive officers and directors were made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other persons, and did not involve more than the normal risk of collectibility or present other unfavorable features.

Notwithstanding the above, the Bank offers to executive officers residential loans secured by their primary residence on terms not available to the public but available to all other full-time employees, as permitted under federal regulations. The Bank has a policy of providing mortgage, home equity and auto loans to officers and employees who have completed one year of service, at a rate that is 1% below the Bank's prevailing rate for the specific type of loan. The following chart reflects loans outstanding to executive officers and immediate family members sharing the same household as the executive officer, which were made at the discounted interest rate and which exceed \$120,000 in the period presented. The information is presented as of December 31, 2010:

### OCEANFIRST BANK CREDIT EXTENSIONS TO INSIDERS

AS OF DECEMBER 31, 2010

NAME	POSITION	LOAN TYPE	LARGEST AMOUNT OF PRINCIPAL OUTSTANDING AS OF DECEMBER 31, 2010		PRINCIPAL PAID IN 2010	INTEREST PAID IN 2010	CURRENT RATE
			IN 2010	DECEMBER 31, 2010			
Joseph R. Iantosca	First Senior Vice President, Chief Administrative Officer of the Bank	First Mortgage	\$ 559,032	\$ 550,297	\$ 8,735	\$ 19,510	2.5%

### *Other Transactions*

On April 20, 2006, the Board of Directors placed a moratorium on any transactions between the Company and Bank and any director, their family members or affiliated entities. No such transactions took place in 2010.

## CORPORATE GOVERNANCE/NOMINATING COMMITTEE PROCEDURES

### *General*

It is the policy of the Corporate Governance/Nominating Committee of the Board of Directors of the Company to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Corporate Governance/Nominating Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Corporate Governance/Nominating Committee does not perceive a need to increase the size of the Board of Directors. In order to avoid the unnecessary use of the Corporate Governance/Nominating Committee's resources, the Corporate Governance/Nominating Committee will consider only those director candidates recommended in accordance with the procedures set forth below:

### ***Procedures to be Followed by Stockholders***

To submit a recommendation of a director candidate to the Corporate Governance/Nominating Committee, a stockholder should submit the following information in writing, addressed to the Chairman of the Corporate Governance/Nominating Committee, care of the Corporate Secretary, at the main office of the Company:

- (1) The name of the person recommended as a director candidate;
- (2) All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act, as amended;
- (3) The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
- (4) As to the stockholder making the recommendation, the name and address, as they appear on the Company's books, of such stockholder; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and
- (5) A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of stockholders, the recommendation must be received by the Corporate Governance/Nominating Committee at least 120 calendar days prior to the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

### ***Criteria for Director Nominees***

The Corporate Governance/Nominating Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. The same criteria are used for persons nominated by the Committee or by a stockholder. First a candidate must meet the eligibility requirements set forth in the Company's bylaws, which include an age limitation. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

The Corporate Governance/Nominating Committee will consider the following criteria in selecting nominees: financial, regulatory and business experience; familiarity with and participation in the local community; integrity, honesty and reputation; dedication to the Company and its stockholders; independence; and any other factors the Corporate Governance/Nominating Committee deems relevant, including age, diversity of skills, size of the Board of Directors and regulatory disclosure obligations.

The Corporate Governance/Nominating Committee may weigh the foregoing criteria differently in different situations, depending on the composition of the Board of Directors at the time, and whether a director is expected to retire in the near future. While no single nominee may possess all of the skills needed to be a director, the Committee seeks to maintain a diversity of skills among the board members necessary for the optimal functioning of the Board in its oversight of the Company. The Committee will strive to maintain at least one director who meets the definition of "audit committee financial expert" under the Commission's regulations.

In addition, prior to nominating an existing director for re-election to the Board of Directors, the Corporate Governance/Nominating Committee will consider and review an existing director's Board and committee attendance and performance; length of Board service; experience, skills and contributions that the existing director brings to the Board; and independence.

### **Process for Identifying and Evaluating Nominees**

Pursuant to the Corporate Governance/Nominating Committee Charter as approved by the Board, the Corporate Governance/Nominating Committee is charged with the central role in the process relating to director nominations, including identifying, interviewing and selecting individuals who may be nominated for election to the Board of Directors. The process the committee follows when it identifies and evaluates individuals to be nominated for election to the Board of Directors is as follows:

**Identification.** For purposes of identifying nominees for the Board of Directors, the Corporate Governance/Nominating Committee relies on personal contacts of the committee and other members of the Board of Directors as well as its knowledge of members of the Company's local communities. The Corporate Governance/Nominating Committee will also consider director candidates recommended by stockholders in accordance with the policy and procedures set forth above. The Corporate Governance/Nominating Committee has not received any recommended nominees from the Company's stockholders to be considered for election at this annual meeting. The Corporate Governance/Nominating Committee has not previously used nor currently uses an independent search firm to identify or evaluate potential director nominees.

**Evaluation.** In evaluating potential director candidates, the Corporate Governance/Nominating Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, the Corporate Governance/Nominating Committee will conduct a check of the individual's background and interview the candidate.

## ADDITIONAL INFORMATION

### Stockholder Proposals

In order to be eligible for inclusion in the Corporation's proxy materials for next year's Annual Meeting of Stockholders, any stockholder proposal to take action at such meeting must be received at the Corporation's main office at 975 Hooper Avenue, Toms River, New Jersey, 08754, no later than December 3, 2011. If next year's Annual Meeting is held on a date more than 30 calendar days from May 5, 2012, a stockholder proposal must be received by a reasonable time before the Company begins to print and mail its proxy solicitation for such Annual Meeting. Any stockholder proposals will be subject to the requirements of the proxy rules adopted by the Commission.

### Stockholder Nominations

The Company's Bylaws provide that in order for a stockholder to make nominations for the election of directors or proposals for business to be brought before the Annual Meeting, a stockholder must deliver notice of such nominations and/or proposals to the Corporate Secretary not less than 90 days before the date of the Annual Meeting; provided that if less than 100 days' notice or prior public disclosure of the date of the Annual Meeting is given to stockholders, such notice must be delivered not later than the close of the tenth day following the day on which notice of the date of the Annual Meeting was mailed to stockholders or prior public disclosure of the meeting date was made. Stockholders must comply with the Company's procedures to be followed by stockholders to submit a recommendation of a director candidate. See *Corporate Governance/Nominating Committee Procedures*. A copy of the full text of the Bylaw provisions discussed above may be obtained by writing the Corporate Secretary at 975 Hooper Avenue, Toms River, New Jersey 08754-2009.

### Stockholder Communications

The Company encourages stockholder communications to the Board of Directors and/or individual directors. Communications regarding financial or accounting policies may be made to the Chairman of the Audit Committee, Joseph J. Burke, CPA at the Company's address. Other communications to the Board of Directors may be made to the Chairman of the Corporate Governance/Nominating Committee, John E. Walsh at the Company's address. Communications to individual directors may be made to such director at the Company's address.

In addition, the Board of Directors encourages directors to attend the annual meeting of stockholders. All directors attended the annual meeting of stockholders held on May 6, 2010.

## MISCELLANEOUS

The Company will pay the cost of this proxy solicitation. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of the Company common stock. In addition to soliciting proxies by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telephone without receiving additional

compensation. The Company will pay Georgeson Inc., a proxy solicitation firm, a fee of \$6,500 plus expenses to assist the Company in soliciting proxies.

The Company's Annual Report to Stockholders has been mailed to persons who were stockholders as of the close of business on March 9, 2011. Any stockholder who has not received a copy of the Annual Report may obtain a copy by writing to the Corporate Secretary of the Company. The Annual Report is not to be treated as part of the proxy solicitation material or as having been incorporated in this proxy statement by reference.

**Important Notice Regarding the Availability of Proxy Materials for the**

**Stockholders Meeting to Be Held on May 5, 2011**

**The proxy statement and annual report to stockholders are available on the Company's website ([www.oceanfirst.com](http://www.oceanfirst.com)).**

A copy of the Company's Annual Report on Form 10-K, for the year ended December 31, 2010, as filed with the Securities and Exchange Commission may be accessed through the Company's website ([www.oceanfirst.com](http://www.oceanfirst.com)). A copy of the Form 10-K (without exhibits) will be furnished without charge to persons who were stockholders as of the close of business on March 9, 2011 upon written request to Jill Apito Hewitt, Senior Vice President and Investor Relations Officer, OceanFirst Financial Corp., 975 Hooper Avenue, Toms River, New Jersey 08754.

If you and others who share your address own your shares in street name, your broker or other holder of record may be sending only one annual report and proxy statement to your address. This practice, known as householding, is designed to reduce the printing and postage costs. However, if a stockholder residing at such an address wishes to receive a separate annual report or proxy statement in the future, he or she should contact the broker or other holder of record. If you own your shares in street name and are receiving multiple copies of the annual report and proxy statement, you can request householding by contacting your broker or other holder of record.

Whether or not you plan to attend the annual meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed envelope. If you plan on attending and need directions to the meeting place, please contact Jill Apito Hewitt, Senior Vice President and Investor Relations Officer, OceanFirst Financial Corp., 975 Hooper Avenue, Toms River, New Jersey 08754.

By Order of the Board of Directors

Steven J. Tsimbinos

Corporate Secretary

Toms River, New Jersey

April 1, 2011

**You are cordially invited to attend the Annual Meeting of Stockholders in person. Whether or not you plan to attend the Annual Meeting, you are requested to sign, date and promptly return the accompanying proxy card in the enclosed postage-paid envelope.**



## OCEANFIRST FINANCIAL CORP.

## 2011 STOCK INCENTIVE PLAN

1. DEFINITIONS

- (a) **Affiliate** means any parent corporation or subsidiary corporation of the Holding Company, as such term is defined in sections 424(e) and 424(f) of the Code.
- (b) **Award** means, individually or collectively, a grant under the Plan of Non-Statutory Stock Options, Incentive Stock Options and Stock Awards.
- (c) **Award Agreement** means a written or electronic agreement evidencing and setting forth the terms of an Award.
- (d) **Bank** means OceanFirst Bank, Toms River, New Jersey.
- (e) **Board of Directors** means the board of directors of the Holding Company.
- (f) **Change in Control** means a change in control of the Bank or Holding Company of a nature that: (i) would be required to be reported in response to Item 5.01 of the current report on Form 8-K, as in effect on the Effective Date, pursuant to Section 13 or 15(d) of the Exchange Act; or (ii) results in a Change in Control within the meaning of the Home Owners Loan Act of 1933, as amended (HOLA) and the Rules and Regulations promulgated by the Office of Thrift Supervision (OTS) (or its successor bureau or agency), as in effect on the Effective Date (provided, that in applying the definition of change in control as set forth under such rules and regulations the Board shall substitute its judgment for that of the OTS); or (iii) without limitation such a Change in Control shall be deemed to have occurred at such time as (A) any person (as the term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Bank or the Holding Company representing 20% or more of the Bank's or the Holding Company's outstanding securities except for any securities of the Bank purchased by the Holding Company and any securities purchased by any tax qualified employee benefit plan of the Bank or Holding Company; or (B) individuals who constitute the Board of Directors of the Holding Company on the Effective Date (the Incumbent Board) cease for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to the Effective Date whose election was approved by a vote of at least three-quarters of the directors comprising the Incumbent Board, or whose nomination for election by the Holding Company's stockholders was approved by a Nominating Committee serving under an Incumbent Board, shall be, for purposes of this clause (B), considered as though he were a member of the Incumbent Board; or (C) a reorganization, merger, consolidation, sale of all or substantially all the assets of the Bank or the Holding Company or similar transaction is consummated unless the persons who were the beneficial owners of the outstanding Shares of the Holding Company immediately before the consummation of such transaction beneficially own more than 51% of the outstanding shares of the common stock of the successor or survivor corporation in such transaction immediately following the consummation of such transaction.
- (g) **Code** means the Internal Revenue Code of 1986, as amended.
- (h) **Committee** means the committee designated by the Board of Directors, pursuant to Section 2 of the Plan to administer the Plan.
- (i) **Common Stock** means the Common Stock of the Holding Company, par value, \$.01 per share.
- (j) **Covered Employee** means an Employee who is, or is determined by the Committee may become, a covered employee within the meaning of section 162(m) of the Code (or any successor provision), which generally means, the chief executive officer and the four other highest compensated officers of the Holding Company for whom total compensation is required to be reported to stockholders under the Securities Exchange Act of 1934.
- (k) **Date of Grant** means the effective date of an Award.

- (l) **Disability** means the permanent and total inability by reason of mental or physical infirmity, or both, of a Participant to perform the work customarily assigned to him or, in the case of a Director, to serve on the Board. Additionally, a medical doctor selected or approved by the Board of Directors must advise the Committee that it is either not possible to determine when such Disability will terminate or that it appears probable that such Disability will be permanent during the remainder of said Participant's lifetime.
- (m) **Disaffiliation** means an organization ceasing to be an Affiliate (within the meaning of Section 1(a) hereof) for any reason (including, without limitation, as a result of a public offering, or a spin-off or sale).
- (n) **Effective Date** means the date the Plan is approved by stockholders of the Holding Company.
- (o) **Employee** means any person employed by the Holding Company or an Affiliate. Directors who are employed by the Holding Company or an Affiliate shall be considered Employees under the Plan.
- (p) **Exchange Act** means the Securities Exchange Act of 1934, as amended.
- (q) **Exercise Price** means the price at which a Participant may purchase a share of Common Stock pursuant to an Option.
- (r) **Fair Market Value** on any date means the market price of Common Stock, determined by the Committee as follows:
- If the Common Stock was traded on the date in question on the NASDAQ Stock Market, then the Fair Market Value shall be equal to the closing price reported for such date;
- If the Common Stock was traded on an established stock exchange on the date in question, then the Fair Market Value shall be equal to the closing price reported by the applicable composite transactions report for such date; and
- If neither of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.
- Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported in The Wall Street Journal. The Committee's determination of Fair Market Value shall be conclusive and binding on all persons.
- (s) **Holding Company** means OceanFirst Financial Corp.
- (t) **Incentive Stock Option** means a stock option granted to a Participant pursuant to Section 7 of the Plan that is intended to meet the requirements of section 422 of the Code.
- (u) **Non-Statutory Stock Option** means a stock option granted to a Participant pursuant to Section 6 of the Plan that is not intended to qualify, or does not qualify, as an Incentive Stock Option.
- (v) **Option** means an Incentive Stock Option or a Non-Statutory Stock Option.
- (w) **Outside Director** means a member of the Boards of Directors of the Holding Company or an Affiliate or a director emeritus of the Holding Company or an Affiliate who is not also an Employee of the Holding Company or an Affiliate.
- (x) **Participant** means any person who holds an outstanding Award.
- (y) **Performance Criteria** means the criteria the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals are limited to the following: economic value added (as determined by the Committee); origination or sales of loans or deposits; regulatory capital ratios; deposit levels; sales of services; customer satisfaction; net income (either before or after taxes); operating earnings; return on capital; return on net assets; return on stockholders' equity; return on assets; stockholder returns; productivity; expenses; margins; operating efficiency; earnings per share (basic or diluted); stockholders' equity or tangible stockholders' equity (either in the aggregate or per share); price per share of Common Stock; and market share, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group. The Committee shall, within the time prescribed by section 162(m) of the Code, define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period for such Participant.



(z) **Performance Goals** means the goals established in writing by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Holding Company performance or the performance of the Bank, an Affiliate, a division or business unit of the Holding Company, the Bank or other Affiliate, or an individual. The Committee shall establish Performance Goals for each Performance Period prior to, or as soon as practicable after, the commencement of such Performance Period. The Committee, in its discretion, may, within the time prescribed by section 162(m) of the Code, adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (i) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (ii) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Holding Company, or the financial statements of the Holding Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

(aa) **Performance Period** means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.

(bb) **Plan** means this OceanFirst Financial Corp. 2011 Stock Incentive Plan, as may be amended from time to time.

(cc) **Qualified Performance-Based Award** means a Stock Award that is intended to qualify as qualified performance-based compensation within the meaning of section 162(m) of the Code and is designated as a Qualified Performance-Based Award pursuant to Section 9 hereof.

(dd) **Retirement** with respect to an Employee means termination of employment which constitutes retirement under any tax-qualified plan maintained by the Holding Company or the Bank. However, unless the Committee determines otherwise, Retirement will be deemed not to have occurred for purposes of this Plan if the Participant continues to serve as a consultant to or on the Boards of Directors of the Holding Company or its Affiliates even if such Participant is receiving retirement benefits under any retirement plan of the Holding Company or its Affiliates. With respect to an Outside Director, Retirement means the termination of service from the respective boards of directors of the Holding Company or its Affiliates following written notice to the respective board of directors as a whole of such Outside Director's intention to retire, except that, unless the Committee determines otherwise, an Outside Director shall be deemed not to have retired for purposes of this Plan in the event he continues to serve as a consultant to the board or as an advisory director or director emeritus.

(ee) **Share** means a share of Common Stock.

(ff) **Stock Award** means an Award granted to a Participant pursuant to Section 8 of the Plan, including an Award that is a Qualified Performance-Based Award pursuant to Section 9.

(gg) **Termination for Cause** shall mean, in the case of an Outside Director, removal from the Board of Directors or, in the case of an Employee, termination of employment, in both such cases as determined by the Board of Directors, because of the Participant's personal dishonesty, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or any other grounds provided for under employment policies, as amended from time to time, of the Holding Company or its Affiliates.

## 2. ADMINISTRATION

(a) The Committee shall administer the Plan. The Committee shall consist of two or more disinterested directors of the Holding Company, who shall be appointed by the Board of Directors. A member of the Board of Directors shall be deemed to be disinterested only if he satisfies (i) such requirements as the Securities and Exchange Commission may establish for non-employee directors administering plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act and (ii) such requirements as the Internal Revenue Service may establish for outside directors acting under plans intended to qualify for exemption under section 162(m)(4)(C) of the Code. The Board of Directors may also appoint one or more separate committees of the Board of Directors, each composed of one or more directors of the Holding Company or an Affiliate who need not be disinterested, that may grant Awards and administer the Plan with respect to Employees, Outside Directors, and other individuals who are not considered officers or directors of the Holding Company under Section 16 of the Exchange Act or for whom Awards are not intended to satisfy the provisions of section 162(m) of the Code.

(b) The Committee shall have the sole and complete authority to:

- (i) determine the individuals to whom Awards are granted, the type and amounts of Awards to be granted and the time of all such grants;
- (ii) determine the terms, conditions and provisions of, and restrictions relating to, each Award granted;
- (iii) interpret and construe the Plan and all Award Agreements;
- (iv) prescribe, amend and rescind rules and regulations relating to the Plan;
- (v) determine the content and form of all Award Agreements;
- (vi) determine all questions relating to Awards under the Plan, including whether any conditions relating to an Award have been met;
- (vii) consistent with the Plan and with the consent of the Participant, as appropriate, amend any outstanding Award or amend the exercise date or dates thereof, provided that the Committee shall not have any discretion or authority to make changes to any Award that is intended to qualify as a Qualified Performance-Based Award to the extent that the existence of such discretion or authority would cause such Award not to so qualify or to reprice any Options within the meaning of Section 18(c) hereof;
- (viii) determine the duration and purpose of leaves of absence that may be granted to a Participant without constituting termination of the Participant's employment for the purpose of the Plan or any Award;
- (ix) maintain accounts, records and ledgers relating to Awards;
- (x) maintain records concerning its decisions and proceedings;
- (xi) employ agents, attorneys, accountants or other persons for such purposes as the Committee considers necessary or desirable; and
- (xii) do and perform all acts which it may deem necessary or appropriate for the administration of the Plan and to carry out the objectives of the Plan.

The Committee's determinations under the Plan shall be final and binding on all persons.

(c) Each Award shall be evidenced by an Award Agreement containing such provisions as may be approved by the Committee. Each Award Agreement shall constitute a binding contract between the Holding Company and the Participant, and every Participant, upon acceptance of the Award Agreement, shall be bound by the terms and restrictions of the Plan and the Award Agreement. The terms of each Award Agreement shall be in accordance with the Plan, but each Award Agreement may include such additional provisions and restrictions determined by the Committee, in its discretion, provided that such additional provisions and restrictions are not inconsistent with the terms of the Plan. In particular, and at a minimum, the Committee shall set forth in each Award Agreement (i) the type of Award granted, (ii) the Exercise Price of any Option, (iii) the number of Shares subject to the Award; (iv) the expiration date of the Award, (v) the manner, time, and rate (cumulative or otherwise) of exercise or vesting of such Award, and (vi) the restrictions, if any, placed upon such Award, or upon Shares which may be issued upon exercise of such Award. The Chairman of the Committee and such other directors and officers as shall be designated by the Committee is

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hereby authorized to execute Award Agreements on behalf of the Holding Company or an Affiliate and to cause them to be delivered to the recipients of Awards.

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(d) The Committee in its sole discretion and on such terms and conditions as it may provide may delegate all or any part of its authority and powers under the Plan to one or more members of the Board of Directors and/or officers of the Holding Company; *provided, however*, that the Committee may not delegate its authority or power with respect to (i) the selection for participation in this Plan of an officer or other person subject to Section 16 of the Exchange Act or decisions concerning the timing, pricing or amount of an Award to such an officer or person; or (ii) any Qualified Performance-Based Award intended to satisfy the requirements of Code section 162(m).

(e) The Committee in its sole discretion and on such terms and conditions as it may provide may delegate all authority for: (i) the determination of forms of payment to be made by or received by the Plan and (ii) the execution of any Award Agreement. The Committee may rely on the descriptions, representations, reports and estimates provided to it by the management of the Holding Company or an Affiliate for determinations to be made pursuant to the Plan, including the satisfaction of any conditions of a Qualified Performance-Based Award. However, only the Committee or a portion of the Committee may certify the attainment of any conditions of a Qualified Performance-Based Award intended to satisfy the requirements of section 162(m) of the Code.

### 3. TYPES OF AWARDS AND RELATED RIGHTS

The following types of Awards may be granted under the Plan:

- (a) Non-Statutory Stock Options;
- (b) Incentive Stock Options; and
- (c) Stock Awards.

### 4. STOCK SUBJECT TO THE PLAN

(a) General Limitation. Subject to adjustment as provided in Section 15 of the Plan, the maximum number of Shares reserved for issuance in connection with Awards under the Plan is 2,400,000 Shares.

(b) Individual Limitations. Subject to adjustment as provided in Section 15 of the Plan:

- (i) the maximum number of Shares with respect to which Options may be granted to any individual during any one calendar year is 500,000 Shares; and
- (ii) the maximum number of Shares with respect to Qualified Performance-Based Awards may be granted to an individual Covered Employee during any one calendar year is 200,000 Shares.

(c) Incentive Stock Option Limitation. Subject to adjustment as provided in Section 15 of the Plan, no more than 1,000,000 Shares reserved for issuance in connection with Awards may be issued under the Plan in connection with Incentive Stock Options.

(d) Share Counting. In applying the limitations of Sections 4(a), 4(b)(i) and 4(c) above, the following rules shall apply:

- (i) the number of Shares covered by an Option shall count against the limitations; and
- (ii) the number of Shares associated with Awards other than Options shall count against the limitations in a ratio of 2.5 to one. Thus, a Stock Award covering 100 Shares will count as 250 Shares for purposes of applying the limitations.

(e) Other Rules.

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- (i) The number of Shares associated with an Award originally counted against the limitations as the result of the grant of the Award shall be restored against the limitations and be

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available for reissuance under this Plan if and to the extent the Award is surrendered, expires, terminates or forfeited for any reason (other than a cancellation within the meaning of Code section 162(m)).

(ii) The following Shares shall not become available for issuance or reissuance under the Plan:

- A. Shares tendered by a Participant as full or partial payment to the Holding Company upon exercise of an Option, including Shares tendered by means of a net exercise as described in Section 11;
- B. Shares associated with an Option if the Option is cancelled within the meaning of Code section 162(m); and
- C. Shares withheld by, or otherwise remitted to satisfy a Participant's tax withholding obligations upon the lapse of restrictions on a Stock Award or the exercise of Options granted under the Plan or upon any other payment or issuance of Shares under the Plan.

(f) Shares issued under the Plan may be either authorized but unissued Shares or authorized Shares previously issued and acquired or reacquired by the Holding Company.

#### 5. ELIGIBILITY

Subject to the terms of the Plan, all Employees and Outside Directors shall be eligible to receive Awards under the Plan. In addition, the Committee may grant eligibility to consultants and advisors of the Holding Company or an Affiliate.

#### 6. NON-STATUTORY STOCK OPTIONS

The Committee may, subject to the limitations of this Plan and the availability of Shares reserved but not previously awarded under the Plan, grant Non-Statutory Stock Options to eligible individuals upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

(a) Exercise Price. The Committee shall determine the Exercise Price of each Non-Statutory Stock Option. However, the Exercise Price shall not be less than 100% of the Fair Market Value of the Common Stock on the Date of Grant.

(b) Terms of Non-Statutory Stock Options. The Committee shall determine the term during which a Participant may exercise a Non-Statutory Stock Option, but in no event may a Participant exercise a Non-Statutory Stock Option, in whole or in part, more than 10 years from the Date of Grant. The Committee shall also determine the date on which each Non-Statutory Stock Option, or any part thereof, first becomes exercisable and any terms or conditions a Participant must satisfy in order to exercise each Non-Statutory Stock Option. Shares underlying each Non-Statutory Stock Option may be purchased, in whole or in part, by the Participant at any time during the term of such Non-Statutory Stock Option, after such Option becomes exercisable. A Non-Statutory Stock Option may not be exercised for fractional shares.

(c) Termination of Employment or Service (General). Unless otherwise determined by the Committee, upon the termination of a Participant's employment or other service for any reason other than Retirement, Disability or death, or Termination for Cause, the Participant may exercise only those Non-Statutory Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a period of three months following the date of such termination, or, if sooner, the expiration of term of the Non-Statutory Stock Option.

(d) Termination of Employment or Service (Retirement). Unless otherwise determined by the Committee, in the event of a Participant's Retirement, the Participant's may exercise only those Non-Statutory Stock Options that were immediately exercisable by the Participant at the date of Retirement and only for a period of three years following the date of Retirement, or, if sooner, the expiration of term of the Non-Statutory Stock Option.

(e) Termination of Employment or Service (Disability or Death). Unless otherwise determined by the Committee, in the event of the termination of a Participant's employment or other service due to Disability or death, all Non-Statutory Stock Options held by such Participant shall immediately become exercisable and remain exercisable for a period of one year following the date of such termination, or, if sooner, the expiration of term of the Non-Statutory Stock Option.

(f) Termination of Employment or Service (Termination for Cause). Unless otherwise determined by the Committee, in the event of a Participant's Termination for Cause, all rights with respect to the Participant's Non-Statutory Stock Options shall expire immediately upon the effective date of such Termination for Cause.

(g) Acceleration Upon Change in Control. In the event of a Change in Control, all Non-Statutory Stock Options held by a Participant shall immediately become exercisable and, subject to Section 15, shall remain exercisable until the expiration of the term of the Non-Statutory Stock Option.

(h) Payment. Payment due to a Participant upon the exercise of a Non-Statutory Stock Option shall be made in the form of Shares.

(i) Dividends. No dividends or dividend equivalents shall accrue or be paid on a Non-Statutory Stock Option.

#### 7. INCENTIVE STOCK OPTIONS

The Committee may, subject to the limitations of the Plan and the availability of Shares reserved but not previously awarded under this Plan, grant Incentive Stock Options to Employees upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

(a) Exercise Price. The Committee shall determine the Exercise Price of each Incentive Stock Option. However, the Exercise Price shall not be less than 100% of the Fair Market Value of the Common Stock on the Date of Grant; provided, however, that if at the time an Incentive Stock Option is granted, the Employee owns or is treated as owning, for purposes of section 422 of the Code, Common Stock representing more than 10% of the total combined voting securities of the Holding Company ( 10% Owner ), the Exercise Price shall not be less than 110% of the Fair Market Value of the Common Stock on the Date of Grant.

(b) Amounts of Incentive Stock Options. To the extent the aggregate Fair Market Value of Shares with respect to which Incentive Stock Options that are exercisable for the first time by an Employee during any calendar year under the Plan and any other stock option plan of the Holding Company or an Affiliate exceeds \$100,000, or such higher value as may be permitted under section 422 of the Code, such Options in excess of such limit shall be treated as Non-Statutory Stock Options. Fair Market Value shall be determined as of the Date of Grant with respect to each such Incentive Stock Option.

(c) Terms of Incentive Stock Options. The Committee shall determine the term during which a Participant may exercise an Incentive Stock Option, but in no event may a Participant exercise an Incentive Stock Option, in whole or in part, more than 10 years from the Date of Grant; provided, however, that if at the time an Incentive Stock Option is granted to an Employee who is a 10% Owner, the Incentive Stock Option granted to such Employee shall not be exercisable after the expiration of five years from the Date of Grant. The Committee shall also determine the date on which each Incentive Stock Option, or any part thereof, first becomes exercisable and any terms or conditions a Participant must satisfy in order to exercise each Incentive Stock Option. Shares underlying each Incentive Stock Option may be purchased, in whole or in part, at any time during the term of such Incentive Stock Option, after such Option becomes exercisable. Any Option originally designated as an Incentive Stock Option shall be treated as a Non-Statutory Stock Option to the extent the Participant exercises such Option more

than three months following the Date of the Participant's cessation of employment (12 months if the cessation was on account of disability within the meaning of Code section 422). An Incentive Stock Option may not be exercised for fractional shares.

(d) Termination of Employment (General). Unless otherwise determined by the Committee, upon the termination of a Participant's employment or other service for any reason other than Retirement, Disability or death, or Termination for Cause, the Participant may exercise only those Incentive Stock Options that were immediately exercisable by the Participant at the date of such termination and only for a period of three months following the date of such termination, or, if sooner, the expiration of the term of the Incentive Stock Option.

(e) Termination of Employment (Retirement). Unless otherwise determined by the Committee, in the event of a Participant's Retirement, the Participant may exercise only those Incentive Stock Options that were immediately exercisable by the Participant at the date of Retirement and only for a period of three years following the date of Retirement, or, if sooner, the expiration of the term of the Incentive Stock Option.

(f) Termination of Employment (Disability or Death). Unless otherwise determined by the Committee, in the event of the termination of a Participant's employment or other service due to Disability or death, all Incentive Stock Options held by such Participant shall immediately become exercisable and remain exercisable for a period of one year following the date of such termination, or, if sooner, the expiration of the term of the Incentive Stock Option.

(g) Termination of Employment (Termination for Cause). Unless otherwise determined by the Committee, in the event of an Employee's Termination for Cause, all rights under such Employee's Incentive Stock Options shall expire immediately upon the effective date of such Termination for Cause.

(h) Acceleration Upon a Change in Control. In the event of a Change in Control, all Incentive Stock Options held by such a Participant shall become immediately exercisable and, subject to Section 15, shall remain exercisable until the expiration of the term of the Incentive Stock Option.

(i) Payment. Payment due to a Participant upon the exercise of an Incentive Stock Option shall be made in the form of Shares.

(j) Disqualifying Dispositions. Each Award Agreement with respect to an Incentive Stock Option shall require the Participant to notify the Committee of any disposition of Shares issued pursuant to the exercise of such Option under the circumstances described in section 421(b) of the Code (relating to certain disqualifying dispositions), within 10 days of such disposition.

(k) Dividends. No dividends or dividend equivalents shall accrue or be paid on an Incentive Stock Option.

## 8. STOCK AWARDS

The Committee may, subject to the limitations of the Plan and the availability of Shares reserved but not previously awarded under this Plan, grant Stock Awards to eligible individuals upon such terms and conditions as it may determine to the extent such terms and conditions are consistent with the following provisions:

(a) Payment of the Stock Award. The Stock Award may only be made in whole Shares.

(b) Terms of the Stock Awards. The Committee shall determine the dates on which Stock Awards granted to a Participant shall vest and any specific conditions or performance goals which must be satisfied prior to the vesting of any installment or portion of the Stock Award. Notwithstanding other paragraphs in this Section 8, the Committee may, in its sole discretion, accelerate the vesting of any Stock Awards except for any Stock Awards that are Performance-Based Awards under Section 9 hereof. The acceleration of any Stock Award under the authority of this substitution shall create no right, expectation or reliance on the part of any other Participant or that certain Participant regarding any other unaccelerated Stock Awards.

(c) Termination of Employment or Service (General). Unless otherwise determined by the Committee, upon the termination of a Participant's employment or other service for any reason other than Retirement, Disability, death or Termination for Cause, the Participant's unvested Stock Awards as of the date of termination shall be forfeited and any rights the Participant had to such unvested Stock Awards shall become null and void. Notwithstanding any provisions set forth herein or contained in any Award Agreement relating to an award of a Stock Award, in the event of termination of the Participant's service due to Retirement, Disability or death, all unvested Stock Awards held by such Participant, including any portion of a Stock Award subject to a performance goal, shall immediately vest and, in the event of the Participant's Termination for Cause, the Participant's unvested Stock Awards as of the date of such termination shall be forfeited and any rights the Participant had to such unvested Stock Awards shall become null and void.

(d) Acceleration Upon a Change in Control. In the event of a Change in Control, all Stock Awards held by a Participant, whether or not vested at such time, shall become vested to the Participant or his legal representatives or beneficiaries upon the Change in Control.

(e) Dividends and Other Distributions. A Participant or beneficiary shall not be paid any dividends or other distributions with respect to Shares covered by Stock Awards until the Participant has become vested in the Shares. At the time of vesting, the Participant or beneficiary shall receive a cash payment equal to the aggregate dividends (without interest) that the Participant or beneficiary would have received if the Participant or beneficiary had owned all of the Shares in which the Participant or beneficiary vested for the period beginning on the Date of Grant of those shares, and ending on the date of vesting. No dividends shall be paid to a Participant or beneficiary with respect to any shares covered by an Award that are forfeited by the Participant.

(f) Voting of Stock Awards. After a Stock Award has been granted, but for which Shares covered by such Stock Award have not yet been earned and distributed to the Participant pursuant to the Plan and held in trust prior to vesting, the Participant shall be entitled to direct the trustee as to the voting of such Shares which the Stock Award covers subject to the rules and procedures adopted by the Committee for this purpose. All Shares of Common Stock held by the trust as to which Participants are not entitled to direct, or have not directed the voting, shall be voted by the trustee in the same proportion as the Common Stock covered by Stock Awards which have been awarded is voted.

#### 9. PERFORMANCE-BASED STOCK AWARDS

(a) Purpose. The purpose of this Section 9 is to provide the Committee the ability to qualify Stock Awards granted under Section 8 as Qualified Performance-Based Awards. If the Committee, in its discretion, decides to grant to a Covered Employee a Stock Award that is intended to constitute a Qualified Performance-Based Award, the provisions of this Section 9 shall control over any contrary provision contained herein; *provided, however*, that the Committee may in its discretion grant Stock Awards to Covered Employees that are based on Performance Criteria or Performance Goals but that do not satisfy the requirements of this Section 9.

(b) Applicability. This Section 9 shall apply only to those Covered Employees selected by the Committee to receive Qualified Performance-Based Awards. The designation of a Covered Employee as a Participant for a Performance Period shall not in any manner entitle the Participant to receive an Award for the relevant Performance Period. Moreover, designation of a Covered Employee as a Participant for a particular Performance Period shall not require designation of such Covered Employee as a Participant in any subsequent Performance Period and designation of one Covered Employee as a Participant shall not require designation of any other Covered Employees as a Participant in such period or in any other period.

(c) Procedures with Respect to Qualified Performance-Based Awards. To the extent necessary to comply with the Qualified Performance-Based Award requirements of section 162(m)(4)(C) of the Code, with respect to any Stock Award that may be granted to one or more Covered Employees, no later than 90 days following the commencement of any fiscal year in question or any other designated fiscal period or period of service (or such other time as may be required or permitted by section 162(m) of the Code), the Committee shall, in writing, (a) designate one or more Covered Employees, (b) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals

and the amounts of such Stock Awards, as applicable, to be earned by each Covered Employee for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. No Stock Award or portion thereof that is subject to the satisfaction of any condition shall be considered to be earned or vested until the Committee certifies in writing that the conditions to which the distribution, earning or vesting of such Stock Award is subject have been achieved. The Committee may not increase during a year the amount of a Qualified Performance-Based Award that would otherwise be payable upon satisfaction of the conditions but may reduce or eliminate the payments as provided for in the Award Agreement.

(d) Payment of Qualified Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by the Holding Company or a subsidiary on the day a Qualified Performance-Based Award for such Performance Period is paid to the Participant. Furthermore, a Participant shall be eligible to receive payment pursuant to a Qualified Performance-Based Award for a Performance Period only if the Performance Goals for such period are achieved.

(e) Additional Limitations. Notwithstanding any other provision of the Plan, any Stock Award granted to a Covered Employee that is intended to constitute a Qualified Performance-Based Award shall be subject to any additional limitations set forth in section 162(m) of the Code (including any amendment to section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as qualified performance-based compensation as described in section 162(m)(4)(C) of the Code, and the Plan shall be deemed amended to the extent necessary to conform to such requirements.

(f) Effect on Other Plans and Arrangements. Nothing contained in the Plan will be deemed in any way to limit or restrict the Committee from making any award or payment to any person under any other plan, arrangement or understanding, whether now existing or hereafter in effect.

#### 10. GRANTS IN THE EVENT OF A CHANGE IN CONTROL

(a) In the event of a Change in Control, all Stock Awards then available for grant under this Plan pursuant to Section 8 shall be automatically granted among those current Employees and current Outside Directors who have previously been granted Awards under this Plan, or granted options to purchase common stock under the OceanFirst Financial Corp. 2006 Stock Incentive Plan or the OceanFirst Financial Corp. 2000 Stock Option Plan (the Prior Plans), as of the date of the Change in Control. The number of Shares subject to Stock Awards to be granted to each such individual pursuant to this Section 10 shall be determined by multiplying the number of Stock Awards then available for grant pursuant to Section 8 of this Plan by a fraction, the numerator of which is the number of Awards previously granted to that individual under this Plan or the Prior Plans (whether or not yet exercised or vested) and the denominator of which is the total number of Awards previously granted to all such Employees and Outside Directors under this Plan and the Prior Plans (whether or not yet exercised). For purposes of calculating this fraction, the actual number of Shares subject to a Stock Award under this Plan or a Prior Plan shall be multiplied by a factor of 2.5 so that each Share covered by a Stock Award will count the same as 2.5 Shares subject to an Option.

(b) All Stock Awards granted pursuant to this Section 10 shall be 100% vested and free of any restrictions.

#### 11. METHOD OF EXERCISE OF OPTIONS

Subject to any applicable Award Agreement, any Option may be exercised by the Participant in whole or in part at such time or times, and the Participant may make payment of the Exercise Price in such form or forms, including, without limitation, payment by delivery of cash, Common Stock or other consideration (including, where permitted by law and the Committee, Awards) having a Fair Market Value on the exercise date equal to the total Exercise Price, or by any combination of cash, Shares and other consideration, including exercise by means of a cashless exercise arrangement with a qualifying broker-dealer, a constructive stock swap or a net exercise, as the Committee may specify in the applicable Award Agreement. A net exercise means the delivery of a properly executed notice followed by a procedure pursuant to which (a) the Holding Company will reduce the number of Shares otherwise issuable to a Participant upon the exercise of an Option by the largest whole number of Shares

having a Fair Market Value that does not exceed the aggregate Exercise Price for the Shares with respect to which the Option is exercised, and (b) the Participant shall pay to the Holding Company in cash the remaining balance of such aggregate Exercise Price not satisfied by such reduction in the number of whole Shares to be issued. Shares will no longer be outstanding under an Option and will not be exercisable thereafter to the extent that (i) Shares are used to pay the Exercise Price pursuant to a net exercise, (ii) Shares are delivered to the Participant as a result of such exercise, and (iii) Shares are withheld to satisfy tax withholding obligations.

12. RIGHTS OF PARTICIPANTS

No Participant shall have any rights as a shareholder with respect to any Shares covered by an Option until the date of issuance of a stock certificate for such Common Stock. Nothing contained in this Plan or in any Award Agreement confers on any person any right to continue in the employ or service of the Holding Company or an Affiliate or interferes in any way with the right of the Holding Company or an Affiliate to terminate a Participant's services.

13. DESIGNATION OF BENEFICIARY

A Participant may, with the consent of the Committee, designate a person or persons to receive, in the event of death, any Award to which the Participant would then be entitled. Such designation will be made upon forms supplied by and delivered to the Holding Company and may be revoked in writing. If a Participant fails effectively to designate a beneficiary, then the Participant's estate will be deemed to be the beneficiary.

14. TRANSFERABILITY OF AWARDS

(a) Incentive Stock Options. Incentive Stock Options are not transferable, voluntarily or involuntarily, other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code. During a Participant's lifetime, his Incentive Stock Options may be exercised only by him.

(b) Awards Other Than Incentive Stock Options. All Awards granted pursuant to this Plan other than Incentive Stock Options are transferable only by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code; provided, however, with the approval of the Committee, a Participant may transfer an Award (other than an Incentive Stock Option) for no consideration to or for the benefit of one or more Family Members of the Participant subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Award prior to such transfer. The transfer of an Award pursuant to this Section shall include a transfer of the rights of a Participant under this Plan to consent to certain amendments to the Plan or an Award Agreement and, in the discretion of the Committee, shall also include transfer of ancillary rights associated with the Award. For purposes of this Section 14, Family Members mean with respect to a Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests. The provisions of this Section 14 shall not apply to any Common Stock issued pursuant to an Award for which all restrictions have lapsed and is fully vested.

15. ADJUSTMENTS UPON CHANGES IN CAPITALIZATION, ETC.

(a) Adjustment Clause. In the event of (i) a stock dividend, stock split, reverse stock split, share combination, or recapitalization or similar event affecting the capital structure of the Holding Company (each, a Share Change), or (ii) a merger, consolidation, acquisition of property or shares, separation, spin-off, reorganization, stock rights offering, liquidation, Disaffiliation, or similar event affecting the Holding Company or any of its subsidiaries (each, a Organic Change), the Committee shall make such substitutions or adjustments as it deems appropriate and equitable to (i) the Share limitations set forth in Section 4 hereof, (ii) the number and kind of

Shares covered by each outstanding Award, and (iii) the price per Share subject to each such outstanding Award. In the case of Organic Changes, such adjustments may include, without limitation:

- (i) the cancellation of outstanding Awards in exchange for payments of cash, property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Committee or the Board in its sole discretion (it being understood that in the case of an Organic Change with respect to which stockholders receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Committee that the value of an Option shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Organic Change over the exercise price of such Option shall conclusively be deemed valid);
- (ii) the substitution of other property (including, without limitation, cash or other securities of the Holding Company and securities of entities other than the Holding Company) for Shares subject to outstanding Awards; and
- (iii) arranging for the assumption of Awards, or replacement of Awards with new awards based on other property or other securities (including, without limitation, other securities of the Holding Company and securities of entities other than the Holding Company), by the affected subsidiary, affiliate, or division or by the entity that controls such subsidiary, affiliate, or division following a Change in Control (as well as any corresponding adjustments to Awards that remain based upon Holding Company securities); and may, after giving Participants an opportunity to exercise their outstanding Options, terminate any or all unexercised Options. Such termination shall take place as of the date of the Change in Control or such other date as the Committee may specify.

All Awards under this Plan shall be binding upon any successors or assigns of the Holding Company.

(b) Section 409A. Notwithstanding the foregoing: (i) any adjustments made pursuant to Section 15 hereof to Awards that are considered deferred compensation within the meaning of section 409A of the Code shall be made in compliance with the requirements of section 409A of the Code unless the Participant consents otherwise; (ii) any adjustments made pursuant to Section 15(a) of the Plan to Awards that are not considered deferred compensation subject to section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either continue not to be subject to section 409A of the Code or comply with the requirements of section 409A of the Code unless the Participant consents otherwise; and (iii) the Committee shall not have the authority to make any adjustments pursuant to Section 15(a) of the Plan to the extent that the existence of such authority would cause an Award that is not intended to be subject to section 409A of the Code to be subject thereto.

#### 16. TAX WITHHOLDING

(a) Whenever under this Plan, cash or Shares are to be delivered upon exercise of an Award or any other event with respect to rights and benefits hereunder, the Committee shall be entitled to require as a condition of delivery (i) that the Participant remit an amount sufficient to satisfy all federal, state, and local withholding tax requirements related thereto, (ii) that the minimum withholding of such sums come from compensation otherwise due to the Participant or from any Shares due to the Participant under this Plan or (iii) any combination of the foregoing provided, however, that no amount shall be withheld from any cash payment or Shares relating to an Award which was transferred by the Participant in accordance with this Plan.

(b) If any transfer described in Section 14 is made, or any election described in Section 17 is made, then the person making such transfer or election shall remit to the Holding Company or its Affiliates an amount sufficient to satisfy all federal, state, and local withholding taxes thereby incurred; provided that, in lieu of or in addition to the foregoing, the Holding Company or its Affiliates shall have the right to withhold such sums from compensation otherwise due to the Participant.

17. NOTIFICATION UNDER SECTION 83(B)

The Committee may, in the applicable Award Agreement, prohibit a Participant from making an election pursuant to section 83(b) of the Code. If the Committee has not prohibited a Participant from making such election, and the Participant does, in connection with the exercise of any Option, make an election permitted under section 83(b) of the Code, then that Participant shall notify the Committee of such election within 10 days of filing notice of the election with the Internal Revenue Service, in addition to any filing and notification required pursuant to regulations issued under the authority of section 83(b) of the Code.

18. AMENDMENT OF THE PLAN AND AWARDS

(a) The Board of Directors may at any time, and from time to time, modify or amend the Plan in any respect, prospectively or retroactively; provided, however, that no such modification or amendment shall, without stockholder approval:

- (i) modify or amend Section 4 to increase the maximum number of Shares reserved for issuance in connection with Awards under this Plan or for certain types of Awards under this Plan, except as provided in Section 15;
- (ii) expand the types of Awards available to Participants under this Plan;
- (iii) delete or limit the provisions of Section 18(c) prohibiting the repricing of Options;
- (iv) modify or amend either Section 6(a) or Section 7(a) to reduce the minimum permitted Exercise Price for an Option;
- (v) modify or amend either Section 6(b) or Section 7(c) to increase the maximum term during which an Option may be exercised; or
- (vi) materially expand the provisions of this Plan governing grants of Incentive Stock Options except to the extent permitted by section 422 of the Code.

Failure to ratify or approve amendments or modifications by stockholders shall be effective only as to the specific amendment or modification requiring such approval or ratification. Other provisions of this Plan will remain in full force and effect. No such modification or amendment may adversely affect the rights of a Participant under an outstanding Award without the written permission of such Participant.

(b) The Committee may amend any Award Agreement, prospectively or retroactively; provided, however, that no such amendment shall adversely affect the rights of any Participant under an outstanding Award without the written consent of such Participant and provided further that no such amendment shall reprice an outstanding Option except as permitted by Section 18(c).

(c) Repricing of Options shall not be permitted. For this purpose, a repricing means any of the following (or any other action that has the same effect as any of the following): (A) changing the terms of an Option to lower its exercise price except as permitted by Section 15; (B) any other action that is treated as a repricing under generally accepted accounting principles; and (C) canceling an Option at a time when its exercise price is equal to or greater than the fair market value of the underlying stock in exchange for cash, or another Option, Stock Award or other equity award, unless the cancellation and exchange occurs in connection with an event set forth in Section 15. Such cancellation and exchange would be considered a repricing regardless of whether it is treated as a repricing under generally accepted accounting principles and regardless of whether it is voluntary on the part of the Participant.



19. FORFEITURE; CLAWBACK

The Committee may, in its sole discretion, specify in the applicable Award Agreement evidencing an Award that any realized gain with respect to Options and any realized value with respect to other Awards shall be subject to forfeiture or clawback, in the event of (i) a Participant's breach of any non-competition, non-solicitation, confidentiality or other restrictive covenants with respect to the Holding Company or any of its Affiliates or (ii) a financial restatement that reduces the amount payable with respect to the Award had the results been properly reported.

20. EFFECTIVE DATE OF PLAN

The Plan shall become effective immediately upon the affirmative vote of a majority of the votes cast at the Holding Company's 2011 annual meeting of stockholders.

21. TERMINATION OF THE PLAN

The right to grant Awards under the Plan will terminate 10 years after the Effective Date. The Board of Directors has the right to suspend or terminate the Plan at any time, provided that no such action will, without the consent of a Participant, adversely affect a Participant's vested rights under a previously granted Award.

22. APPLICABLE LAW

The Plan will be administered in accordance with the laws of the state of Delaware and applicable federal law.

23. SECTION 409A

It is the intention of the Holding Company that no Award shall be deferred compensation subject to section 409A of the Code, unless and to the extent that the Committee specifically determines otherwise, and the Plan and the terms and conditions of all Awards shall be interpreted accordingly. The terms and conditions governing any Awards that the Committee determines will be subject to section 409A of the Code, including any rules for elective or mandatory deferral of the delivery of cash or Shares pursuant thereto, shall be set forth in the applicable Award Agreement, and shall comply in all respects with section 409A of the Code.

**OCEANFIRST FINANCIAL CORP.**

**2011 CASH INCENTIVE COMPENSATION PLAN**

**Section 1. Purpose.**

The purpose of this OceanFirst Financial Corp. 2011 Cash Incentive Compensation Plan (the *Plan*) is to provide incentives for certain employees of OceanFirst Financial Corp. and its subsidiaries. The Plan is part of an overall compensation program that ties the achievement of annual strategic and operating goals with compensation.

**Section 2. Definitions.**

For the purposes of the Plan, the following terms shall have the meanings indicated:

*Award* means the payment of an award by the Committee to a Participant pursuant to Section 4.

*Applicable Period* means, with respect to any Performance Period, a period commencing on or before the first day of such Performance Period and ending no later than the earlier of (i) the 90th day of such Performance Period or (ii) the date on which 25% of such Performance Period has been completed. Any action required under the Plan to be taken within the period specified in the previous sentence may be taken at a later date with respect to Participants who are not Covered Officers and with respect to Covered Officers if permitted by Code section 162(m).

*Board* means the Board of Directors of the Company.

*Committee* means the Committee designated pursuant to Section 3. Unless otherwise determined by the Board, the Human Resources/Compensation Committee designated by the Board shall be the Committee under the Plan.

*Code* means the Internal Revenue Code of 1986, as amended from time to time and the rules promulgated thereunder or any successor provision thereto as in effect from time to time.

*Company* means OceanFirst Financial Corp., a Delaware corporation.

*Covered Officer* means at any date (i) any individual who, with respect to the previous taxable year of the Company, was a covered employee of the Company within the meaning of Code section 162(m), as hereinafter defined; provided, however, that the term *Covered Officer* shall not include any such individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected not to be such a covered employee with respect to the current taxable year of the Company and (ii) any individual who is designated by the Committee, in its discretion, at the time of any Award or at any subsequent time, as reasonably expected to be such a covered employee with respect to the current taxable year of the Company or with respect to the taxable year of the Company in which any applicable Award will be paid.

*Individual Award Opportunity* means the performance-based award opportunity for a Participant for a given Performance Period as specified by the Committee within the Applicable Period, which may be expressed in dollars or on a formula basis that is consistent with the provisions of this Plan.

*Participant* means an employee of the Company or any subsidiary thereof selected by the Committee in accordance with Section 4(a) who receives an Individual Award Opportunity.

*Performance Period* means any fiscal year, or other performance period designated by the Committee over which any performance goals specified by the Committee are to be measured for the purpose of determining a Participant's right to the payment of an Award.

### **Section 3. Administration.**

(a) Committee. Subject to the authority and powers of the Board in relation to the Plan as hereinafter provided, the Plan shall be administered by a Committee designated by the Board consisting of two or more members of the Board each of whom is an outside director within the meaning of Code section 162(m). The Committee shall have authority to oversee and interpret the Plan, including without limitation to (i) designate performance metrics and other terms and conditions of Awards, as well as rules and regulations for carrying out the Plan, (ii) designate Participants and bonus pool award opportunities; and (iii) approve the calculation of bonus amounts earned for any Performance Period.

(b) Committee Determinations. All determinations by the Committee shall be made by the affirmative vote of a majority of its members, but any determination reduced to writing and signed by a majority of the members shall be fully as effective as if it had been made by a majority vote at a meeting duly called and held. All decisions by the Committee pursuant to the provisions of the Plan and all orders or resolutions of the Board pursuant thereto shall be final, conclusive and binding on all persons, including the Participants, the Company and its subsidiaries, and stockholders.

### **Section 4. Eligibility for and Payment of Awards.**

(a) Eligible Employees. Subject to the provisions of the Plan, within the Applicable Period, the Committee may identify employees of the Company or any of its subsidiaries who will be eligible to earn Awards under the Plan with respect to such year and determine the amount of the Individual Award Opportunities and the conditions under which they may be earned.

(b) Payment of Awards. Awards under the Plan shall be paid in cash, subject to applicable withholding taxes during the calendar year first beginning after the end of the Performance Period.

The Committee may require that a Participant must still be employed as of the end of the Performance Period and/or the date on which the bonus is paid, in order to be eligible for an award for such Performance Period and the Committee may adopt such forfeiture, proration or other rules as it deems appropriate, in its sole discretion, regarding the impact on an Award of a Participant's termination of employment.

(c) Award Opportunities. During the Applicable Period, the Committee shall establish the Individual Award Opportunities for such Performance Period, which shall be based on achievement of stated target performance goals, and may be stated in dollars or on a formula basis.

(d) Awards to Covered Officers.

- (i) Notwithstanding the provisions of Sections 4(a), 4(b), and 4(c) hereof, any Award to any Covered Officer shall be granted in accordance with the provisions of this Section 4(d). The maximum amount of any Awards that may be paid with respect to an individual Covered Officer during any single calendar year shall be \$1,500,000.
- (ii) Any provision of the Plan to the contrary notwithstanding, no Covered Officer shall be entitled to any payment of an Award with respect to a Performance Period unless the members of the Committee shall have certified in accordance with Code section 162(m) the extent to which the applicable performance goals have been satisfied.

### **Section 5. Performance Goals.**

For any given Performance Period, the Committee shall, within the Applicable Period, set one or more objective performance goals for each Participant and/or each group of Participants and/or each bonus pool (if applicable). The performance goals shall be limited to one or more of the following Company, subsidiary, operating unit or division financial performance measures:

- (i) earnings per share (basic or diluted)\*
- (ii) net income \*
- (iii) return on average equity \*
- (iv) return on average assets \*
- (v) core earnings \*
- (vi) stock price
- (vii) total shareholder return
- (viii) operating income
- (ix) operating efficiency ratio
- (x) net interest rate spread
- (xi) loan production volumes
- (xii) non-performing loans
- (xiii) regulatory capital ratios
- (xiv) cash flow
- (xv) deposit levels
- (xvi) customer satisfaction scores
- (xvii) stockholders' equity (in the aggregate or on a per basis)
- (xviii) tangible stockholders' equity (in the aggregate or on a per basis)

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- (xix) strategic business objectives, consisting of one or more objectives based on meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures
  
- (xx) except in the case of a Covered Officer, any other performance criteria established by the Committee
  
- (xxi) any combination of (i) through (xx) above.

\* Performance goals indicated may be established on the basis of reported earnings or cash earnings.

Each goal may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company and/or the past or current performance of other companies.

### **Section 6. General Provisions.**

(a) Adjustments. If the performance criteria for any Performance Period shall have been affected by special factors (including material changes in accounting policies or practices, material acquisitions or dispositions of property, or other unusual items) that in the Committee's judgment should or should not be taken into account, in

whole or in part, in the equitable administration of the Plan, the Committee may, for any purpose of the Plan, adjust such criteria and make payments accordingly under the Plan; provided, however, that no such adjustment shall cause an Award to a Covered Officer to fail to be qualified performance-based compensation within the meaning of Code section 162(m) and Treasury Regulation Section 1.162-27(e).

(b) Negative Discretion. In addition, the Committee (or in the case of Participants other than Covered Officers, its designees) may, in the exercise of their discretion, reduce or eliminate the amount of an Award to a Participant prior to payment thereof.

(c) Effective Date. The Plan shall be effective as of January 1, 2011, subject to approval by the shareholders of the Company during 2011.

(d) No Assignment. No portion of any Award under the Plan may be assigned or transferred otherwise than by will or by the laws of descent and distribution prior to the payment thereof.

(e) Tax Requirements. All payments made pursuant to the Plan shall be subject to withholding in respect of income and other taxes required by law to be withheld, in accordance with procedures to be established by the Committee.

(f) No Additional Participant Rights. The selection of an individual for participation in the Plan shall not give such Participant any right to be retained in the employ of the Company or any of its subsidiaries, and the right of the Company or any such subsidiary to dismiss or discharge any such Participant, or to terminate any arrangement pursuant to which any such Participant provides services to the Company is specifically reserved. The benefits provided for Participants under the Plan shall be in addition to, and shall in no way preclude, other forms of compensation to or in respect of such Participants.

(g) Liability. The Board and the Committee shall be entitled to rely on the advice of counsel and other experts, including the independent accountants for the Company. No member of the Board or of the Committee or any officers of the Company or its subsidiaries shall be liable for any act or failure to act under the Plan, except in circumstances involving bad faith on the part of such member or officer.

(h) Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any subsidiary or affiliate of the Company from adopting or continuing in effect other compensation arrangements, which arrangements may be either generally applicable or applicable only in specific cases.

(i) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of New Jersey.

#### **Section 7. Amendment and Termination of the Plan.**

3/10/2024

93,732

(7)

53.40

2/14/2023

56,605

(8)

48.59

2/9/2022

44,462

(9)

49.49

87

2/10/2021

(13) 4,873

(16) 345,739

(18) 4,873

(20) 345,739

(14) 3,989



	283,020
(16)	
	5,983
(19)	
	424,494
(20)	
	2,555
(15)	
	181,277
(16)	
William W. Spurgeon, Jr.	
	26,802
(2)	

82.09

2/9/2028

32,911

(3)

66.85

2/10/2027

45,575

(4)

48.28

90

2/11/2026

35,606

(5)

61.79

2/12/2025

28,747

(6)

69.57

3/10/2024

33,709

(7)

53.40

2/14/2023

2,680

(13)

190,146

(16)

4,020

92



107,773

(16)

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## EXECUTIVE COMPENSATION TABLES

Name	Option Awards				Stock Awards		Equity Incentive Plan Awards:	
	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	Exercise Price (\$)	Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights that Have not Vested (#)	Market Payout Value of Unearned Shares, Units or Rights that Have not Vested (\$)
Ivonne M. Cabrera		23,391(2)	82.09	2/9/2028				
		28,722(3)	66.85	2/10/2027				
		39,775(4)	48.28	2/11/2026				
		31,074(5)	61.79	2/12/2025				
		25,873(6)	69.57	3/10/2024				
		28,841(7)	53.40	2/14/2023				
		9,880(8)	48.59	2/9/2022				
		13,337(9)	49.49	2/10/2021				
		20,713(10)	31.87	2/11/2020				
					1,949(13)	138,282(16)	1,949(18)	138,282(20)
				1,596(14)	113,236(16)	2,393(19)	169,783(20)	
				1,105(15)	78,400(16)			
Jay L. Kloosterboer		23,391(2)	82.09	2/9/2028				
		28,722(3)	66.85	2/10/2027				
		39,775(4)	48.28	2/11/2026				
		31,074(5)	61.79	2/12/2025				
		27,598(6)	69.57	3/10/2024				
		32,960(7)	53.40	2/14/2023				
					1,949(13)	138,282(16)	1,949(18)	138,282(20)
				1,596(14)	113,236(16)	2,393(19)	169,783(20)	
				1,105(15)	78,400(16)			

(1) SSARs granted on May 23, 2018 that became exercisable on May 23, 2021.

(2) SSARs granted on February 9, 2018 that are not exercisable until February 9, 2021.

- (3) SSARs granted on February 10, 2017 that are not exercisable until February 10, 2020.
- (4) SSARs granted on February 11, 2016 that became exercisable on February 11, 2019.
- (5) SSARs granted on February 12, 2015 that became exercisable on February 12, 2018.
- (6) SSARs granted on March 10, 2014 that became exercisable on March 10, 2017.
- (7) SSARs granted on February 14, 2013 that became exercisable on February 14, 2016.
- (8) SSARs granted on February 9, 2012 that became exercisable on February 9, 2015.
- (9) SSARs granted on February 10, 2011 that became exercisable on February 10, 2014.
- (10) SSARs granted on February 11, 2010 that became exercisable on February 11, 2013.
- (11) Unvested portion of RSUs granted on May 23, 2018. The units vest in five equal annual installments beginning on December 15, 2018.
- (12) Unvested portion of RSUs granted on May 23, 2018. The units vest in three equal annual installments beginning on March 15, 2019.
- (13) Unvested portion of RSUs granted on February 9, 2018. The units vest in three equal annual installments beginning on March 15, 2019.



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- (14) Unvested portion of RSUs granted on February 10, 2017. The units vest in three equal annual installments beginning on March 15, 2018.
- (15) Unvested portion of RSUs granted on February 11, 2016. The units vest in three equal annual installments beginning on March 15, 2017.
- (16) The amount reflects the number of units granted multiplied by \$70.95, the closing price of our common stock on December 31, 2018.
- (17) Performance shares granted on May 23, 2018 become payable after December 31, 2020 subject to the achievement of the applicable performance goal. The amount reflected in the table represents the number of shares payable based on achievement of the target level of performance (100%).
- (18) Performance shares granted on February 9, 2018 become payable after December 31, 2020 subject to the achievement of the applicable performance goal. The amount reflected in the table represents the number of shares payable based on achievement of the target level of performance (100%).
- (19) Performance shares granted on February 10, 2017 become payable after December 31, 2019 subject to the achievement of the applicable performance goal. The amount reflected in the table represents the number of shares payable based on achievement of the target level of performance (100%).
- (20) The amount reflects the number of performance shares payable based on achievement of the target level of performance multiplied by \$70.95, the closing price of our common stock on December 31, 2018.

**Option Exercises and Stock Vested in 2018**

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)(1)	Value Realized on Exercise (\$)(2)	Number of Shares Acquired on Vesting (#)(3)	Value Realized on Vesting (\$)(4)
Richard J. Tobin			32,920	2,538,626
Robert A. Livingston	1,124,319	49,529,457	19,159	1,893,772
Brad M. Cerepak	69,047	3,211,031	5,518	545,442
William W. Spurgeon, Jr.			5,438	475,277
Ivonne M. Cabrera			2,332	230,501
Jay L. Kloosterboer	67,308	2,036,513	2,332	230,501

- (1) Represents exercise of SSARs; number of shares reported as acquired is the total number of shares underlying the SSAR, rather than the net number of shares received by the NEO.
- (2) The value realized on exercise provided in the table represents the difference between the average of the high and low trading price on the exercise date and the exercise or base price, multiplied by the number of shares acquired upon exercise of the award.
- (3) This column represents the vesting of a portion of the 2015, 2016, and 2017 grants of RSUs for Messrs. Livingston, Cerepak, Spurgeon and Kloosterboer and Ms. Cabrera. For Mr. Spurgeon, the column also represents a Performance Share payout, in addition to RSUs, for the performance period ended December 31, 2018. For Mr. Tobin, this column represents the vesting of a portion of the May 23, 2018 one-time make-whole grant of RSUs. The number of shares reported as acquired is the full number of RSUs, shares of restricted stock vested or

*performance shares paid out, not the net number of shares received by the NEO after withholding shares for satisfaction of taxes.*

- (4) *This value represents the difference between the average of the high and low trading price on the date of vesting multiplied by the number of RSUs, and for Mr. Spurgeon a performance share payout, in addition to RSUs, for the period ended December 31, 2018 multiplied by \$70.95, the closing price of our stock on December 31, 2018.*

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**Table of Contents****EXECUTIVE COMPENSATION TABLES****Pension Benefits through 2018**

<b>Name</b>	<b>Plan Name</b>	<b>Number of Years Credited Service (#)</b>	<b>Normal Retirement Age (#)</b>	<b>Present Value of Accumulated Benefit (\$)(1)</b>	<b>Payments During Last Fiscal Year (\$)</b>
Richard J. Tobin (2)	Pension Plan	N/A	N/A	N/A	N/A
	PRP	N/A	N/A	N/A	N/A
Robert A. Livingston (3), (4)	Pension Plan	N/A	65	N/A	572,659
	PRP	N/A	65	4,089,510	12,877,327
Brad M. Cerepak	Pension Plan	10.0	65	364,112	N/A
	PRP	9.6	65	1,504,502	N/A
		26.0	65	950,019	N/A
	Pension Plan				
William W. Spurgeon, Jr. (5), (6)					

	PRP	25.9	65	6,109,316	N/A
	Pension Plan	15.6	65	395,806	N/A
Ivonne M. Cabrera (5), (7)					
	PRP	14.9	65	903,480	N/A
	Pension Plan	10.0	65	341,829	N/A
Jay L. Kloosterboer					
	PRP	10.0	65	754,155	N/A

(1) This amount was earned by the NEO over his or her years of service. The present value of benefits was calculated assuming that the executive will receive a single lump sum payment upon retirement at the later of his or her current age or age 65.

(2) Mr. Tobin is not eligible to participate in the Dover pension plan or the PRP, since the pension plan and the PRP were closed to new employees on December 31, 2013.

(3) Mr. Livingston retired during 2018 and received a full distribution of his Dover pension plan benefits and a 75% distribution of his PRP benefit.

(4) Mr. Livingston's PRP service was capped at 30 years per the plan document.

(5) Eligible to retire with the portion of their PRP benefit accrued through December 31, 2009 payable unreduced at age 62 with 10 years of service.

(6) The present value of Mr. Spurgeon's PRP benefits assuming age 62 retirement age is \$7,310,664.

(7) The present value of Ms. Cabrera's PRP benefits assuming age 62 retirement age is \$1,073,908.

The amounts shown in the Pension Benefits table above are actuarial present values of the benefits accumulated through December 31, 2018. An actuarial present value is calculated by estimating expected future payments starting at an assumed retirement age, weighting the estimated payments by the estimated probability of surviving to each post-retirement age, and discounting the weighted payments at an assumed discount rate to reflect the time value of money. The actuarial present value represents an estimate of the amount which, if invested today at the assumed discount rate, would be sufficient on an average basis to provide estimated future payments totaling the current accumulated benefit. For purposes of the table, the assumed retirement age for each NEO is 65, the normal retirement age under each plan. Actual benefit present values will vary from these estimates depending on many factors, including an executive's actual retirement age.

## Pension Plan

We have a pension plan for which Dover employees, and the salaried employees of our participating subsidiaries, were eligible to become participants after they completed one year of service. Benefits under the pension plan for Dover employees, including those for the applicable NEOs, are determined by multiplying a participant's years of

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### **EXECUTIVE COMPENSATION TABLES**

credited service (up to a maximum of 35 years) by a percentage of their final average compensation, subject to statutory limits applicable to tax-qualified pension plans. Benefits for a number of the participating subsidiaries are determined under different benefit formulae.

Pension plan participants generally vest in their benefits after five years of employment or, if earlier, upon reaching age 65, which is the normal retirement age under the plan. All NEOs who participate in the pension plan are vested in their pension plan benefits and are eligible to begin receiving reduced benefits if their employment terminates before normal retirement age.

Effective December 31, 2013, the pension plan is closed to new employees. All pension eligible employees as of December 31, 2013 will continue to earn pension benefits through December 31, 2023 as long as they remain employed by an operating company participating in the plan. It is Dover's present intention to eliminate any future benefit accruals after December 31, 2023.

### **Pension Replacement Plan**

We also maintain the PRP, which is a non-qualified plan for tax purposes, to provide benefits to certain employees whose compensation and pension plan benefits are greater than the compensation and benefit limits applicable to tax-qualified pension plans. Prior to January 1, 2010, our plan which provided non-qualified retirement benefits was the Supplemental Executive Retirement Plan (SERP). Effective January 1, 2010, the SERP was amended to provide reduced benefits that are more consistent with the benefits provided under the pension plan and its name was changed to the PRP.

Employees are eligible to participate in the PRP if they hold certain positions within Dover, or its subsidiaries, are U.S. taxpayers and earn more than a set percentage above the Internal Revenue Code's compensation limits for tax-qualified pension plans. Dover's CEO may designate other employees as eligible and may revoke the eligibility of participants.

The formula for determining benefits accrued under the PRP after December 31, 2009, before offsets, is determined using the same benefit formula as under the pension plan, except that the Internal Revenue Code's limits on compensation and benefits applicable to tax-qualified pension plans will not apply. Benefits under the former SERP, before offsets, were determined by multiplying the participant's years of actual service with Dover companies, plus, in limited cases, prior service credit by a percentage of the participant's final average compensation as defined under the plan.

Benefits payable under the PRP or SERP are reduced by the amount of Company-provided benefits under any other retirement plans, including the pension plan, as well as the Company-paid portion of social security benefits. PRP participants must complete five years of service to vest in their benefits. All NEOs who participate in the PRP are fully vested in their benefits and will commence receiving benefits upon termination of employment. PRP benefits may be forfeited for cause (defined as conviction of a felony which places a Dover company at legal or other risk or is expected to cause substantial harm to the business of a Dover company or its relationships with employees, distributors, customers or suppliers).

Normal retirement age for purposes of the PRP is age 65. Certain employees who were participants on or before March 1, 2010 will be entitled to receive the portion of their benefits that accrued through December 31, 2009 without any reduction due to early retirement if they retire after they reach age 62 and complete 10 years of service. Generally, benefits accrued after December 31, 2009 will be subject to early retirement reduction factors consistent with the reduction factors in the pension plan.

Effective December 31, 2013, the PRP is closed to new employees. All eligible employees as of December 31, 2013 will continue to earn to their PRP benefits through December 31, 2023 as long as they remain employed by Dover and its affiliates. It is Dover's intention to eliminate any future benefit accruals after December 31, 2023, consistent with the freezing of benefit accruals under the pension plan.

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Table of Contents**EXECUTIVE COMPENSATION TABLES****Nonqualified Deferred Compensation in 2018**

Name	Plan Name	Executive	Registrant		Aggregate withdrawals/ distribution at last FYE	Aggregate balance at last FYE
		contributions in last FY	contributions in last FY	Aggregate earnings in last FY		
		(\$)(1)	(\$)	(\$)	(\$)	(\$)
Richard J. Tobin	Deferred Compensation Plan	171,154	N/A	(12,585)	N/A	158,569
	Deferred Compensation Plan	N/A	N/A	N/A	N/A	N/A
Robert A. Livingston	Compensation Plan Executive Deferred Income Plan (2)	N/A	N/A	13,115	2,972	412,616
	Deferred Compensation Plan	N/A	N/A	N/A	N/A	N/A
Brad M. Cerepak	Deferred Compensation Plan	N/A	N/A	N/A	N/A	N/A
	Deferred Compensation Plan	258,833	N/A	(266,865)	N/A	2,558,772
William W. Spurgeon, Jr.	Deferred Compensation Plan	N/A	N/A	(14,452)	N/A	110,562
	Deferred Compensation Plan	N/A	N/A	(714)	N/A	60,129
Ivonne M. Cabrera	Deferred Compensation Plan	N/A	N/A	(714)	N/A	60,129
	Deferred Compensation Plan	N/A	N/A	(714)	N/A	60,129
Jay L. Kloosterboer	Deferred Compensation Plan	N/A	N/A	(714)	N/A	60,129
	Deferred Compensation Plan	N/A	N/A	(714)	N/A	60,129

(1) If any amounts were shown as executive contributions in 2018, they would be included in the Summary Compensation Table in the salary, bonus or non-equity incentive plan compensation columns, as appropriate, for the respective officers.

(2) In 1984-1985, we offered our executive officers an executive deferred income plan ( EDIP ). Mr. Livingston participated in the EDIP, pursuant to which he elected to defer certain income during the period 1985-1988. Because Mr. Livingston reached age 65 and retired in 2018, he was entitled to begin receiving repayment of the deferred amount, together with interest, beginning in 2018 and continuing thereafter for a period of fifteen years. Accordingly, Mr. Livingston received his first payment of \$2,972 following his retirement in 2018.

Our deferred compensation plan is a nonqualified plan that permits select key management and highly compensated employees on a U.S. payroll with an annual salary equal to or greater than \$175,000 to irrevocably elect to defer a



portion of their salary and bonus. The deferred compensation plan provides participants who are not eligible to participate in the Pension Replacement Plan with the same level of matching and other employer contributions that they would have received if certain compensation limits under our Retirement Savings plan did not apply. Our NEOs participate in the Pension Replacement Plan and are therefore not eligible to receive matching and other employer contributions under the deferred compensation plan. As amended, the plan operates similar to an excess deferred compensation plan in that it provides for employer contributions on salary and bonuses in excess of the compensation limit permitted under the tax-qualified retirement savings plan.

Under the amended deferred compensation plan, an eligible participant's account will be credited with matching employer contributions on salary and bonus deferred under the plan each year on or after January 1, 2014, at the same rate as under our retirement savings plan plus additional employer contributions at the same rate that the participant's business unit makes automatic contributions under our retirement savings plan each year.

Amounts deferred under the plan are credited with hypothetical investment earnings based on the participant's investment elections made from among investment options designated under the plan. Participants are 100% vested in all amounts they defer, as adjusted for any earnings and losses on such deferred amounts. Effective as of January 1, 2010, a hypothetical investment option that tracks the value of Dover common stock, including any dividend payments, was added to the plan. This Dover stock unit fund does not actually hold any Dover stock, and

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**Table of Contents****EXECUTIVE COMPENSATION TABLES**

participants who elect to participate in this option do not own any Dover common stock, or have any voting or other rights associated with the ownership of our common stock. Participants' accounts are credited with the net returns of shares of our common stock equal to the number of stock units held by the participant. All distributions from the stock unit fund will be paid in cash. Balances allocated into the stock unit fund must remain in the stock unit fund for the remainder of the participant's participation in the plan.

Generally, deferred amounts will be distributed from the plan only on account of retirement at age 65 (or age 55 with 10 years of service), disability or other termination of service, or at a scheduled in-service withdrawal date chosen by the participant.

**Potential Payments upon Termination or Change-in-Control**

The discussion and tables below describe the payments to which each of the NEOs would be entitled in the event of termination of such executive's employment or a change-in-control.

In November 2010, Dover adopted an executive severance plan (the "severance plan") and senior executive CIC severance plan. See "Compensation Discussion and Analysis - Other Compensation Programs and Policies" for a description of the plans. The severance plan creates a consistent and transparent severance policy for determining benefits for all similarly-situated executives and formalizes Dover's current executive severance practices. All of our executives, including our NEOs, are eligible to participate in the severance plan. The CIC severance plan likewise establishes a consistent policy regarding double-trigger change-in-control severance payments based on current market practices. The CIC severance plan applies to all executives who are subject to Dover's senior executive shareholding guidelines on the date of a change-in-control (as defined in the plan), including all NEOs. Each of the severance plan and the CIC severance plan gives Dover the right to recover amounts paid to an executive under the plan as required under any clawback policy of Dover as in effect from time to time or under applicable law.

The 2005 Plan, the LTIP and Dover's other benefit plans each have their own provisions relating to rights and obligations under the plan upon termination.

The table below shows the aggregate amount of potential payments and other benefits that each NEO would have been entitled to receive if his employment had terminated in certain circumstances, other than as a result of a change-in-control, on December 31, 2018. The amounts shown assume that termination was effective as of December 31, 2018, include amounts earned through such time and are estimates of the amounts which could have been paid out to the executives upon their termination at that time. The actual amounts to be paid out can only be determined at the time of each executive's separation from our Company. Annual bonuses are discretionary and are therefore omitted from the tables. No NEO was eligible for normal retirement as of December 31, 2018 so we have omitted that column from the table. As of December 31, 2018, Mr. Spurgeon is eligible for early retirement under the Rule of 70 (as defined below) under the 2005 Plan and LTIP in respect to all awards granted prior to August 6, 2014, and the Rule of 65 under the LTIP for awards granted on or after August 6, 2014. Mr. Livingston retired as of April 30, 2018, prior to year-end and, accordingly, he is not included in the tables below. Mr. Tobin is obligated to repay the \$1,000,000 cash payment he received as part of his one-time make-whole grant if he terminates his employment without good reason or if Dover terminates his employment for cause, as such terms are defined in the employment agreement, prior to May 1, 2019, and he is required to repay a pro-rata portion of this amount if his employment is terminated without good reason or for cause prior to May 1, 2020. For a discussion of the special

termination provisions applicable to Mr. Tobin pursuant to his employment agreement, see *CEO Employment Agreement* on page 58.

Normal retirement is defined as (i) age 65 under the pension plan and PRP (however, as noted in the PRP plan description, Mr. Spurgeon and Ms. Cabrera can receive an unreduced portion of their PRP benefit as of age 62), (ii) age 65 (or 55 with 10 years of service) under the deferred compensation plan, and (iii) age 62 under the LTIP for awards prior to August 6, 2014 and 65 for all grants thereafter. Early retirement is defined in each of the deferred compensation plan, the PRP and the pension plan as described in the applicable plan description above.

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**EXECUTIVE COMPENSATION TABLES**

With respect to awards under the LTIP, early retirement is defined as termination for any reason other than normal retirement, death, disability or cause, under one of the following circumstances:

The executive has at least 10 years of service with a Dover company, the sum of his or her age and years of service on the date of termination equals at least 65, and for awards granted on or after August 6, 2014, is at least 55 years old (the Rule of 65), and the executive complies with certain notice requirements;

The executive has at least 15 years of service with a Dover company, the sum of his or her age and years of service on the date of termination equals at least 70, and for awards granted on or after August 6, 2014, is at least 60 years old (the Rule of 70), and the executive complies with certain notice requirements; or

The executive's employment terminates because the company or line of business in which he or she is employed is sold and the executive remains employed in good standing through the closing date of the sale (sale of a company).

Any person who takes early or normal retirement under the LTIP is deemed to have expressly agreed that he or she will not compete with us on the following terms: the participant will not compete with us or any of our companies at which he or she was employed within the three years immediately prior to his or her termination, in the geographic areas in which we or that company actively carried on business at the end of the participant's employment, for the period during which such retirement affords him or her enhanced benefits.

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**Table of Contents****EXECUTIVE COMPENSATION TABLES**

If the participant fails to comply with the non-compete provision, he or she forfeits the enhanced benefits referred to above and must return to Dover the economic value previously realized by reason of such benefits.

	<b>Voluntary Termination</b>	<b>Involuntary Cause Termination</b>	<b>Not for Cause Termination</b>	<b>For Cause Termination</b>	<b>Early Retirement under Rule of 65 or 70</b>
	<b>(\$)(1)</b>	<b>(\$)(2)</b>		<b>(\$)(3)</b>	<b>(\$)</b>
<b>Richard J. Tobin</b>					
Cash severance (4)	N/A	4,050,000		N/A	N/A
Performance share award (5)	0	5,390,142		0	N/A
Stock options/SSARs (6)	0	0		0	N/A
Restricted Stock Units (7)	0	9,342,909		0	N/A
Retirement plan payments (8)	N/A	N/A		N/A	N/A
Deferred comp plan	158,569	158,569		158,569	N/A
Health and welfare benefits (10)	0	35,598		0	N/A
Outplacement	N/A	10,000		N/A	N/A
<b>Total:</b>	158,569	18,987,218		158,569	N/A
<b>Brad M. Cerepak</b>					
Cash severance (4)	N/A	1,675,000		N/A	N/A
Performance share award (5)	0	0		0	N/A
Stock options/SSARs (6)	4,606,389	4,606,389		0	N/A
Restricted Stock Units (7)	0	0		0	N/A
Retirement plan payments (8)	1,743,926	1,743,926		353,975	N/A
Deferred comp plan	0	0		0	N/A
Health and welfare benefits (10)	0	23,732		0	N/A
Outplacement	N/A	10,000		N/A	N/A
<b>Total:</b>	6,350,315	8,059,047		353,975	N/A
<b>William W. Spurgeon, Jr.</b>					
Cash severance (4)	N/A	1,290,000		N/A	N/A
Performance share award (5)	N/A	508,499		0	508,499
Stock options/SSARs (6)	N/A	2,125,535		0	2,125,535
Restricted Stock Units (7)	N/A	390,154		0	390,154
Retirement plan payments (8)	N/A	8,359,592		923,852	8,359,592
Deferred comp plan (9)	N/A	2,558,772		2,558,772	2,558,772
Health and welfare benefits (10)	N/A	18,755		0	0
Outplacement	N/A	10,000		N/A	N/A
<b>Total:</b>	N/A	15,261,307		3,482,624	13,942,552

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	<b>Voluntary Termination</b>	<b>Involuntary Not for Cause Termination</b>	<b>For Cause Termination</b>	<b>Early Retirement under Rule of 65 or 70</b>
	<b>(\$)(1)</b>	<b>(\$)(2)</b>	<b>(\$)(3)</b>	<b>(\$)</b>
<b>Ivonne M. Cabrera</b>				
Cash severance (4)	N/A	1,040,000	N/A	N/A
Performance share award (5)	0	0	0	N/A
Stock options/SSARs (6)	2,143,095	2,143,095	0	N/A
Restricted Stock Units	0	0	0	N/A
Retirement plan payments (8)	1,461,455	1,461,455	379,192	N/A
Deferred comp plan (9)	110,562	110,562	110,562	N/A
Health and welfare benefits (10)	0	23,732	0	N/A
Outplacement	N/A	10,000	N/A	N/A
<b>Total:</b>	<b>3,715,112</b>	<b>4,788,844</b>	<b>489,754</b>	<b>N/A</b>
<b>Jay L. Kloosterboer</b>				
Cash severance (4)	N/A	1,040,000	N/A	N/A
Performance share award (5)	0	0	0	N/A
Stock options/SSARs (6)	901,171	901,171	0	N/A
Restricted Stock Units (7)	0	0	0	N/A
Retirement plan payments (8)	1,037,293	1,037,293	330,603	N/A
Deferred comp plan (9)	60,129	60,129	60,129	N/A
Health and welfare benefits (10)	0	19,919	0	N/A
Outplacement	N/A	10,000	N/A	N/A
<b>Total:</b>	<b>1,998,593</b>	<b>3,068,512</b>	<b>390,732</b>	<b>N/A</b>

- (1) Mr. Spurgeon is eligible for retirement under the 2005 Plan and early retirement under the LTIP. Accordingly, we have assumed that he would take early retirement rather than voluntary termination.
- (2) Dover anticipates allowing anyone eligible for early retirement under the Rule of 65 or the Rule of 70 to take early retirement in the event of involuntary termination for awards under the LTIP. Accordingly, for Mr. Spurgeon, this column reflects the applicable early retirement treatment of his performance shares, RSUs, and SSARs.
- (3) A NEO whose employment is terminated by us for cause will forfeit all outstanding cash and equity awards, whether or not vested or exercisable. The executive will receive a payment of amounts deferred and accrued in the deferred compensation plan and will receive pension plan payments, but will forfeit benefits under the PRP in accordance with the PRP terms.
- (4) Represents 12 month salary continuation plus an amount equal to the pro rata portion of the annual bonus paid for the prior year, subject to the Compensation Committee's discretion to reduce the payment amount, or in the case of Mr. Tobin the amount is equal to 1.5 times his annual salary plus the target bonus.
- (5) Represents payout of the performance share award for the performance period 2016-2018 at the actual performance level through December 31, 2018. Per his employment agreement, Mr. Tobin's sign on performance shares for 2018-2020 will fully vest subject to performance. Since Mr. Spurgeon is eligible for early retirement under the Rule of 65, the performance share awards for the three-year performance period 2017-2019 are also

*included at target. This calculation assumes that the Compensation Committee approves payout for the performance periods for the NEOs.*

- (6) *Reflects the value of vested SSARs as of December 31, 2018, which is the difference between the closing price of \$70.95 per share of our common stock on December 31, 2018, and the exercise price of each option and SSAR award multiplied by the number of shares covered by such award. Also includes, for the NEOs eligible for*

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**Table of Contents****EXECUTIVE COMPENSATION TABLES**

*early retirement, the value calculated in the same manner for the unvested SSARs that would vest within 36 months under the Rule of 70, or 24 months under the Rule of 65, following the executive's retirement.*

*(7) Mr. Spurgeon is eligible for early retirement under the Rule of 65, the amount reflects the value of unvested RSUs as of December 31, 2018 that will vest within the following 24 months. Mr. Tobin is eligible per his employment agreement to fully vest all sign on RSUs, and the amount shown represents the four remaining tranches that vest after 2018.*

*(8) Reflects benefits accrued under the PRP and pension plan as of December 31, 2018.*

*(9) These amounts reflect compensation deferred by the executive and earnings accrued thereon under the deferred compensation plan as of December 31, 2018; no increase in such benefits would result from the termination event.*

*(10) Under the severance plan, an executive is entitled to a monthly amount equal to the then cost of COBRA health continuation coverage based on the level of health care coverage in effect on the termination date, if any, for the lesser of 12 months or the period that the executive receives COBRA benefits. Mr. Tobin would receive 18 months per his employment agreement.*

**Potential Payments in Connection with a Change-in-Control (Without Termination)**

As discussed below, the payment of severance benefits following a change-in-control is subject to a double-trigger that is, such benefits are payable only upon certain specified termination events following a change-in-control. However, rights of an executive under the 2005 Plan, the LTIP, the deferred compensation plan, the pension plan, the PRP and other incentive and benefit plans are governed by the terms of those plans and typically are effected by the change-in-control event itself, even if the executive continues to be employed by us or a successor company following the change-in-control.

All equity awards outstanding as of December 31, 2018 were granted under the 2005 Plan or the LTIP. Under the 2005 Plan, upon a change-in-control, all outstanding options and SSARs will immediately become exercisable in accordance with the terms of the appropriate stock option or SSAR agreement. All outstanding performance share awards immediately vest and become immediately due and payable. The performance periods of all outstanding performance share awards terminate on the last day of the month prior to the month in which the change-in-control occurs. The participant is entitled to a payment, the amount of which is determined in accordance with the plan and the relevant performance share award agreement, which is then prorated based on the portion of the performance period that the participant completed prior to the change-in-control.

Under the LTIP, upon a change in control of Dover (as defined in the LTIP) and if, within 18 months following the date of the change in control, the participant is either involuntarily terminated other than for cause, death or disability, such that the participant is no longer employed by a Dover company or an event or condition that constitutes "good reason" under the LTIP occurs, and the participant subsequently resigns for good reason within applicable time limits and other applicable requirements under the LTIP:

All options and SSARs immediately vest upon the date of termination and become exercisable in accordance with the terms of the applicable award agreement;



All performance share awards will be deemed to have been earned at target as if the performance target had been achieved and such awards will immediately vest and become immediately due and payable on the date of termination; and

All outstanding restrictions, including any performance targets, on restricted stock or restricted stock unit awards will immediately vest or expire on the date of termination, and be deemed to have been satisfied or earned at target as if the performance targets, if any, have been achieved, and the award will become immediately due and payable on the date of termination.

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In the event of a change in control in which a participant's outstanding awards are impaired in value or rights as determined solely in the discretion of Dover's continuing directors (as defined in the plan), are not assumed by a successor corporation or an affiliate thereof, or are not replaced with an award or grant that, solely in the discretion of the Dover's continuing directors, will preserve the existing value of the outstanding awards at the time of the change in control:

All outstanding options and SSARs will immediately vest on the date of the change in control and become exercisable in accordance with the terms of the applicable award agreement;

All outstanding performance share awards will immediately vest and become due and payable on the date of the change in control as follows: the performance period of each such award will terminate on the last day of the month prior to the month in which the change in control occurs and the participant will be entitled to a cash or stock payment, the amount of which will be determined in accordance with the LTIP and the applicable award agreement prorated based on the number of months in the performance period which have passed prior to the change in control as compared to the total number of months in the original performance period; and

All outstanding restrictions, including any performance targets with respect to any options, SSARs, restricted stock or restricted stock unit awards will immediately vest or expire on the date of the change in control and be deemed to have been satisfied or earned at target as if the performance targets, if any, have been achieved and such awards will become immediately due and payable on the date of the change in control.

Each person granted an award under the 2005 Plan or LTIP is deemed to agree that, upon a tender or exchange offer, proxy solicitation or other action seeking to effect a change-in-control of Dover, he or she will not voluntarily terminate employment with us or any of our companies and, unless terminated by us, will continue to render services to us until the person seeking to effect a change-in-control of our Company has abandoned, terminated or succeeded in such person's efforts to effect the change-in-control.

Under the PRP, upon a change-in-control, each participant will become entitled to receive the actuarial value of the participant's benefit accrued through the date of the change-in-control. Under the deferred compensation plan, amounts deferred under the plan will continue to accrue any earnings and will be payable in accordance with the elections made by the executive officer.

The following table shows the aggregate potential equity values and potential payments under plans to which each of the continuing NEOs would have been entitled upon a change-in-control on December 31, 2018.

<b>Named Executive Officer</b>	<b>Stock Options/ SSARs (\$)(1)</b>	<b>Restricted Stock</b>	<b>Performance Share Awards</b>	<b>PRP and Pension Plan</b>	<b>Deferred Compensation</b>
--------------------------------	---	-----------------------------	-------------------------------------	---------------------------------	----------------------------------

	Awards (\$)				Plan (\$)
Richard J. Tobin	0	0	0	N/A	158,569
Brad M. Cerepak	2,219,842	0	0	1,389,951	0
William W. Spurgeon, Jr.	0	0	158,289	7,435,740	2,558,772
Ivonne M. Cabrera	1,316,593	0	0	1,082,263	110,562
Jay L. Kloosterboer	0	0	0	706,690	60,129

(1) Reflects value of vested and unvested options and SSARs granted under the 2005 Plan and the LTIP; table assumes no acceleration of vesting of such awards upon a change of control per the Plan provisions described above.

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**Table of Contents****EXECUTIVE COMPENSATION TABLES****Potential Payments upon Termination Following a Change-in-Control**

Under the CIC severance plan, an NEO covered by the plan will be entitled to receive severance payments if, within 18 months after the change-in-control, either his or her employment is terminated by Dover without cause or the executive terminates employment for good reason, as such terms are defined in the plan. The severance payments will consist of the following:

A lump sum payment equal to 2.0 multiplied by the sum of (i) the executive's annual salary on the termination date or the change-in-control date, whichever is higher, and (ii) his or her target annual incentive bonus for the year in which the termination or the date of the change-in-control occurs, whichever is higher; and

A lump sum payment equal to the then cost of COBRA health continuation coverage, based on the level of health care coverage in effect on the termination date, if any, for one year.

No executive may receive severance benefits under more than one plan or arrangement. If Dover determines that (i) any payment or distribution to an executive in connection with change-in-control, whether under the CIC severance plan or otherwise, would be subject to excise tax as an excess parachute payment under the Internal Revenue Code and (ii) the executive would receive a greater net-after-tax amount by reducing the amount of the severance payment, Dover will reduce the severance payments made under the CIC severance plan to the maximum amount that might be paid (but not less than zero) without the executive becoming subject to the excise tax. The CIC severance plan does not provide any gross-up for excise taxes.

The following table shows the potential payments and other benefits that each of the NEOs would have been entitled to receive upon involuntary or good reason termination following a change-in-control on December 31, 2018.

Named Executive Officer	Lump Sum Amount (\$)	Health and Welfare Benefits (\$)	Stock Outplacement (\$)	Restricted Stock/Options/SSARs (\$)(1)	Performance Share Awards (\$)(2)	280G Tax Gross-Up/Cutback (\$)(3)	Total (\$)(4)(5)	
Richard J. Tobin	5,400,000	35,598(6)	10,000	0	10,600,569	6,647,802	0	22,693,969
Brad M. Cerepak	2,820,000	23,732	10,000	4,766,160	810,036	770,233	0	9,200,162
William W. Spurgeon Jr.	2,600,000	18,755	10,000	2,125,535	453,583	635,428	0	6,001,591
Ivonne M. Cabrera	1,836,000	23,732	10,000	1,845,962	329,918	308,065	0	4,353,676
Jay L. Kloosterboer	1,836,000	19,919	10,000	1,920,631	329,918	308,065	0	4,424,532

- (1) Represents acceleration of vesting of SSAR awards granted under the LTIP.*
- (2) Represents RSUs granted under the LTIP.*
- (3) Represents payout at target of performance share awards granted under the LTIP for the 2017-2019 and 2018-2020 performance periods.*
- (4) The cutback amount shown in this column reflects the application of the best net provisions under the CIC severance plan as described above.*
- (5) For additional potential amounts payable upon a change-in-control under Dover's employee benefit plans without termination of employment, see table on previous page.*
- (6) Per Mr. Tobin's employment agreement, he is entitled to 18 months of Health and Welfare Benefits.*

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**Proposal 3 Advisory Resolution to Approve**

**Named Executive Officer Compensation**

Each year, we offer our shareholders an opportunity to vote to approve, on an advisory and nonbinding basis, the compensation of our NEOs as disclosed in this Proxy Statement in accordance with Section 14A of the Exchange Act.

We are asking our shareholders to indicate their support for our NEO compensation as described in this Proxy Statement. This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on our NEOs' compensation. We believe that Dover's compensation programs are well designed and reinforce our strategic focus on continued revenue and profit growth. Over the past few years, Dover has enacted many changes to its programs that are outlined in the Compensation Discussion and Analysis section of this Proxy Statement. We believe these changes have further strengthened the linkage between our compensation programs and the creation of shareholder value. At the 2018 Annual Meeting, 96% of the voting shareholders approved the compensation of the NEOs.

This vote is not intended to address any specific item of compensation but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we ask our shareholders to vote FOR the following resolution at the Annual Meeting:

RESOLVED, that Dover's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in Dover's Proxy Statement for the 2019 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

The say-on-pay vote is advisory and therefore not binding on Dover, our Compensation Committee or our Board. Our Board and our Compensation Committee value the opinions of our shareholders and, to the extent there is any significant vote against the NEO compensation as disclosed in this Proxy Statement, we will consider our shareholders' concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

**THE BOARD RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NEOs, AS**

**DISCLOSED IN THIS PROXY STATEMENT**

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### Management Proposals

#### Background of Proposals 4 and 5

#### Subject Matter of Vote

Our Board and the Governance and Nominating Committee believe that adherence to sound corporate governance policies and practices informed by evolving best practices and shareholder feedback is important, and they are committed to ensuring that Dover is governed and managed with the highest standards of responsibility and in the best interests of shareholders.

To that end, our Board and Governance and Nominating Committee have carefully considered the advantages and disadvantages of Dover's current super-majority voting provisions and, after careful consideration and upon the recommendation by the Governance and Nominating Committee, our Board has adopted, declared advisable and recommends that shareholders approve the amendment and restatement of our charter to eliminate the super-majority voting provisions contained therein, which are limited to the following matters:

Amendments to the charter relating to certain share repurchases from interested stockholders (defined in our charter as a beneficial holder of 5% or more of our shares, unless held for more than four years) or the ability for shareholders to use cumulative voting in the election of directors once there is a substantial stockholder (defined in our charter as a beneficial holder of 40% or more of our shares) (**Proposal 4**); and

Amendments to the charter provision that prohibits action by written consent of shareholders (**Proposal 5**). Under Dover's existing governing documents, a majority vote requirement applies to all other matters submitted to a vote (other than the use of plurality voting in the event of a contested election). There are no super-majority provisions in our by-laws and the only super-majority provisions in our charter are described above and subject to Proposals 4 and 5.

#### Board Analysis

These super-majority voting provisions have been part of our charter for many years and were originally designed to ensure that the interests of all shareholders were adequately represented in the event any of the actions contemplated by these provisions were to occur. On the other hand, the Board is aware that some shareholders oppose super-majority provisions, arguing that super-majority voting provisions may limit the ability of holders of a majority of our common stock to effect changes they desire.

The Board also took into account that:

We have taken **proactive steps** to remove super-majority provisions from our governance materials.

At our **2013** Annual Meeting, a non-binding shareholder proposal requesting us to take all steps necessary, in compliance with applicable law, to remove super-majority voting requirements from our governance

materials received the support of the holders of approximately 62% of our outstanding common stock.

At our **2014** Annual Meeting, a management proposal to amend our charter **to eliminate the super-majority provision applicable to business combinations** with a related person was **successful**. A management proposal to amend our bylaws **to permit shareholders owning at least 25% of our outstanding shares to call special meeting** also was **successful**.

Also at our **2014** Annual Meeting, **two other management proposals to eliminate the remaining super-majority provisions** (in Article 15 and Article 16 of our charter) were supported by holders of just over 76% of our outstanding common stock. The level of support was below the required affirmative vote of the holders of at least 80% of our common stock and **the proposals did not pass**.

At our **2017 and 2018** Annual Meetings, **informed by active shareholder engagement, we presented the same management proposals to eliminate the only remaining super-majority provisions in our**

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**MANAGEMENT PROPOSALS**

**charter.** In both 2017 and 2018, the proposals were supported by holders of just over 79% of our outstanding common stock. The level of support was below the required affirmative vote of the holders of at least 80% of our outstanding common stock and **the proposals did not pass.**

Following our 2018 Annual Meeting, **we sought further shareholder input** as our Board considered next steps with respect to the removal of the remaining super-majority provisions in our charter.

Shareholders expressed appreciation for our continued efforts to remove the provisions and acknowledged our continued responsiveness to shareholder feedback while facing the high hurdle presented by the current 80% voting requirement in our charter to approve amendments to remove the super-majority provisions.

Given our proactive and continued efforts to remove the remaining super-majority provisions over the past several years, many investors would have been supportive if our Board did not present a management proposal to eliminate supermajority provisions in 2019.

However, several shareholders continued to express a preference for simple majority voting requirements and encouraged us to put forth another management proposal to remove the remaining super-majority voting provisions in our charter.

Our Board is **committed to evolving our governance practices to ensure we continue to operate with a best-in-class governance structure.** Recent changes that show this commitment include:

Our 2016 **adoption of proxy access**, which permits a shareholder or a group of up to 20 shareholders holding 3% or more of our stock continuously for three years to nominate up to 20% of our Board or two directors, whichever is greater.

Our **enhanced shareholder engagement program, through which we reached out to holders of over 51% of our outstanding shares in 2018 and engaged with governance professionals and portfolio managers holding 32% of our outstanding shares.**

Our 2014 adoption of a bylaw permitting **shareholders owning at least 25% of our outstanding shares to call special meetings.**

Therefore, after careful consideration of the foregoing matters, the Board, upon the recommendation of the Governance and Nominating Committee, has determined that it is appropriate to propose the amendment and restatement of the charter to eliminate the super-majority voting provisions and that doing so is in the best interests of Dover and its shareholders.

**You are being provided with an opportunity to vote separately on the removal of each of the super-majority voting provisions currently contained in our charter as described below under Proposals 4 and 5.** In accordance with Delaware law, the Board has adopted resolutions approving and declaring advisable the amendment and restatement of our charter and is recommending the removal of both of the super-majority voting provisions to shareholders for approval. Under our charter and Delaware law, approval of each of Proposal 4 and 5 requires the affirmative vote of the holders of at least 80% of our outstanding common stock.

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### **Proposal 4 Approval of Amendments to Article 15 of Our Charter to Eliminate Super- Majority Voting Requirement**

#### **Subject Matter of Vote**

Article FIFTEENTH of our charter ( Article 15 ) requires that, subject to certain exceptions, any purchases by Dover or its subsidiaries of voting shares (defined in our charter as the outstanding shares of our capital stock entitled to vote generally in the election of directors) held by an interested stockholder (defined in our charter, among other things, as a beneficial owner of 5% or more of our voting shares that has been such a beneficial owner for less than four years) at a per share price in excess of the applicable market price must be approved by the affirmative vote of not less than a majority of the votes entitled to be cast by holders of all outstanding voting shares not beneficially owned by the interested stockholder. In addition, Article 15 provides shareholders with cumulative voting rights in the election of directors if at the time of such election there exists a substantial stockholder (defined in our charter as a beneficial owner of 40% or more of our voting shares). As of December 31, 2017, we are not aware of any beneficial owner that holds more than 12% of our outstanding voting shares.

Subsection (E) of Article 15 currently provides that amendments, alterations, changes or repeals ( Changes ) to or of Article 15 must be approved, subject to certain exceptions, by the affirmative vote of the holders of at least 80% of our outstanding voting shares (the Article 15 Amendment Provision ).

On the recommendation of the Governance and Nominating Committee, and based on the careful review of the advantages and disadvantages of the Article 15 Amendment Provision as described in the Background of Proposals 4 and 5 above, the Board has approved, and recommends that shareholders approve, this Proposal 4 to eliminate the Article 15 Amendment Provision in its entirety.

If this Proposal 4 is approved by shareholders, future Changes to Article 15 may be effected in accordance with Delaware law and will not be subject to a super-majority voting requirement. If this Proposal 4 is adopted, under Delaware law, future Changes to Article 15 would need to be approved by the Board and by the holders of at least a majority of the voting power of the capital stock of Dover outstanding and entitled to vote on the amendment.

The approval of this Proposal 4 is not conditioned on the approval of any other Proposal.

This summary of the proposed amendment is qualified in its entirety by reference to the text of the proposed elimination of the Article 15 Amendment Provision attached as Appendix A to this Proxy Statement, with deletions indicated by strike outs and additions indicated by underlining.

#### **Required Vote**

In accordance with Delaware law, our Board has approved and declared advisable the amendment and restatement of our charter, including the elimination of the Article 15 Amendment Provision, and is recommending it to shareholders for approval. Under our charter and Delaware law, approval of Proposal 4 will require the affirmative vote of holders at least 80% of our outstanding shares of common stock. If Proposal 4 is approved, our shareholders will be deemed to have approved an amended and restated certificate of incorporation of Dover incorporating the elimination of the Article 15 Amendment Provision set forth in Appendix A.

Abstentions and broker non-votes will have the effect of votes against the proposal. If this Proposal 4 is approved by shareholders, the Board has authorized the officers of Dover to file with the Delaware Secretary of State an amended and restated certificate of incorporation incorporating the elimination of the Article 15 Amendment Provision as set

forth in Appendix A. The amendment and restatement of our charter will become effective on the date the amended and restated certificate of incorporation is filed with the Delaware Secretary of State (or at such later effective date set forth therein). If Proposal 4 is not approved by the requisite vote, the proposed elimination of the Article 15 Amendment Provision of our charter will not be implemented and Dover's current voting requirements contained therein will remain in place.

**THE BOARD RECOMMENDS A VOTE FOR THE AMENDMENT TO ARTICLE 15 OF OUR CHARTER TO ELIMINATE SUPER-MAJORITY VOTING PROVISIONS CONTAINED THEREIN.**

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### **Proposal 5 Approval of Amendments to Article 16 of Our Charter to Eliminate Super- Majority Voting Requirement**

#### **Subject Matter of Vote**

The first paragraph of Article SIXTEENTH of our charter ( Article 16 ) contains a prohibition on shareholder action by written consent. The second paragraph of Article 16 currently provides that Changes to Article 16 must be approved, subject to certain exceptions, by the affirmative vote of the holders of at least 80% of our outstanding voting shares (the Article 16 Amendment Provision ).

On the recommendation of the Governance and Nominating Committee, and based on the careful review of the advantages and disadvantages of the Article 16 Amendment Provision as described in the Background of Proposals 4 and 5 above, the Board has approved, and recommends that shareholders approve, this Proposal 5 to eliminate the Article 16 Amendment Provision in its entirety.

If this Proposal 5 is approved by shareholders, future Changes to Article 16 may be effected in accordance with Delaware law and will not be subject to a super-majority voting requirement. If this Proposal 5 is adopted, under Delaware law, future Changes to Article 16 would need to be approved by the Board and by the holders of at least a majority of the voting power of the capital stock of Dover outstanding and entitled to vote on the amendment.

The approval of this Proposal 5 is not conditioned on the approval of any other Proposal.

This summary of the proposed amendment is qualified in its entirety by reference to the text of the proposed elimination of the Article 16 Amendment Provision attached as Appendix B to this Proxy Statement, with deletions indicated by strike outs and additions indicated by underlining.

#### **Required Vote**

In accordance with Delaware law, our Board has approved and declared advisable the amendment and restatement of our charter, including the elimination of the Article 16 Amendment Provision, and is recommending it to shareholders for approval. Under our charter and Delaware law, approval of Proposal 5 will require the affirmative vote of holders of at least 80% of our outstanding shares of common stock. If Proposal 5 is approved, our shareholders will be deemed to have approved an amended and restated certificate of incorporation of Dover incorporating the elimination of the Article 16 Amendment Provision set forth in Appendix B.

Abstentions and broker non-votes will have the effect of votes against the proposal. If this Proposal 5 is approved by shareholders, the Board has authorized the officers of Dover to file with the Delaware Secretary of State an amended and restated certificate of incorporation incorporating the elimination of the Article 16 Amendment Provision as set forth in Appendix B. The amendment and restatement of our charter will become effective on the date the amended and restated certificate of incorporation is filed with the Delaware Secretary of State (or at such later effective date set forth therein). If Proposal 5 is not approved by the requisite vote, the elimination of the Article 16 Amendment Provision of our charter will not be implemented and Dover's current voting requirements contained therein will remain in place.

**THE BOARD RECOMMENDS A VOTE FOR THE AMENDMENT TO ARTICLE 16 OF OUR CHARTER TO ELIMINATE SUPER-MAJORITY VOTING PROVISIONS CONTAINED THEREIN.**



**Table of Contents****Share Ownership Information****Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding the beneficial ownership, as of March 8, 2019 (except as otherwise stated), of our common stock by the following:

Each director and each of our executive officers named in Executive Compensation Summary Compensation Table ;

All of the directors and executive officers as a group including the NEOs; and

Each person known to us to own beneficially more than 5% of our outstanding common stock. The beneficial ownership set forth in the table is determined in accordance with the rules of the SEC. The percentage of beneficial ownership for directors and executive officers is based on 145,213,280 shares of common stock outstanding on March 8, 2019. Unless otherwise indicated in the footnotes below, the persons and entities named in the table have sole voting and investment power as to all shares beneficially owned.

<b>NAME OF BENEFICIAL OWNER</b>	<b>Number of Shares(1)</b>	<b>Percentage(1)</b>
<b><i>DIRECTORS (EXCEPT MR. TOBIN):</i></b>		
<b>PETER T. FRANCIS</b>	23,857(2)	*
<b>H. JOHN GILBERTSON, JR.</b>	628	*
<b>KRISTIANE C. GRAHAM</b>	543,235(3)	*
<b>MICHAEL F. JOHNSTON</b>	15,575(4)	*
<b>RICHARD K. LOCHRIDGE</b>	22,734(5)	*
<b>ERIC A. SPIEGEL</b>	2,994(6)	*

<b>STEPHEN M. TODD</b>	18,860(7)	*
<b>STEPHEN K. WAGNER</b>	14,860(8)	*
<b>KEITH E. WANDELL</b>	5,150	*
<b>MARY A. WINSTON</b>	14,563	*
<i>NEOS:</i>		
<b>RICHARD J. TOBIN</b>	27,411(9)	*
<b>ROBERT A. LIVINGSTON</b>	925,135(10)	*
<b>BRAD M. CEREPAK</b>	477,972(11)	*
<b>WILLIAM W. SPURGEON, JR.</b>	100,857(12)	*
<b>IVONNE M. CABRERA</b>	161,242(13)	*
<b>JAY L. KLOOSTERBOER</b>	91,579(14)	*
<b>DIRECTORS AND EXECUTIVE OFFICERS AS A GROUP (20 PERSONS)</b>	2,536,217(15)	1.7%
<i>5% BENEFICIAL OWNERS:</i>		
<b>BLACKROCK, INC.</b>	11,821,885(16)	8.1%
<b>STATE STREET CORPORATION</b>	8,367,126(17)	5.7%
<b>THE VANGUARD GROUP</b>	17,214,835(18)	11.76%
	8,333,335(19)	5.6%



**JPMORGAN CHASE & CO.**

\* *Less than one percent.*

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**Table of Contents****SHARE OWNERSHIP INFORMATION**

(1) *In computing the number of shares beneficially owned by an executive officer and the percentage ownership of such executive officers, we have included (i) shares of common stock subject to stock-settled appreciation rights ( SSARs ) held by that person that are currently exercisable or exercisable within 60 days of March 8, 2019 and (ii) shares of common stock subject to restricted stock units that are scheduled to vest within 60 days of March 8, 2019, subject to the executive being an employee of Dover on the date of vesting. Such shares, however, are not deemed to be outstanding for purposes of computing the percentage ownership of any other person. Information about shares held through Dover's 401(k) plan is as of March 8, 2019; fractional shares held in 401(k) accounts have been rounded down.*

*In computing the number of shares beneficially owned by any non-employee directors and the percentage of such non-employee directors, we have included shares of common stock subject to deferred stock units which will be payable in an equal number of shares of common stock at the time such director departs from the Board. Such shares, however, are not deemed to be outstanding for purposes of computing the percentage ownership of any other person.*

(2) *Includes 10,882 deferred stock units.*

(3) *Includes 159,359 shares held by foundations of which Ms. Graham is a director and in which she disclaims any beneficial ownership, 11,116 shares held in various trusts of which she is a co-trustee sharing voting and investment powers and in which she disclaims any beneficial ownership, 2,460 shares held by her minor children to which Ms. Graham disclaims any beneficial ownership and 10,882 deferred stock units.*

(4) *Includes 11,575 deferred stock units.*

(5) *Represents 13,360 shares held directly or indirectly by a trust of which Mr. Lochridge is the trustee and 9,374 deferred stock units.*

(6) *Represents 2,994 deferred stock units.*

(7) *Includes 10,882 deferred stock units.*

(8) *Includes 10,882 deferred stock units.*

(9) *Includes 3,126 deferred stock units, 5,908 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 41 shares held in our 401(k) plan.*

(10) *Includes 825,056 shares in respect of SSARs and 17,509 shares in respect of restricted stock units scheduled to vest on March 15, 2019.*

(11) *Includes 419,011 shares in respect of SSARs, 6,173 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 2,404 shares held in our 401(k) plan.*

(12) *Includes 81,181 shares in respect of SSARs, 3,509 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 8,975 shares held in our 401(k) plan.*

(13) *Includes 148,780 shares in respect of SSARs, 2,552 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 1,655 shares held in our 401(k) plan.*

(14) *Includes 67,373 shares in respect of SSARs, 2,552 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 2,481 shares held in our 401(k) plan.*

(15) *Includes 1,618,179 shares in respect of SSARs, 70,597 deferred stock units, 42,052 shares in respect of restricted stock units scheduled to vest on March 15, 2019 and 21,090 shares held in our 401(k) plan.*

(16) *Number of shares beneficially owned and percentage ownership based on information contained in a Schedule 13G/A filed with the SEC on February 4, 2019 by BlackRock, Inc. with respect to beneficial ownership of Dover common stock as of December 31, 2018. BlackRock, Inc.'s offices are located at 55 East 52nd Street, New York, NY 10055.*

(17) *Number of shares beneficially owned and percentage ownership based on information contained in a Schedule 13G filed with the SEC on February 14, 2019 by State Street Corporation with respect to beneficial ownership of*

*Dover common stock as of December 31, 2018. State Street Corporation's offices are located at One Lincoln Street, Boston, MA 02111.*

*(18) Number of shares beneficially owned and percentage ownership based on information contained in a Schedule 13G/A filed with the SEC on February 11, 2019 by The Vanguard Group with respect to beneficial ownership of Dover common stock as of December 31, 2018. The Vanguard Group's address is 100 Vanguard Blvd., Malvern, PA 19355.*

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**SHARE OWNERSHIP INFORMATION**

*(19) Number of shares beneficially owned and percentage ownership based on information contained in a Schedule 13G/A filed with the SEC on January 22, 2019 by JPMorgan Chase & Co. with respect to beneficial ownership of Dover common stock as of December 31, 2018. JPMorgan Chase & Co.'s address is 270 Park Avenue, New York, NY 10017.*

**Stock Ownership Guidelines**

Our Board has adopted a policy that directors are expected to hold at any time a number of shares at least equal to the aggregate number of shares they received as the stock portion of their annual retainer during the past five years, net of an assumed 30% tax rate.

Executive officers are expected to hold a number of shares with a value at least equal to a multiple of their annual salary. For a discussion of the executive officer share ownership guidelines, see *Executive Compensation Compensation Discussion and Analysis Other Compensation Programs and Policies*.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 (the Exchange Act) requires that our directors and certain of our officers file reports of ownership and changes of ownership of our common stock with the SEC and the NYSE. Based solely on copies of such reports provided to us, we believe that all directors and officers filed on a timely basis all such reports required of them with respect to stock ownership and changes in ownership during 2018.

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### **General Information About the Annual Meeting**

We are providing this Proxy Statement to our shareholders in connection with the solicitation of proxies by the Board for use at the Annual Meeting. We are mailing this Notice of Annual Meeting and Proxy Statement beginning on or about March 21, 2019.

### **Record Date**

The record date for determining shareholders eligible to vote at the Annual Meeting is March 8, 2019. As of the close of business on that date, we had outstanding 145,213,280 shares of common stock. Each share of common stock is entitled to one vote on each matter.

### **Electronic Delivery of Proxy Materials**

As permitted under SEC rules, we are making this Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2018 (which is our Annual Report) available to shareholders electronically via the internet. We believe electronic delivery expedites receipt of our proxy materials by shareholders, while lowering the costs and reducing the environmental impact of the Annual Meeting. If you receive a notice of internet availability of proxy materials by mail, you will not receive a printed copy of the proxy materials by mail unless you specifically request them. Instead, the notice of internet availability will provide instructions as to how you may review the proxy materials and submit your voting instructions over the internet. If you receive the notice by mail and would like to receive a printed copy of the proxy materials, you should follow the instructions in the notice of internet availability for requesting a printed copy. In addition, the proxy card contains instructions for electing to receive proxy materials over the internet or by mail in future years.

### **Shareholders of Record; Beneficial Owners**

Most holders of our common stock hold their shares beneficially through a broker, bank or other nominee rather than of record directly in their own name. As summarized below, there are some differences in the way to vote shares held of record and those owned beneficially.

If your shares are registered directly in your name with our transfer agent, you are considered the shareholder of record of those shares, and the notice of internet availability or proxy materials are being sent directly to you. As a shareholder of record, you have the right to

grant your voting proxy directly to the persons named as proxy holders or to vote in person at the Annual Meeting. If you received or requested printed copies of the proxy materials, Dover has enclosed a proxy card for you to use. You may also submit your proxy on the internet or by telephone as described in the proxy card.

If your shares are held in a brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held in street name, and these proxy materials are being forwarded to you by your broker or nominee who is considered the shareholder of record of those shares. As the beneficial owner, you generally have the right to direct your broker on how to vote and are also invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote those shares in person at the Annual Meeting unless you have a proxy, executed in your favor, from the holder of record of your shares. Your broker or nominee has enclosed a voting instruction card for you to use in directing your broker or nominee as to how to vote your shares. We strongly

encourage you to instruct your broker or nominee how you wish to vote.

**Vote Required; Abstentions and Broker Non-Votes; Quorum**

For Proposal 1, a majority of the votes cast at the Annual Meeting is required to elect directors. This means that the number of votes cast **FOR** a director must exceed the number of votes cast **AGAINST** that director in order for that director to be elected. Our organizational documents do not provide for cumulative voting.

Proposal 2 will require the affirmative vote of at least a majority of shares present in person or by proxy and entitled to vote at the Annual Meeting.

Proposal 3 is a nonbinding, advisory resolution so its ultimate adoption is at the discretion of the Board. The affirmative vote of a majority of shares present in person or by proxy and entitled to vote at the Annual Meeting will be deemed to be approval by the shareholders of Proposal 3.

Proposals 4 and 5 will require the affirmative vote of at least 80% of our outstanding shares of common stock.

If you are a shareholder of record and you sign and return your proxy card or vote electronically without

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### **GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

making any specific selection, then your shares will be voted FOR all director nominees listed in Proposal 1 and FOR Proposals 2, 3, 4 and 5.

If you specify that you wish to ABSTAIN from voting on an item, then your shares will not be voted on that particular item. Abstentions will not affect the outcome of the vote on Proposal 1. However, they will have the same effect as a vote against Proposals 2, 3, 4 and 5.

If you are a beneficial owner and hold your shares through a broker or other nominee and do not provide your broker or nominee with voting instructions, the broker or nominee will have discretionary authority to vote your shares on routine matters only and will not vote your shares on non-routine matters. This is generally referred to as a broker non-vote. Only Proposal 2 will be considered a routine matter for the Annual Meeting. Accordingly, broker non-votes will not affect the outcome of the vote on Proposal 1 but will have the same effect as a vote against Proposals 3, 4 and 5 as they will be counted as being present.

For purposes of the Annual Meeting, there will be a quorum if the holders of a majority of the outstanding shares of our common stock are present in person or by proxy. Abstentions and broker non-votes will be counted for purposes of determining if a quorum is present.

### **Additional Matters**

We have been notified that a beneficial owner may seek to present a shareholder proposal to adjourn the Annual Meeting to solicit the votes necessary to pass Proposals 4 and 5 if these proposals do not have the requisite votes to pass at the Annual Meeting (the Additional Proposal). We do not believe that the Additional Proposal was submitted to us in accordance with the advance notice requirements of our by-laws. However, if the Additional Proposal is considered at the Annual Meeting, it will require the affirmative vote of at least a majority of shares present in person or by proxy and entitled to vote at the Annual Meeting. Abstentions and broker non-votes will have the same effect as a vote against the Additional Proposal. The Board's designated proxyholders have discretionary authority to vote the proxies solicited by Dover on the Additional Proposal. If the Additional Proposal is considered at the Annual Meeting, the Board's designated proxyholders intend to exercise their discretion to vote AGAINST it.

### **Voting Procedures**

If you are a shareholder of record, you may vote in person at the Annual Meeting or submit your proxy or voting instruction form over the internet, by telephone or by mail by following the instructions provided in our notice of internet availability, in the proxy materials or in the voting instruction form. If you hold your shares beneficially in street name through a broker or other nominee, you must follow the instructions provided by your broker or nominee to vote your shares.

### **Revoking Your Proxy/Changing Your Voting Instructions**

If you are a shareholder of record, whether you give your proxy over the internet, by telephone or by mail, you may revoke it at any time before it is exercised. You may submit a new proxy by using the internet or the telephone or by mailing a new proxy card bearing a later date so long as it is received before the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting

will not, by itself, revoke your proxy. If you hold your shares beneficially in street name through a broker or other nominee, you must follow the instructions provided by your broker or nominee as to how you may change your voting instructions.

### **Shareholders Sharing the Same Address**

SEC rules permit us to deliver one copy of the Proxy Statement or a notice of internet availability of the Proxy Statement to multiple shareholders of record who share the same address and have the same last name, unless we have received contrary instructions from one or more of such shareholders. This delivery method, called householding, reduces our printing and mailing costs. Shareholders who participate in householding will continue to receive or have internet access to separate proxy cards.

If you are a shareholder of record subject to householding and wish to receive a separate copy of the Proxy Statement or notice of internet availability of the proxy materials, now or in the future, at the same address or if you are currently receiving multiple copies of such materials at the same address and wish to receive only a single copy, please write to or call the Corporate Secretary, Dover Corporation, 3005 Highland Parkway, Downers Grove, Illinois 60515, telephone: (630) 541-1540.

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### **GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

Beneficial owners sharing an address who are currently receiving multiple copies of the proxy materials or notice of internet availability of the proxy materials and wish to receive only a single copy in the future, or who currently receive a single copy and wish to receive separate copies in the future, should contact their bank, broker or other holder of record to request that only a single copy or separate copies, as the case may be, be delivered to all shareholders at the shared address in the future.

#### **Proxy Solicitation Costs**

We will pay the reasonable and actual costs of printing, mailing and soliciting proxies, but we will not pay a fee to any of our officers or employees or to officers or employees of any of our subsidiaries as compensation for soliciting proxies. We have retained Morrow Sodali, LLC to solicit brokerage houses and other custodians, nominees or fiduciaries, and to send proxies and proxy materials to the beneficial owners of such shares, for a fee of approximately \$20,000 plus expenses.

#### **Other Matters**

Our Board and management have not received notice of, and are not aware of, any business to come before the Annual Meeting other than the agenda items referred to in this Proxy Statement and the submission of the Additional Proposal. If, however, any other business properly comes before the meeting, the persons named as proxies will use their best judgment in voting the proxies.

#### **Shareholder Proposals and Director Nominations for 2020 Annual Meeting**

In order for shareholder proposals to be included in our proxy statement for the Annual Meeting of Shareholders to be held in 2020 (the 2020 Annual Meeting), they must be received by our Corporate Secretary at our principal executive offices, 3005 Highland Parkway, Downers Grove, Illinois, 60515, no later than the close of business on November 22, 2019.

In 2016, we adopted a proxy access right to permit a shareholder or a group of up to 20 shareholders owning 3% or more of our outstanding common stock continuously for at least three years to nominate and include in our proxy materials director candidates constituting up to the greater of two individuals or 20% of the Board, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in our by-laws. In order to be timely, notice of proxy access director nominees must be received by our Corporate Secretary at our principal executive offices at the address above no earlier than October 23, 2019 and no later than the close of business on November 22, 2019 being, respectively, 150 days and 120 days prior to the first anniversary of the date we first distributed this proxy statement.

All other shareholder nominations and proposals, in order to be voted on at the 2020 Annual Meeting, must be received by us no earlier than January 3, 2020, and no later than the close of business on February 2, 2020 being, respectively, 120 days and 90 days prior to the date of the first anniversary of the 2019 Annual Meeting.

#### **Where You Can Find Additional Information**

Our website is located at [www.dovercorporation.com](http://www.dovercorporation.com). Although the information contained on or connected to our website is not part of this Proxy Statement, you can view additional information on our website, such as:

Charters of our Board committees

Corporate Governance Guidelines

Code of Business Conduct & Ethics

Related Person Transactions Policy

Standards for Director Independence

Other governance materials and reports that we file with the SEC. Copies of these documents also may be obtained free of charge by writing or calling the Corporate Secretary, Dover Corporation, 3005 Highland Parkway, Downers Grove, Illinois 60515, telephone: (630) 541-1540

**Caution Concerning Forward-Looking Statements**

This proxy statement contains forward-looking statements that are inherently subject to uncertainties and risks. We caution investors to be guided in their analysis of Dover by referring to the documents we file with the SEC, including our Annual Report on Form 10-K for 2019, for a list of factors that could cause our results to differ from those anticipated in any such forward-looking statements.

**DOVER CORPORATION** 2019 Proxy Statement 85

**Table of Contents****GENERAL INFORMATION ABOUT THE ANNUAL MEETING****Non-GAAP Disclosures**

In an effort to provide investors with additional information regarding our results as determined by accounting principles generally accepted in the United States of America ( GAAP ), we also disclose non-GAAP information that we believe provides useful information to investors. Adjusted net earnings and adjusted diluted earnings per common share are not financial measures under GAAP and should not be considered as a substitute for net earnings or diluted earnings per common share as determined in accordance with GAAP, and they may not be comparable to similarly titled measures reported by other companies.

Earnings from continuing operations are adjusted by the effect of acquisition-related amortization, the Tax Cuts and Jobs Act, gains on disposition of businesses, disposition costs, rightsizing and other costs and a product recall reserve reversal to derive at adjusted earnings from continuing operations and adjusted diluted earnings per common share as follows:

(in millions, except per share data)	2018	2017
<b>Adjusted earnings from continuing operations:</b>		
Earnings from continuing operations	\$ 591	\$ 747
Acquisition-related amortization, pre-tax <sup>1</sup>	146	151
Acquisition-related amortization, tax impact <sup>2</sup>	(37)	(49)
Tax Cuts and Jobs Act <sup>3</sup>	(3)	(55)
Gain on dispositions, pre-tax <sup>4</sup>		(205)
Gain on dispositions, tax impact <sup>2</sup>		33
Disposition costs, pre-tax <sup>5</sup>		5
Disposition costs, tax impact <sup>2</sup>		(2)
Rightsizing and other costs, pre-tax <sup>6</sup>	73	49
Rightsizing and other costs, tax impact <sup>2</sup>	(15)	(15)
Product recall reversal, pre-tax		(7)
Product recall reversal, tax impact <sup>2</sup>		3
<b>Adjusted earnings from continuing operations</b>	<b>\$ 756</b>	<b>\$ 655</b>
<b>Diluted average shares outstanding</b>	<b>152</b>	<b>158</b>
<b>Adjusted diluted earnings per common share:</b>		
Earnings from continuing operations	\$ 3.89	\$ 4.73
Acquisition-related amortization, pre-tax <sup>1</sup>	0.96	0.96
Acquisition-related amortization, tax impact <sup>2</sup>	(0.24)	(0.31)
Tax Cuts and Jobs Act <sup>3</sup>	(0.02)	(0.35)
Gain on dispositions, pre-tax <sup>4</sup>		(1.30)
Gain on dispositions, tax impact <sup>2</sup>		0.21
Disposition costs, pre-tax <sup>5</sup>		0.03
Disposition costs, tax impact <sup>2</sup>		(0.01)
Rightsizing and other costs, pre-tax <sup>6</sup>	0.48	0.31

Rightsizing and other costs, tax impact <sup>2</sup>	(0.10)	(0.09)
Product recall reversal, pre-tax		(0.04)
Product recall reversal, tax impact <sup>2</sup>		0.02
<b>Adjusted diluted earnings per common share</b>	<b>\$ 4.97</b>	<b>\$ 4.15</b>

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**GENERAL INFORMATION ABOUT THE ANNUAL MEETING**

\* *Per share data and totals may be impacted by rounding.*

1 *Amortization expense of intangibles and inventory write up related to business acquisitions.*

2 *Adjustments were tax effected using the statutory tax rates in the applicable jurisdictions or the effective tax rate, where applicable, for each period.*

3 *2017 tax impact primarily related to the enactment of the Tax Reform Act. This benefit also includes decreases in statutory tax rates of foreign jurisdictions. 2018 adjustment represents tax benefits related to additional Tax Refrom Act regulatory guidance covered by SAB 118.*

4 *Includes gains from the sales of Performance Motorsports International and Warn Industries, Inc. ( Warn ) in the first and fourth quarters of 2017, respectively.*

5 *Disposition costs include costs related to the fourth quarter 2017 sale of Warn.*

6 *Rightsizing and other costs include actions taken on employee reductions, facility consolidations and site closures, product line exits and other associated asset charges.*

Adjusted earnings from continuing operations represents earnings from continuing operations adjusted for the effect of acquisition-related amortization, the Tax Reform Act, gains on disposition of businesses, disposition costs, rightsizing and other costs and a product recall reserve reversal. We exclude after-tax acquisition-related amortization because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. We exclude the other items because they occur for reasons that may be unrelated to our commercial performance during the period and/or we believe they are not indicative of our ongoing operating costs or gains in a given period. We believe this information is useful to investors to better understand our ongoing profitability as it will better reflect our core operating results, offer more transparency and facilitate easier comparability to prior and future periods and to its peers. Adjusted diluted earnings per common share represents adjusted net earnings divided by average diluted shares.

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**PROPOSED AMENDMENT TO ARTICLE FIFTEENTH OF RESTATED**  
**CERTIFICATE OF INCORPORATION TO ELIMINATE THE SUPER-MAJORITY**  
**VOTE REQUIREMENT EXPLAINED IN PROPOSAL 4**

(matter to be deleted is stricken)

FIFTEENTH: (A) (1) Except as otherwise expressly provided in paragraph (A)(2) below, any purchase by the corporation, or any subsidiary of the corporation, of Voting Shares (as hereinafter defined) from a person or persons known by the corporation to be an Interested Stockholder (as hereinafter defined) at a per share price in excess of the Market Price (as hereinafter defined) at the time of such purchase of the shares so purchased, shall require the affirmative vote of not less than a majority of the votes entitled to be cast by the holders of all then outstanding Voting Shares not beneficially owned by the Interested Stockholder, voting together as a single class. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or in any agreement with any national securities exchange or otherwise.

(2) The provisions of Paragraph (A)(1) of this Article Fifteenth shall not be applicable to any purchase of Voting Shares, if such purchase is pursuant to (i) an offer, made available on the same terms, to the holders of all of the outstanding shares of the same class of those purchased or (ii) a purchase program effected on the open market and not the result of a privately-negotiated transaction.

(B) (1) In the event that there shall exist a Substantial Stockholder (as hereinafter defined) of the corporation and such existence shall be known or made known to the corporation in advance of a meeting of stockholders at which directors will be elected, each holder of Voting Shares shall be entitled, in connection with any vote taken for such election of directors, to as many votes as shall equal the number of votes which (except for this provision as to cumulative voting) such stockholder would be entitled to cast for the election of directors with respect to such stockholder's Voting Shares multiplied by the number of directors to be elected, and such stockholder may cast all of such votes for a single director may distribute them among the number of directors to be voted for, or for any two or more of them as such stockholder may see fit.

(2) In connection with any election of directors in which stockholders are entitled to cumulative voting:

(a) The Board of Directors shall appoint a committee (the Committee) consisting of three Directors.

(b) The Committee shall send to all stockholders of the corporation entitled to vote in the election of directors at least 90 days in advance of such election a written notice informing stockholders (i) that the cumulative voting provisions of this Article will be in effect, (ii) that persons meeting the eligibility requirements of subparagraph (B)(2)(c) may submit nominations to the Committee, if such nominations are received at least 60 days in advance of the election and contain relevant information concerning the nominee, including all information required to be included in a proxy statement under the Securities and Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations), and the nominee's consent to be nominated, and (iii) as to the time, place and date of the meeting at which such election will be held.

(c) The Committee will review all nominees, and the corporation's proxy materials being prepared in connection with such meeting will include information relating to, and afford stockholders the opportunity to vote for, all nominees

who are included by the Committee in the corporation's proxy materials. The Committee shall be required to include in such proxy materials at least one nominee of each stockholder or group of stockholders who beneficially own Voting Shares with a Market Price (as herein defined) of at least \$250,000 at the time notice of such meeting is sent to stockholders and who submit the information required with respect to such nominee under subparagraph (B)(2)(b). The Committee may include more than one nominee of such person or persons, provided that the number of nominees included by the Committee which are submitted by any one person or group of persons may not exceed the number of directors to be elected at such a meeting.

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(d) The corporation's proxy statement and other communications with respect to the election shall contain, on an equal basis and at the expense of the corporation, descriptions and other statements of or with respect to all nominees for election which qualify under the procedures set forth in this Article.

(3) If necessary to assure that the provisions of this Paragraph (B) are fairly applied and complied with, the Board of Directors may postpone any meeting of stockholders to which this Article would apply for such period of time as shall be necessary to permit the Committee to perform its responsibilities hereunder.

(4) Notwithstanding any other provision which may be contained from time to time in this Certificate of Incorporation or the by-laws of the corporation concerning the manner in which the size of the Board of Directors of the corporation may be established or changed, in the event that a person becomes a Substantial Stockholder, the number of directors at the time such person becomes a Substantial Stockholder shall remain fixed and may not be changed by the Board of Directors or the stockholders until such time as such person is no longer a Substantial Stockholder.

(C) For purposes of this Article Fifteenth:

(1) Interested Stockholder shall mean any person (other than the corporation or any Subsidiary; and other than any profit sharing, employee stock ownership, or other employee benefit plan of the corporation or any subsidiary, or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which:

(a) is the beneficial owner, directly or indirectly, of not less than 5% of the Voting Shares and has been such a beneficial owner for less than four years; or

(b) is an Affiliate of the corporation and at any time within two years prior thereto was the beneficial owner, directly or indirectly, for a period of less than four years of not less than 5% of the then outstanding Voting Shares; or

(c) is an assignee of or has otherwise succeeded to any shares of capital stock of the corporation which were at any time within two years prior thereto beneficially owned by any Interested Stockholder and such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(2) The term Substantial Stockholder shall mean any person (other than the corporation or any Subsidiary; and other than any profit sharing, employee stock ownership or other employee benefit plan of the corporation or any subsidiary, or any trustee of or fiduciary with respect to any such plan when acting in such capacity) who or which is the beneficial owner, directly or indirectly, of not less than 40% of the Voting Shares.

(3) For the purpose of determining whether a person is an Interested Stockholder or a Substantial Stockholder, the number of Voting Shares deemed to be outstanding shall include shares deemed beneficially owned by such person through application of subparagraph (4) of Paragraph (C) of Article Fourteenth, but shall not include any other Voting Shares that may be issuable pursuant to any agreement, or upon exercise of conversion rights, warranties or options, or otherwise.

(4) For purposes of this Article Fifteenth, the terms Voting Shares, beneficial owner, person, Affiliate, Associate, Subsidiary, and Market Price shall have the meanings set forth in Article Fourteenth of this Certificate of Incorporation, except that Market Price shall mean the last closing sale price or the last closing bid quotation immediately preceding the date in question instead of the highest closing sale price or the highest closing bid quotation during the 30-day period immediately preceding the date in question; and



(D) The Board of Directors shall have the power and the duty to determine for the purposes of this Article Fifteenth (a) whether the provisions of the Article are applicable to a particular transaction, (b) whether a person is an Interested Stockholder or a Substantial Stockholder, (c) the number of Voting Shares or other securities beneficially

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owned by any person, (d) whether a person is an Affiliate or Associate of another, (e) what the Market Price is and whether a price is above the Market Price as of a given date, and (f) whether any person nominating directors in accordance with Paragraph B.2. beneficially owns Voting Shares with an aggregate Market Price of at least \$250,000.

~~(E) Notwithstanding any other provisions of this Certificate of Incorporation or the By laws of the corporation to the contrary (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the by laws of the corporation), any amendment, alteration, change or repeal of this Article Fifteenth of this Certificate of Incorporation shall require the affirmative vote of the holders of at least 80% of the then outstanding Voting Shares; provided, however, that this Paragraph E shall not apply to and such 80% vote shall not be required for, any amendment, alteration, change or repeal recommended to the stockholders by the majority vote of the Board of Directors and at the time such amendment, alteration, change or repeal is under consideration there is, to the knowledge of the Board of Directors, neither an Interested Stockholder nor a Substantial Stockholder.~~

**PROPOSED AMENDMENT TO ARTICLE SIXTEENTH OF RESTATED**  
**CERTIFICATE OF INCORPORATION TO ELIMINATE THE SUPER-MAJORITY**  
**VOTE REQUIREMENT EXPLAINED IN PROPOSAL 5**

(matter to be deleted is stricken)

SIXTEENTH: No action required to be taken or which may be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

~~Notwithstanding any other provisions of this Certificate of Incorporation or the By laws of the corporation to the contrary (and notwithstanding the fact that a lesser percentage may be specified by law, this Certificate of Incorporation or the By laws of the corporation), any amendment, alternation, change or repeal of this Article Sixteenth of this Certificate of Incorporation shall require the affirmative vote of the holders of at least 80% of the then outstanding Voting Shares; provided, however, that such 80% vote of the then outstanding vote shall not required for, any amendment, alteration, change or repeal recommended to the stockholders by the majority vote of the Board of Directors and at the time such amendment, alteration, change or repeal is under consideration there is, to the knowledge of the Board of Directors, neither an Interested Stockholder nor a Substantial Stockholder.~~

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***DOVER CORPORATION***

***3005 HIGHLAND PARKWAY***

***DOWNERS GROVE, IL 60515***

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information. Vote by 11:59 p.m. Eastern Time on April 30, 2019 for shares held in a Plan. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions. Vote by 11:59 p.m. Eastern Time on April 30, 2019 for shares held in a Plan. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E62269-P17210-Z73847

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

**THIS PROXY CARD IS VALID  
ONLY WHEN SIGNED AND  
DATED.**

**DOVER CORPORATION**

**The Board of Directors recommends a vote FOR each  
director under Item 1:**

1. Election of Directors

**For Against Abstain**

1a. H. J. Gilbertson, Jr.

1b. K. C. Graham

1c. M. F. Johnston

1d. E. A. Spiegel

1e. R. J. Tobin

1f. S. M. Todd

1g. S. K. Wagner

1h. K. E. Wandell

**The Board of  
Directors  
recommends a  
vote FOR  
Items 2, 3, 4  
and 5:**

**For Against Abstain**

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2019.

3. To approve, on an advisory basis, named executive officer compensation.

4. To approve amendments to Article 15 of our Restated Certificate of Incorporation to eliminate the super-majority

voting  
requirement.

1i. M. A. Winston

5. To approve amendments to Article 16 of our Restated Certificate of Incorporation to eliminate the super-majority voting requirement.

**NOTE:** Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]      Date

Signature Date  
(Joint  
Owners)

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**WE ENCOURAGE YOU TO TAKE ADVANTAGE OF INTERNET OR TELEPHONE VOTING,  
BOTH ARE AVAILABLE 24 HOURS A DAY, 7 DAYS A WEEK.**

Internet and telephone voting are available through 11:59 PM Eastern Time  
the day before the annual meeting date.

Your Internet or telephone vote authorizes the named proxies to vote these shares in the  
same manner as if you marked, signed and returned your proxy card.

<b>INTERNET</b>	<b>OR</b>	<b>TELEPHONE</b>
<u><a href="http://www.proxyvote.com">http://www.proxyvote.com</a></u>		1-800-690-6903
Use the Internet to vote your proxy.		Use any touch-tone telephone to
Have your proxy card in hand when		vote your proxy. Have your proxy
you access the website.		card in hand when you call.

**If you vote your proxy by Internet or telephone, you do NOT need to mail back your proxy card.**

**To vote by mail, sign and date your proxy card and return it in the enclosed postage-paid envelope.**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

E62270-P17210-Z73847

**PROXY**

**DOVER CORPORATION**

**PROXY SOLICITED BY BOARD OF DIRECTORS FOR ANNUAL MEETING**

**MAY 2, 2019**

The undersigned hereby appoints Richard J. Tobin, Brad M. Cerepak and Ivonne M. Cabrera, and each of them, as the undersigned's proxy or proxies, each with full power of substitution, to vote all shares of Common Stock of Dover Corporation which the undersigned is entitled to vote at the Annual Meeting of Shareholders to be held in Fort Lauderdale, FL on May 2, 2019 at 1:00 P.M., local time, and any adjournments thereof, as fully as the undersigned could if personally present, upon the proposals set forth on the reverse side hereof, revoking any proxy or proxies heretofore given. For participants in the Company's Retirement Savings Plan, this proxy will govern the voting of stock held for the account of the undersigned in the Plan.

**IMPORTANT** - You have the option of voting these shares by returning the enclosed proxy card, voting via Internet or by using a toll-free telephone number above and on the reverse side. On the reverse side of this proxy card are instructions on how to vote via the Internet or by telephone. If you vote by either of these methods, your vote will be recorded as if you mailed in your proxy card. If you vote by returning this proxy card, you must sign and date this proxy on the reverse side.

**THIS PROXY WILL BE VOTED IN ACCORDANCE WITH THE SPECIFICATIONS MADE ON THE REVERSE SIDE, BUT IF NO CHOICES ARE INDICATED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES LISTED ON THE REVERSE SIDE, AND FOR PROPOSALS 2, 3, 4 AND 5.**

**Continued and to be signed on reverse side**