

PROVIDENT FINANCIAL SERVICES INC  
Form DEF 14A  
June 04, 2003

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

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 §240.14a-12

**Provident Financial Services, Inc.**

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(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**830 Bergen Avenue**  
**Jersey City, New Jersey 07306-4599**

June 5, 2003

Dear Fellow Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of Provident Financial Services, Inc., which will be held at Casino-in-the-Park, located in Lincoln Park (a municipal park), Jersey City, New Jersey, on Thursday, July 17, 2003 at 10:00 a.m., New Jersey time.

The enclosed Notice of Annual Meeting and Proxy Statement describe the business to be conducted at the annual meeting, which consists of the election of four directors, the approval of the Provident Financial Services, Inc. 2003 Stock Option Plan, the approval of the Provident Financial Services, Inc. 2003 Stock Award Plan and the ratification of the appointment of KPMG LLP as independent auditors for the year ending December 31, 2003. For the reasons set forth in the enclosed proxy statement, the Board of Directors of Provident Financial Services, Inc. unanimously recommends that you elect the four recommended nominees as directors and vote **FOR** each other matter to be considered at the annual meeting.

We urge you to complete, sign, date and return the enclosed proxy card as soon as possible, even if you plan to attend the annual meeting. Voting by proxy will not prevent you from voting in person, but will assure that your vote is counted if you are unable to attend the annual meeting. Your vote is important, regardless of the number of shares that you own. Thank you for your continued interest in and support of Provident Financial Services, Inc.

Sincerely,

Paul M. Pantozzi  
Chairman, Chief Executive Officer  
and President

**Provident Financial Services, Inc.**

**830 Bergen Avenue**

**Jersey City, New Jersey 07306-4599**

**(201) 333-1000**

**NOTICE OF**

**ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held On July 17, 2003**

Notice is hereby given that the Annual Meeting of Stockholders of Provident Financial Services, Inc. will be held at Casino-in-the-Park, located in Lincoln Park (a municipal park), Jersey City, New Jersey, on Thursday, July 17, 2003 at 10:00 a.m., New Jersey time.

A proxy statement and proxy card for the annual meeting are enclosed.

The annual meeting is being held for the purpose of considering and voting on the following matters:

1. To elect four directors for a three-year term;
2. To approve the Provident Financial Services, Inc. 2003 Stock Option Plan;
3. To approve the Provident Financial Services, Inc. 2003 Stock Award Plan;
4. To ratify the appointment of KPMG LLP as independent auditors for Provident Financial Services, Inc. for the year ending December 31, 2003; and
5. To transact such other business as may properly come before the annual meeting, or any adjournment or postponement of the annual meeting.

The Board of Directors is not aware of any other business to come before the annual meeting.

Stockholders of record at the close of business on May 23, 2003 are the stockholders entitled to vote at the annual meeting, and any adjournment or postponement of the annual meeting. A list of stockholders entitled to vote at the annual meeting will be available for inspection at 830 Bergen Avenue, Jersey City, New Jersey for a period of ten days prior to the annual meeting and will also be available for inspection at the

annual meeting.

**EACH STOCKHOLDER, WHETHER HE OR SHE PLANS TO ATTEND THE ANNUAL MEETING, IS REQUESTED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY CARD WITHOUT DELAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.**

By Order of the Board of Directors

Jersey City, New Jersey

John F. Kuntz

June 5, 2003

Corporate Secretary

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**THE PROMPT RETURN OF PROXIES WILL SAVE THE EXPENSE OF FURTHER REQUESTS FOR PROXIES. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.**

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**PROXY STATEMENT**

**Provident Financial Services, Inc.**

**830 Bergen Avenue**

**Jersey City, New Jersey 07306-4599**

**(201) 333-1000**

**ANNUAL MEETING OF STOCKHOLDERS**

**July 17, 2003**

***Date, Time, Place and General Information.*** This proxy statement solicits, on behalf of the Board of Directors of Provident Financial Services, Inc., proxies to be voted at the Annual Meeting of Stockholders of Provident Financial Services, Inc., which will be held at Casino-in-the-Park, located in Lincoln Park (a municipal park), Jersey City, New Jersey, on Thursday, July 17, 2003 at 10:00 a.m., New Jersey time, and at all adjournments or postponements of the annual meeting. The accompanying Notice of Annual Meeting of Stockholders and this proxy statement are first being mailed to stockholders on or about June 5, 2003.

Provident Financial Services, Inc., a Delaware corporation, operates as the bank holding company for The Provident Bank, its wholly-owned subsidiary. As used in this proxy statement, we, us and our refer to Provident Financial Services, Inc. and its subsidiaries. The term annual meeting, as used in this proxy statement, includes any adjournment or postponement of the annual meeting.

***Record Date and Voting of Shares.*** Holders of record of Provident Financial Services, Inc. common stock, par value \$0.01 per share as of the close of business on May 23, 2003, the record date for the annual meeting, are entitled to one vote for each share held, except as described below. As of the May 23, 2003 record date, Provident Financial Services, Inc. had 61,538,300 shares of common stock issued and outstanding. The presence, in person or by proxy, of at least a majority of the total number of issued and outstanding shares of common stock entitled to vote is necessary to constitute a quorum at the annual meeting. In the event there are not sufficient votes for a quorum, or to approve or ratify any matter being presented at the time of this annual meeting, the annual meeting may be adjourned or postponed in order to permit the further solicitation of proxies.

In accordance with the provisions of the Certificate of Incorporation of Provident Financial Services, Inc., record holders of common stock who beneficially own in excess of 10% of the issued and outstanding shares of common stock are not entitled to vote any of the shares held in excess of that limit. The Certificate of Incorporation further authorizes the Board of Directors (i) to make all determinations necessary to implement and apply that 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 shares of common stock in excess of the limit supply information to enable the Board of Directors to implement and apply the limit.

***Voting Procedures and Method for Counting Votes.*** As to the election of directors, the proxy card furnished to a stockholder by the Board of Directors enables a stockholder to vote FOR the election of the four nominees proposed by the Board of Directors, or to vote VOTE

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WITHHELD for any nominee being proposed. Under Delaware law and the Certificate of Incorporation and Bylaws of Provident Financial Services, Inc., directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is withheld.

As to the approval of the Provident Financial Services, Inc. 2003 Stock Option Plan and the Provident Financial Services, Inc. 2003 Stock Award Plan, by checking the appropriate box, a stockholder may: (i) vote FOR the item; (ii) vote AGAINST the item; or (iii) ABSTAIN from voting on such item. These plans must be approved by a majority of the shares outstanding and eligible to be voted at the annual meeting. Therefore, broker non-votes and abstentions will have the same effect as a vote against the plans.

As to the ratification of KPMG LLP as independent auditors of Provident Financial Services, Inc., by checking the appropriate box, a stockholder may: (i) vote FOR the item; (ii) vote AGAINST the item; or (iii) ABSTAIN from voting on such item. Under the Certificate of Incorporation and Bylaws of Provident Financial



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Services, Inc., the ratification of this matter shall be determined by a majority of the votes cast, without regard to broker non-votes or proxies marked ABSTAIN.

Proxies solicited by the Board of Directors will be returned to us, and will be tabulated by inspectors of election designated by the Board of Directors.

**Revocability of Proxies.** Stockholders who execute and return proxies may revoke them in the manner described below. Unless revoked, the shares represented by such proxies will be voted at the annual meeting and all adjournments or postponements of the annual meeting. Proxies solicited on behalf of the Board of Directors of Provident Financial Services, Inc. will be voted in accordance with the directions given in the proxies. **Where no instructions are indicated, validly executed proxies will be voted FOR each of the proposals set forth in this proxy statement for consideration at the annual meeting.**

A proxy may be revoked by a stockholder at any time before it is exercised by sending a written notice of revocation to the Secretary of Provident Financial Services, Inc., by delivering to Provident Financial Services, Inc. a duly executed proxy bearing a later date, or by attending the annual meeting, delivering a written revocation of your proxy and voting in person. However, if you are a stockholder whose shares of Provident Financial Services, Inc. common stock are not registered in your own name, you will need appropriate documentation from your record holder to vote in person at the annual meeting.

**Security Ownership of Certain Beneficial Owners.** Persons and groups who beneficially own in excess of 5% of the common stock are required to file certain reports with the Securities and Exchange Commission regarding such ownership. As of May 23, 2003, Provident Financial Services, Inc. was unaware of any person who beneficially owns more than 5% of Provident Financial Services, Inc.'s issued and outstanding shares of common stock. As of May 23, 2003, the Provident Financial Services, Inc. Employee Stock Ownership Plan owned 2,895,134 shares of common stock of Provident Financial Services, Inc., or 4.7% of the outstanding common stock.

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## PROPOSAL I ELECTION OF DIRECTORS

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Our Board of Directors currently consists of eleven (11) members, and is divided into three classes, with one class of directors elected each year. Directors of Provident Financial Services, Inc. are generally elected to serve for a three-year term and until their respective successors shall have been elected and qualified. Four Directors will be elected at the annual meeting to serve for a three-year term and until their respective successors shall have been elected and shall qualify. The Board of Directors has nominated J. Martin Comey, Geoffrey M. Connor, Edward O. Donnell and Thomas E. Sheenan for election as directors at the annual meeting.

The following table sets forth certain information, as of May 23, 2003, regarding the members of the Board of Directors, including the terms of office of each member and information regarding the executive officers of Provident Financial Services, Inc. and its wholly-owned subsidiary, The Provident Bank. It is intended that the proxies solicited on behalf of the Board of Directors (other than proxies in which the vote is withheld as to the nominees) will be voted at the Annual Meeting for the election of the nominees identified below. If the nominees are unable to serve, the shares represented by all such proxies will be voted for the election of such substitute as the Board of Directors may recommend. At this time, the Board of Directors knows of no reason why the nominees would be unable to serve, if elected. Except as otherwise disclosed in this proxy statement, there are no arrangements or understandings between the nominees and any other person pursuant to which such nominees were selected.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE**

**NOMINEES LISTED IN THIS PROXY STATEMENT**

<u>Names</u>	<u>Position (s) held with Provident Financial Services, Inc.</u>	<u>Age</u>	<u>Director Since <sup>(1)</sup></u>	<u>Expiration of Term</u>	<u>Beneficial Ownership</u>	<u>Percent of Class</u>
<b>NOMINEES</b>						
J. Martin Comey	Director	69	1975	2003	52,000 <sup>(2)</sup>	*
Geoffrey M. Connor	Director	56	1996	2003	30,000 <sup>(3)</sup>	*
Edward O. Donnell	Director	53	2002	2003	20,000	*
Thomas E. Sheenan	Director	68	1990	2003	35,389 <sup>(4)</sup>	*
<b>DIRECTORS CONTINUING IN OFFICE</b>						
Paul M. Pantozzi	Chairman, Chief Executive Officer and President	58	1989	2004	60,239 <sup>(5)</sup>	*
John G. Collins	Director	66	2003	2004	1,000	
Frank L. Fekete	Director	51	1995	2004	22,500 <sup>(6)</sup>	*
David Leff	Director	69	1992	2004	30,000	*
Carlos Hernandez	Director	53	1996	2005	6,870 <sup>(7)</sup>	*
William T. Jackson	Director	64	1974	2005	30,200 <sup>(8)</sup>	*
Arthur R. McConnell	Director	64	1990	2005	25,000	*
<b>EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS</b>						
Kevin J. Ward	Executive Vice President and Chief Operating Officer	54	N/A	N/A	41,858 <sup>(9)</sup>	*
C. Gabriel Haagensen**	Executive Vice President	62	N/A	N/A	20,162 <sup>(10)</sup>	*
Glenn H. Shell**	Human Capital Management Executive Vice President	59	N/A	N/A	42,216 <sup>(11)</sup>	*
Gregory French**	Customer Management Group Senior Vice President	46	N/A	N/A	25 <sup>(12)</sup>	*
John F. Kuntz	Market Development Group General Counsel and	47	N/A	N/A	500 <sup>(13)</sup>	*
Linda A. Niro	Corporate Secretary Senior Vice President and	48	N/A	N/A	8,182 <sup>(14)</sup>	*
Kenneth J. Wagner	Chief Financial Officer Senior Vice President	52	N/A	N/A	1,605 <sup>(15)</sup>	*
Donald W. Blum**	Investor Relations Senior Vice President and	46	N/A	N/A	32 <sup>(16)</sup>	*
Angel R. Denis**	Chief Lending Officer First Vice President and	43	N/A	N/A	5,932 <sup>(17)</sup>	*
Charles Firestone**	Comptroller Senior Vice President	51	N/A	N/A	4,000 <sup>(18)</sup>	*
Giacomo Novielli**	Risk Management Group First Vice President Delivery and Distribution Division	43	N/A	N/A	6,086 <sup>(19)</sup>	*
All directors and executive					443,796	*

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officers as a group (22

persons)

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\* Less than 1%

\*\* Messrs. Haagensen, Shell, French, Blum, Denis, Firestone and Novielli are officers of The Provident Bank only.

- (1) Includes initial appointment to the Board of Managers of The Provident Bank, the wholly-owned subsidiary of Provident Financial Services, Inc.
- (2) Includes 8,600 shares held in the Voluntary Fee Deferral Plan for the Board of Directors.
- (3) Includes 7,500 shares held in an individual retirement account, 5,000 shares held as custodian for Mr. Connor's minor children and 1,000 shares held by an adult child of Mr. Connor.
- (4) Includes 2,000 shares held by Mr. Sheenan's spouse, 200 shares held by Mr. Sheenan's daughter and 30,189 shares held in the Voluntary Fee Deferral Plan for the Board of Directors.
- (5) Includes 1,000 shares held by Mr. Pantozzi as custodian for his grandchildren, 2,000 shares held by Mr. Pantozzi's spouse, 22,000 shares held by Mr. Pantozzi through the Supplemental Executive Retirement Plan and 6,339 shares held by Mr. Pantozzi through the Employee Savings Incentive Plan.
- (6) Includes 7,500 shares held by Mr. Fekete's spouse, 10,000 shares held by a custodian for a retirement account for Mr. Fekete's benefit, 2,000 shares held by Mr. Fekete's spouse as custodian for Mr. Fekete's son, 1,000 shares held by Mr. Fekete's spouse as trustee of a trust for the benefit of a relative and 2,000 shares held by Mr. Fekete's daughter.
- (7) Includes 1,450 shares held by Mr. Hernandez's spouse in an individual retirement account.
- (8) Includes 200 shares held by Mr. Jackson's spouse.

*(footnotes continued on following page)*

- (9) Includes 30,158 shares held by Mr. Ward through the Employee Savings Incentive Plan, 2,400 shares held by Mr. Ward through the Supplemental Executive Retirement Plan and 3,800 shares held by Mr. Ward's spouse.
- (10) All of Mr. Haagensen's shares are held through the Employee Savings Incentive Plan.
- (11) Includes 22,500 shares held by Mr. Shell in an individual retirement account, 7,500 shares held by Mr. Shell's spouse, 10,216 shares held through the Employee Savings Incentive Plan and 2,000 shares held in the Supplemental Executive Retirement Plan.
- (12) All of Mr. French's shares are held through the Employee Savings Investment Plan.
- (13) All of Mr. Kuntz's shares are held in an individual retirement account for the benefit of his spouse.
- (14) Includes 6,032 shares held by Ms. Niro through the Employee Savings Incentive Plan.
- (15) All of Mr. Wagner's shares are held through the Employee Savings Incentive Plan.
- (16) All of Mr. Blum's shares are held through the Employee Savings Investment Plan.
- (17) Includes 5,032 shares held by Mr. Denis through the Employee Savings Incentive Plan.
- (18) All of Mr. Firestone's shares are held through the Employee Savings Incentive Plan.
- (19) Includes 5,106 shares held by Mr. Novielli through the Employee Savings Incentive Plan and 380 shares held by Mr. Novielli's spouse as custodian for Mr. Novielli's children.

### Directors

The business experience for the past five years of each of Provident Financial Services, Inc.'s directors is as follows:

**Paul M. Pantozzi.** Mr. Pantozzi has been the Chief Executive Officer and President of The Provident Bank since 1993 and Chairman since 1998.

**J. Martin Comey.** Mr. Comey is retired. He previously served as Vice President of the Schering Plough Corp. of Madison, New Jersey.

**John G. Collins.** Mr. Collins was President of Fleet NJ from March 2001 until March 2003. Prior to 2001, Mr. Collins was Vice Chairman of Summit Bancorp and was a member of the Board of Directors of Summit Bancorp, and its predecessor, UJB Financial Corp., from 1986 to 2001.

**Geoffrey M. Connor.** Mr. Connor is a practicing attorney and Partner in the Princeton, New Jersey office of the law firm of Reed Smith LLP.

**Frank L. Fekete.** Mr. Fekete is a certified public accountant and the Managing Partner of the accounting firm of Mandel, Fekete & Bloom, CPAs, located in Jersey City, New Jersey.

**Carlos Hernandez.** Mr. Hernandez is President of New Jersey City University, located in Jersey City, New Jersey.

**William T. Jackson.** Mr. Jackson is Executive Director of Bayview/New York Cemetery located in Jersey City, New Jersey.

**David Leff.** Mr. Leff is retired. He was previously a Partner in the law firm of Eichenbaum, Kantrowitz, Leff & Gulko, located in Paramus, New Jersey.

**Arthur R. McConnell.** Mr. McConnell is the President of McConnell Realty, located in Atlantic Highlands, New Jersey.

**Edward O. Donnell.** Mr. O. Donnell is President of Tradelinks Transport, Inc., a transportation consulting company located in Westfield, New Jersey. From March 1995 to July 1999, Mr. O. Donnell was a Director and Executive Vice President of NPR, Inc. (Navieras), a transportation company located in Edison, New Jersey.

**Thomas E. Sheenan.** Mr. Sheenan is the President of Sheenan Funeral Home located in Dunellen, New Jersey.

## Executive Officers

The business experience for the past five years of each of the executive officers of Provident Financial Services, Inc. and of the Named Executive Officers who are officers of The Provident Bank, other than Mr. Pantozzi, is set forth below:

**Kevin J. Ward.** Mr. Ward has been Executive Vice President and Chief Operating Officer of The Provident Bank since 2000. He served as Executive Vice President, Chief Operating Officer and Chief Financial Officer of The Provident Bank from January to November 2000. Prior to that time, he was Executive Vice President and Chief Financial Officer of The Provident Bank.

**Glenn H. Shell.** Mr. Shell has been Executive Vice President of the Customer Management Group of The Provident Bank since 2002. Prior to that time, he served as Executive Vice President and Chief Lending Officer of The Provident Bank.

**Gregory French.** Mr. French has been Senior Vice President of the Market Development Group of The Provident Bank since February 2001. He was Vice President of Marketing, eBusiness for American International Group in New York, New York from January 2000 to February 2001. Prior to that time he served as Vice President, Citibank National Director, Field Marketing of Citigroup in New York, New York.

**C. Gabriel Haagensen.** Mr. Haagensen has served as Executive Vice President Human Capital Management of The Provident Bank since 2000. Prior to that time he was Executive Vice President Operations.

**Kenneth J. Wagner.** Mr. Wagner has been Senior Vice President of Strategic Business Development of The Provident Bank since 2001. He served as Senior Vice President of Customer Relationship Management of The Provident Bank from 1998 to 2001. Prior to that time he was Senior Vice President and Comptroller of The Provident Bank.

**Linda A. Niro.** Ms. Niro has served as Senior Vice President and Chief Financial Officer of The Provident Bank since 2000. Prior to that time, she served as Vice President and Treasurer of The Provident Bank.

**John F. Kuntz.** Mr. Kuntz has been Senior Vice President and General Counsel of The Provident Bank since November 2002. Prior to that he was Vice President and General Counsel of The Provident Bank since September 2001. He was Vice President and Assistant General Counsel of Mellon Investor Services LLC in Ridgefield Park, New Jersey from August 2000 to September 2001. Prior to that time he was a Partner with the law firm of Bourne Noll & Kenyon P.C., Summit, New Jersey.

## Meetings and Committees of the Board of Directors

Provident Financial Services, Inc. did not begin its business operations until January 15, 2003, the effective date of the conversion of The Provident Bank from mutual to stock form. The Board of Directors of Provident Financial Services, Inc. met once in 2002 and that meeting was

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attended by all directors. The Board of Directors will meet quarterly, or more often as may be necessary. The Board of Directors maintains a Compensation Committee, Audit Committee and a Governance/Nominating Committee. Each of the Compensation Committee, Audit Committee, and Governance/Nominating Committee is comprised solely of independent directors within the meaning of the current rules of the New York Stock Exchange. The Board of Directors may, by resolution, designate one or more additional committees.

In April 2003, the Board of Directors adopted Corporate Governance Principles which are attached to this proxy statement as Exhibit A and which are posted on The Provident Bank's website at [www.providentbanknj.com](http://www.providentbanknj.com). The Corporate Governance Principles provide for the Board of Directors to meet in regularly scheduled executive sessions without management at least two times a year. The Board of Directors has designated William T. Jackson to preside over these executive sessions conducted by non-employee directors.

***The Compensation Committee.*** The Compensation Committee reviews and administers compensation policy, including setting performance measures and goals, administering stock-based compensation plans, approving



benefit programs, establishing compensation of executive officers and other matters of personnel policy and practice. Messrs. Comey (Chairman), Fekete, and Sheenan comprise the current membership of the Compensation Committee. The Compensation Committee's charter is available on The Provident Bank's website.

**The Audit Committee.** The Audit Committee meets at least quarterly to examine and approve the financial statements filed with the Securities and Exchange Commission, to review and approve the appointment of independent auditors, to review the external and internal audit, accounting and financial reporting processes, ethical and legal compliance and any other matters as deemed appropriate in accordance with the Audit Committee's charter. Messrs. Fekete (Chairman), McConnell, O'Donnell and Sheenan comprise the current membership of the Audit Committee.

**The Governance/Nominating Committee.** The Governance/Nominating Committee identifies, evaluates and recommends potential candidates for election and re-election to the Board of Directors, reviews the effectiveness of board meetings and board committees, including comparing our policies to industry and corporate best practices, recommends governance principles applicable to Provident Financial Services, Inc. and reviews and makes recommendations regarding director compensation, orientation, and continuing education. Messrs. Leff (Chairman), Jackson, and O'Donnell currently serve as the members of the Governance/Nominating Committee. The Governance/Nominating Committee's charter is available on The Provident Bank's website. A stockholder may nominate a person for election as a director by complying with Article I, Section 1 of Provident Financial Services, Inc.'s Bylaws, which provides that timely advance notice of a nomination must be delivered to Provident Financial Services, Inc. and must contain the name and certain information concerning the nominee and the stockholders who support the nominee's election. A copy of this Bylaw provision may be obtained by writing to: Provident Financial Services, Inc., Attn: John F. Kuntz, Corporate Secretary, 830 Bergen Avenue, Jersey City, New Jersey 07306-4599.

#### **Audit Committee Report**

The Audit Committee operates under a written charter adopted by the Board of Directors which is attached as Exhibit B to this proxy statement. Each member of the Audit Committee satisfies the current definition of an independent director as established by the New York Stock Exchange.

Management has the primary responsibility for Provident Financial Services, Inc.'s internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of our consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue an opinion on those financial statements. The Audit Committee's responsibility is to monitor and oversee these processes.

As part of its ongoing activities, the Audit Committee has:

Reviewed and discussed with management, and the independent auditors, the audited consolidated financial statements for the fiscal year ended December 31, 2002 of The Provident Bank;

Discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended; and

Received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with the independent auditors their independence from Provident Financial Services, Inc.

Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and be filed with the Securities and