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 x 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Provident Financial Services, Inc.

(Name of Registrant as Specified In Its Charter)

N/A

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

Payment of Filing Fee (Check the appropriate box):

x 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:

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

(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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ 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:

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

(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 interested 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

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.

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

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

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.

PROPOSAL I ELECTION OF DIRECTORS

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

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

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 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 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. 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 Exchange Commission. In addition, the Audit Committee approved the appointment of KPMG LLP as independent auditors for the year ending December 31, 2003, subject to the ratification of this appointment by the stockholders of Provident Financial Services, Inc.

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Provident Financial Services, Inc. specifically incorporates this report by reference, and shall not otherwise be deemed filed with the Securities and Exchange Commission.

The Audit Committee of Provident Financial Services, Inc.

Frank L. Fekete (Chairman)

Arthur R. McConnell

Edward O Donnell Thomas E. Sheenan

Directors Compensation

Fees. Provident Financial Services, Inc. pays to each non-employee director a fee of $1,000 per board meeting attended. The members of the Audit Committee, Compensation Committee, and the Governance/ Nominating Committee receive $800 for each committee meeting they attend. The Chair of the Audit Committee receives $1,500 for each committee meeting attended. The Chairs of the Compensation Committee and the Governance/Nominating Committee receive $1,200 for each committee meeting they attend.

The Provident Bank pays to each non-employee director an annual retainer of $21,000 and a fee of $1,000 per board meeting attended. Non-employee members of The Provident Bank s Executive Committee receive an additional annual retainer of $25,000. The non-employee rotating director of the Executive Committee and the non-employee director members of The Provident Bank s Directors Trust Committee receive $800 for each committee meeting attended. The Chair of the Directors Trust Committee receives $1,200 for each committee meeting attended. The Provident Bank pays the premiums for a life insurance policy, in the face amount of $10,000, for each non-employee director, until the director attains the age of 72 or has received such benefit for ten years, whichever occurs later.

Voluntary Fee Deferral Plan for the Board of Directors. The Provident Bank maintains the Board of Directors Voluntary Fee Deferral Plan, a non-qualified plan which provides for the deferral of board fees by non-employee members of The Provident Bank s Board of Directors who elect to defer fees. Provident Financial Services, Inc. intends to adopt a Board of Directors Voluntary Fee Deferral Plan, a non-qualified plan which will provide for the deferral of board fees by non-employee members of Provident Financial Services, Inc. s Board of Directors who elect to defer fees. Directors may elect to defer board fees to a future year as determined by that director, so long as the distribution of such fees does not begin beyond the year of the director s normal retirement date. Deferred fees are credited to an account established for the benefit of each participant which receives interest at the prevailing prime rate. A participating director may receive the deferred payments pursuant to the director s election in a lump sum or over a three-year period, except in the event of a change in control, death or disability, under which circumstances a lump sum payment shall be made. In connection with The Provident Bank s mutual-to-stock conversion, The Provident Bank Voluntary Fee Deferral Plan was amended to allow current participating directors a one-time election to invest their account balances in shares of Provident Financial Services, Inc. s common stock. The amendment also provided that in the event of a change in control (as defined in the plan), the undistributed balance of a participant s separate account will be distributed within 60 days of the change in control. As of March 31, 2003, The Provident Bank had accounts totaling approximately $1.4 million on behalf of four present or former directors who participate in this plan.

Executive Compensation

The following table sets forth for the years ended December 31, 2002 and 2001, certain information as to the total remuneration paid by The Provident Bank to its Chief Executive Officer, as well as to the four most highly compensated executive officers of The Provident Bank, other than the Chief Executive Officer, who received total annual compensation in excess of $100,000. Each of the individuals listed in the table below are referred to as a Named Executive Officer.

		Annual Compensation				
Name and Principal Position	**Year**	**Salary**	**Bonus(2)**	**Other Annual Compensation(3)**	**LTIP Payouts**	**All Other Compensation(4)**
Paul M. Pantozzi	2002	$ 560,000	$ 473,760	$ 66,693		$ 49,323
Chairman, Chief Executive	2001	500,000	375,000	53,440		51,503
Officer and President						
Kevin J. Ward	2002	270,300	96,893			29,876
Executive Vice President and	2001	255,000	99,450			31,302
Chief Operating Officer						
Glenn H. Shell	2002	238,500	71,704			26,047
Executive Vice President,	2001	225,000	92,250			27,405
Customer Management Group						
Gregory French	2002	223,000	57,466			24,236
Senior Vice President,	2001	177,692(1)	101,425			27,202
Market Development Group						
C. Gabriel Haagensen	2002	196,100	42,112			21,320
Executive Vice President,	2001	185,000	50,413			22,432
Human Capital Management						

(1) Mr. French was initially employed as Senior Vice President in February 2001 at an annual salary of $210,000.

(2) Bonus payments earned pursuant to the Incentive Program for Senior Executives of The Provident Bank. In addition, Mr. French was paid a signing bonus of $40,000 in February 2001.

(3) The Provident Bank provides certain of its executive officers with non-cash benefits and perquisites, such as the use of employer-owned automobiles, club membership dues and certain other personnel benefits. Management believes that the aggregate value of these benefits for 2001 and 2002 did not, in the case of any Named Executive Officer, exceed $50,000 or 10% of the aggregate salary and annual bonus reported for him in the Summary Compensation Table, except for Mr. Pantozzi, who had $53,440 in 2001 and $66,693 in 2002 of such benefits, consisting of a stipend of $18,000 for 2001 and 2002, club membership dues of $17,500 in 2001 and $24,000 in 2002 and automobile-related expenses of $17,940 in 2001 and $24,693 in 2002.

(4) Includes the following components: (i) employer payment of health insurance premiums of $9,763, $8,444, $7,154, $9,763 and $5,700 for Messrs. Pantozzi, Ward, Shell, French and Haagensen in 2001 and $10,383, $8,980, $7,564, $10,383 and $6,055 in 2002, respectively; (ii) employer payment of dental insurance premiums of $380 in 2001 and 2002 each for Messrs. Pantozzi, Ward, Shell, French and

Haagensen; (iii) employer payment of life insurance premiums of $4,560, $2,736, $2,451, $798 and $2,029 in 2001 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively and $4,560, $3,082, $2,719, $2,542 and $2,236 in 2002 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively; (iv) employer payment of long-term disability insurance premiums of $1,800, $1,892, $1,670, $1,561 and $1,373 in 2001 and 2002 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively; (v) employer contributions to the Employee Savings Incentive Plan of $11,900 each for Messrs. Pantozzi, Ward, Shell and Haagensen in 2001, and a payment in lieu of first year participation in the Savings Incentive Plan of $14,700 to Mr. French; and in 2002 employer contributions to the Savings Incentive Plan of $9,775 each for Messrs. Pantozzi, Ward, Shell and Haagensen and 9,370 for Mr. French; and (vi) employer contribution to the Supplemental Executive Savings Plan of $23,100, $5,950, $3,850, $0 and $1,050 in 2001 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively, and employer contribution to the Supplemental Executive Savings Plan of $22,425, $5,767, $3,939, $0 and $1,501 in 2002 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively.

Compensation Committee Report on Executive Compensation

The following report was prepared by Provident Financial Services, Inc. s Compensation Committee, regarding its overall approach to executive compensation.

The Compensation Committee of the Board of Directors (the Committee), which is comprised solely of non-employee directors, is responsible for administering the compensation programs for Provident Financial Services, Inc. s and The Provident Bank s executive officers, including the Chairman and Chief Executive Officer. It is the Committee s responsibility to evaluate executive officer base salary levels, annual incentive plan objectives and awards under existing compensation plans, and to administer long-term incentive awards.

The Committee uses an independent compensation consultant to assist it in evaluating the competitiveness of Provident Financial Services, Inc. s executive compensation program. The consultant provides the Committee with relevant competitive compensation program information of financial institutions that compete with Provident Financial Services, Inc. for business and executive talent.

Compensation Philosophy. The objectives of Provident Financial Services, Inc. s executive compensation program are to assist it in attracting, retaining, and motivating executive officer talent necessary to achieving Provident Financial Services, Inc. s operating and strategic objectives. The Committee believes that a strong link between executive compensation levels and value delivered to stockholders should exist.

The Committee uses a total compensation approach in establishing executive compensation opportunities, consisting of base salary, annual incentives, and long-term incentives. It is contemplated that a significant portion of executive compensation opportunities will be provided through variable compensation plans (e.g., annual incentives and long-term incentives, assuming stockholder approval of the Provident Financial Services, Inc. 2003 Stock Option Plan and the Provident Financial Services, Inc. 2003 Stock Award Plan). These plans are generally designed such that the executive receives value when Provident Financial Services, Inc. s financial objectives are achieved and/or the stock performs.

The Committee establishes target total executive compensation opportunities at the beginning of each year. Such opportunities are generally positioned at competitive median levels. The consultant assists the Committee with regularly reviewing Provident Financial Services, Inc. s executive pay levels and Provident Financial Services, Inc. s performance. A peer group of 10 to 15 comparably sized financial institutions that compete with Provident Financial Services, Inc. in similar geographic markets and business lines are used for such purposes. It is anticipated that this peer group may be modified from year to year based on mergers and acquisitions within the industry, or other relevant factors. The results of the competitive analysis, the consultant s recommendations, and the Chief Executive Officer s recommendations are considered by the Committee in making executive compensation program recommendations to the Board of Directors.

Base Salaries. Executive officer base salary levels are evaluated at the beginning of each year. In general, executive officer salary ranges are developed considering the competitive median base salary information furnished to the Committee by the consultant. Executive officer base salary levels are set within these ranges considering the individual s performance and contribution, experience in the industry, and other relevant factors.

Annual Incentives. Annual incentive opportunities are provided to Provident Financial Services, Inc. s executives to link the attainment of annual performance objectives with executive compensation. Under the annual incentive plan, at the beginning of each year, the Committee assigns a target and range of annual incentive award opportunities to each proxy reported executive. The award opportunities are linked with a specific target and range of performance results on one or more performance measures, which may include net income, efficiency ratio and other company or area specific measures. Payouts under the plan are determined at the end of the year considering actual performance on the measures selected.

Long-Term Incentives (Stock Option and Stock Award Program). The Committee believes that long-term incentives, specifically stock options and stock awards, should be a key element in the executive compensation program. These incentives strongly align the rewards provided to executives with the value created for stockholders through stock price appreciation.

Provident Financial Services, Inc. intends to make initial stock option and stock award program grants to executives and a broader employee population in the future. The Provident Financial Services, Inc. 2003 Stock Option Plan and the Provident Financial Services, Inc. 2003 Stock Award Plan are being submitted for stockholder approval for such purposes. Assuming stockholder approval of these plans, awards thereunder will consider performance, competitive market practices, and the recommendations of an independent advisor that has significant expertise relative to initial program awards made by financial institutions that have completed the mutual-to-stock conversion process.

Chief Executive Officer. The Compensation Committee increased the base salary level of the Chief Executive Officer by 7.14% based upon the same criteria used for other executive officers. For the year ended December 31, 2002, the Chief Executive Officer earned an annual incentive award of $473,760, under the annual incentive plan based on the Committee s review of The Provident Bank s net income, return on assets and efficiency ratio. The Committee intends to provide the Chief Executive Officer with long-term incentive awards consistent with the approach discussed for other executives assuming awards are available for issuance. Provident Financial Services, Inc. and the Chief Executive Officer entered into an employment agreement, effective on January 15, 2003, covering items such as salary and bonus, summarized in this proxy statement.

Tax Deductibility of Executive Compensation. Under Section 162(m) of the Internal Revenue Code of 1986, companies are subject to limits on the deductibility of executive compensation. Deductible compensation is limited to $1 million per year for each executive officer listed in the summary compensation table. Compensation that is performance-based under the Internal Revenue Code s definition is exempt from this limit. Stock option grants are intended to qualify as performance-based compensation.

The Committee does not believe that the results of operations of Provident Financial Services, Inc. will be materially affected by the provisions of Section 162(m).

Compensation Committee of Provident Financial Services, Inc.

J. Martin Comey (Chairman)

Frank L. Fekete

Thomas E. Sheenan

Employment Agreements

Provident Financial Services, Inc. entered into employment agreements with Messrs. Pantozzi, Ward and Shell, which became effective on January 15, 2003 upon completion of the mutual-to-stock conversion. Each of these agreements has a term of thirty-six months. The agreements renew for an additional year beginning on the first anniversary date of the agreement, and on each anniversary date thereafter, so that the remaining term is thirty-six months. However, if timely written notice of nonrenewal is provided to the executive, the employment under the agreement ceases at the end of thirty-six months following such anniversary date. On an annual basis, the Board of Directors of Provident Financial Services, Inc. shall conduct a performance review of the executive for purposes of determining whether to provide a notice of nonrenewal. Under the agreements, the base salaries for Messrs. Pantozzi, Ward and Shell are $600,000, $290,000 and $245,500, respectively. In addition to the base salary, each agreement provides for, among other things, participation in bonus programs, and other employee pension benefit and fringe benefit plans applicable to executive employees. In addition, the agreements provide for reasonable vacation and sick leave, reimbursement of certain club membership fees incurred by each executive and the use of a company-owned automobile. The agreements provide for termination by Provident Financial Services, Inc. for cause at any time, in which event the executive would have no right to receive compensation or other benefits for any period after termination. In the event the executive s employment is terminated for reasons other than for cause, for retirement or for disability or following a change in control, the executive would be entitled to a lump sum payment equivalent to the greater of: the payments due for the remaining term of the employment agreement, or three times the sum of (i) the highest annual rate of base salary and (ii) the greater of (x) the average cash bonus paid over the last three years or (y) the cash bonus paid in the last year, as well as the continuation of life, medical, dental and disability insurance coverage for three years. The executive may resign from employment and receive the benefits described above as a result of (i) a material change in the nature or scope of the executive s function, duties or responsibilities, (ii) a material reduction in benefits and perquisites, including base salary, from those being provided as of the effective date of the employment agreement, (iii) a relocation where the executive is required to perform services at a location more than 25 miles from The Provident Bank s principal executive offices, (iv) a failure to elect or reelect or to appoint or reappoint the executive to certain position(s) at Provident Financial Services, Inc. or The Provident Bank, or, in the case of Mr. Pantozzi, to nominate or elect the executive to the Board(s) of Directors of Provident Financial Services, Inc. or The Provident Bank, (v) a liquidation or dissolution of The Provident Bank or Provident Financial Services, Inc., or (vi) a material breach of the employment agreement by The Provident Bank or Provident Financial Services, Inc. Each employment agreement generally provides that following a change in control (as defined in the agreement), the executive will receive the severance payments and insurance benefits described above if he resigns during the one-year period following the change in control or if he is terminated during the remaining term of the employment agreement following the change in control. Messrs. Pantozzi, Ward and Shell would receive an aggregate of $3,221,304, $1,160,679 and $951,612, respectively, pursuant to their employment agreements upon a change in control of Provident Financial Services, Inc., based upon current levels of compensation.

Under each employment agreement, if an executive becomes disabled or incapacitated to the extent that the executive is unable to perform his duties, he will be entitled to 75% of his base salary and all comparable insurance benefits until the earlier of: (i) return to full-time employment; (ii) employment by another employer; (iii) age 65; or (iv) death. Upon retirement at age 65 or in accordance with any retirement policy established with his consent, the executive is entitled to benefits under such retirement policy and other plans to which he is a party but shall not be entitled to any benefit payments specifically as a result of the employment agreement.

Change in Control Agreements

Provident Financial Services, Inc. entered into change in control agreements with six other officers including Messrs. Blum, Kuntz, French and Haagensen, Ms. Niro and Ms. Hynes (First Vice President-Employee Relations, The Provident Bank), which provide certain benefits in the event of a change in control of The Provident Bank or Provident Financial Services, Inc. Each of the change in control agreements provides for a term of 24 months. Commencing on the first anniversary date of the change in control agreement, and on each anniversary date thereafter, the term of the change in control agreement extends for an additional 12 months unless the Board of Directors of Provident Financial Services, Inc. provides the executive timely notice of nonrenewal. In the event notice of nonrenewal is provided to the executive, the change in control agreement terminates 24 months following the applicable anniversary date. On an annual basis the Board of Directors of Provident Financial Services, Inc. shall conduct a performance review of the executive for purposes of determining whether to provide a notice of nonrenewal. For these purposes, a change in control is defined generally to mean: (i) approval by stockholders of a plan of reorganization, merger or consolidation of The Provident Bank or Provident Financial Services, Inc. where The Provident Bank or Provident Financial Services, Inc. is not the surviving entity; (ii) changes to the Board of Directors of The Provident Bank or Provident Financial Services, Inc. whereby individuals who constitute the current Board of Directors cease to constitute a majority of the Board of Directors, subject to certain exceptions; (iii) the acquisition of all or substantially all of the assets of Provident Financial Services, Inc. or the beneficial ownership of 20% or more of the voting securities of Provident Financial Services, Inc.; or (iv) a complete liquidation or dissolution of Provident Financial Services, Inc. or The Provident Bank or approval by the stockholders of Provident Financial Services, Inc. of a plan for such dissolution or liquidation. Although the change in control agreements may have the effect of making a takeover more expensive to an acquiror, we believe that the benefits of enhancing our ability to attract and retain qualified management persons by offering the change in control agreements outweigh any disadvantage of such agreements.

Following a change in control of Provident Financial Services, Inc. or The Provident Bank, an officer is entitled to a payment under the change in control agreement if the officer s employment is terminated during the term of such agreement by Provident Financial Services, Inc. or The Provident Bank, other than for cause, disability or retirement, as defined, or if the officer terminates employment during the term of such agreement for good reason. Good reason is generally defined to include the assignment of duties materially inconsistent with the officer s positions, duties or responsibilities as in effect prior to the change in control, a reduction in his or her annual compensation or benefits, or relocation of his or her principal place of employment by more than 25 miles from its location immediately prior to the change in control, or a failure of Provident Financial Services, Inc. to obtain an assumption of the agreement by its successor. In the event that an officer who is a party to a change in control agreement is entitled to receive severance payments pursuant to the agreement, he or she will receive a cash payment equal to two times the highest level of aggregate annualized base salary and other cash compensation paid to the officer during the calendar year in which he or she was terminated or either of the immediately preceding two calendar years. In addition to the severance payment, each covered officer is generally entitled to receive life, health, dental and disability coverage for the remaining term of the agreement. Notwithstanding any provision to the contrary in the change in control agreement, payments under the change in control agreements are limited so that they will not constitute an excess parachute payment under Section 280G of the Internal Revenue Code.

Benefit Plans

Pension Plan. The Provident Bank maintains The Provident Bank Pension Plan, a tax-qualified plan generally covering employees age 21 or older who have worked at The Provident Bank for at least one year in which they have accrued 1,000 or more hours of service. The Provident Bank froze the Pension Plan as of April 1, 2003. As of April 1, 2003, employees are not entitled to accrue additional benefits. In addition, employees hired after the freeze date are not eligible to enter the Plan. Pension Plan participants generally become entitled to retirement benefits upon the later of attainment of age 65 or the fifth anniversary of participation in the plan, which is referred to as the normal retirement date. The normal retirement benefit is equal to 1.35% of the participant s average final compensation up to the Average Social Security Level plus 2% of the participant s average final compensation in excess of the Average Social Security Level multiplied by the participant s years of credited service to a maximum of 30 years.

Participants who have completed at least 5 years of vested service generally become 100% vested in their accrued retirement benefits. Vested retirement benefits generally will be paid beginning on the participant s normal retirement date. Participants with accrued benefits in the Pension Plan prior to April 1, 2003 will continue to vest in their pre-April 1, 2003 accrued benefit after April 1, 2003.

A participant may elect to retire prior to age 65 and receive early retirement benefits if retirement occurs after completion of at least 5 consecutive years of vested service and attainment of age 55. If such an early retirement election is made, retirement benefits will begin on the first day of any month during the 10-year period preceding his or her normal retirement date, as directed by the retiring participant. If a participant elects to retire prior to both attaining age 65 and completing 5 years of credited service, his or her accrued pension benefit will be reduced 3% per year for the first five years prior to age 65 and 5% per year thereafter to age 55. However, if a participant elects to retire early after both attaining age 60 and completing 25 years of credited service his or her accrued pension benefit will be unreduced. Any participant who terminated employment prior to January 1, 2002 will receive an early pension benefit equal to the actuarial equivalent of the annual amount of the normal pension that would otherwise have been payable to the participant had he or she not elected to receive an early pension. If the termination of service occurs after the normal retirement date, the participant s benefits will begin on the participant s postponed retirement date.

The standard form of benefit payment for a married participant is a 50% joint and survivor benefit that is reduced actuarially and the standard form of benefit payment for a non-married participant is a straight life benefit. A non-married participant or a participant who has complied with the spousal consent requirements may elect to receive payment of benefits in the following optional forms: (a) straight life benefit; (b) 100% joint and survivor benefit; (c) 50% joint and survivor benefit; or (d) period certain and life benefit.

In the event a participant who is married for at least one year and is vested in the Pension Plan dies prior to his or her termination of service and after age 55, his or her spouse will be entitled to one-half of the amount payable to the participant had the participant elected to retire the day before his or her death with the 50% joint and survivor benefit. If the participant dies prior to age 55, the retirement benefits payable to the participant s spouse will commence at the time the participant would have reached age 55.

In the event a non-married participant dies before his or her termination of service after both attaining age 55 and completing 20 years of service, a monthly pension shall be paid to his or her beneficiary. The non-married participant s beneficiary will be entitled to a monthly pension benefit equal to one-half of the amount payable to the participant as if the participant had retired on the first day of the month following his or her death, had been married, and the spouse had been born on the same day as the participant. Payments made to beneficiaries of non-married participants cease upon the earlier of the beneficiary s death or the receipt of the 120th monthly payment.

If the total value of a pension payable directly to a participant or to any other beneficiary under the Pension Plan is less than $5,000, as determined by the Pension Plan s actuary, payment of such value shall automatically be made in a single lump sum in lieu of such pension.

The following table indicates the annual retirement benefit that would have been payable under the Pension Plan and the Supplemental Executive Retirement Plan upon retirement at or after a participant s normal retirement date in calendar year 2002, considering the average annual earnings and credited service classifications specified below.

Average Final Earnings	15 years	20 years	25 years	30 years	35 years(1)
$ 125,000	$ 33,212	$ 44,283	$ 55,354	$ 66,424	$ 66,424
150,000	40,712	54,283	67,854	81,424	81,424
175,000	48,212	64,283	80,354	96,424	96,424
200,000	55,712	74,283	92,854	111,424	111,424
225,000	63,212	84,283	105,354	126,424	126,424
250,000	70,712	94,283	117,854	141,424	141,424
300,000	85,712	114,283	142,854	171,424	171,424
400,000	115,712	154,283	192,854	231,424	231,424
450,000	130,712	174,283	217,854	261,424	261,424
500,000	145,712	194,283	242,854	291,424	291,424
600,000	175,712	234,283	292,854	351,424	351,424

(1) The Pension Plan and the Supplemental Executive Retirement Plan do not count service in excess of 30 years in the benefit formula.

Average final earnings is the average base salary, as reported in the Salary column of the Summary Compensation Table, for the highest five consecutive years during the final 10 years of employment. Tax laws impose a limit ($200,000 for individuals retiring in 2003) on average final earnings that may be counted in computing benefits under the Pension Plan and on the annual benefits ($160,000 in 2003). The Pension Plan may also pay benefits accrued as of January 1, 1994 based on tax law limits then in effect. For Messrs. Pantozzi, Ward, Shell, and Haagensen, benefits based on average final earnings in excess of this limit are payable under the Supplemental Executive Retirement Plan.

The benefits shown in the preceding table are annual benefits payable in the form of a single life annuity and are not subject to any deduction for Social Security benefits or other offset amounts. As of December 31, 2002, Mr. Pantozzi had 39 years of service; Mr. Ward had 30 years of service; Mr. Shell had 8 years of service; Mr. French had 1 year of service; and Mr. Haagensen had 22 years of service.

Supplemental Executive Retirement Plan. In January 1990, The Provident Bank established the Supplemental Executive Retirement Plan, a non-qualified retirement plan. Participation in the SERP is limited to executive management or highly compensated employees as designated by the Board of Directors and currently consists of Messrs. Pantozzi, Ward, Shell and Haagensen. The SERP pays to each participant an amount equal to the amount which would have been payable under the terms of the Pension Plan but for the limitations under Sections 401(a)(17) and 415 of the Internal Revenue Code, less the amount payable under the terms of the Pension Plan. The Provident Bank froze the SERP as of April 1, 2003, and as of that date employees are not entitled to accrue additional benefits. In addition, employees hired after April 1, 2003 are not eligible to participate in this plan. Amounts due from this plan will be paid on a monthly basis beginning within 90 days following termination of employment, but in no event before age 60, in the form of a qualified joint and 100% survivor annuity for married participants and a single life annuity for non-married participants. The plan has been amended to provide that in the event of a change in control (as defined in the plan), the undistributed balance of an employee s accrued benefit will be paid to him within 60 days of the change in control. For the year ended December 31, 2002, The Provident Bank expensed $242,328, $29,890, $7,002 and $0 relating to the SERP on behalf of Messrs. Pantozzi, Ward, Shell and Haagensen, respectively.

Supplemental Executive Savings Plan. In January 1990, The Provident Bank established the Supplemental Executive Savings Plan, a non-qualified plan that provides additional benefits to certain participants whose benefits under the Employee Savings Incentive Plan are limited by tax law limitations applicable to tax-qualified plans. Participation in the Executive Savings Plan is limited to executive management or highly compensated employees as designated by the Board of Directors and currently consists of Messrs. Pantozzi, Ward, Shell and Haagensen. The Provident Bank contributes for each participant an amount equal to the amount which would have been contributed under the terms of the

Employee Savings Incentive Plan but for the tax law limitations, less the amount actually contributed under the Employee Savings Incentive Plan. The Provident Bank established an investment fund to provide for payments due under this plan and allows participants employed on or after

January 1, 1998 to choose, with the plan administrator s consent, from a variety of investment options. In connection with the mutual-to-stock conversion, the Supplemental Executive Savings Plan was amended to allow current employees a one-time election to invest their account balances in shares of Provident Financial Services, Inc. common stock. Any benefits payable under the Executive Savings Plan are vested under the same terms and conditions as the Employee Savings Incentive Plan. If there is a change in control, as defined in the Executive Savings Plan, the unpaid balance of the account shall become 100% vested and will be distributed within 60 days thereof. As of December 31, 2002, The Provident Bank expensed $22,425, $5,767, $3,939 and $1,501 relating to the Executive Savings Plan on behalf of Messrs. Pantozzi, Ward, Shell and Haagensen, respectively. The Supplemental Executive Savings Plan has also been amended to require a contribution for each participant who also participates in the Employee Stock Ownership Plan equal to the amount which would have been contributed under the terms of the Employee Stock Ownership Plan but for the tax law limitations, less the amount actually contributed under the Employee Stock Ownership Plan. The benefit payable under this portion of the Supplemental Executive Savings Plan may be calculated as if the contribution was applied to the repayment of a loan obtained to purchase shares in the stock offering, in substantially the same manner as under the Employee Stock Ownership Plan. The amendment also requires the distribution of shares equal to the value of a participants account balance attributable to the Employee Stock Ownership Plan component of the plan at the same time and in the same manner as the participant receives a distribution from the Employee Stock Ownership Plan.

Equity Compensation Plans. There are no compensation plans in effect under which equity securities of Provident Financial Services, Inc. have been authorized for issuance.

Ownership Reports by Officers and Directors

The common stock of Provident Financial Services, Inc. is registered with the Securities and Exchange Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended. The executive officers and directors of Provident Financial Services, Inc. and The Provident Bank, and beneficial owners of greater than 10% of Provident Financial Services, Inc. s common stock are required to file reports on Forms 3, 4 and 5 with the Securities and Exchange Commission disclosing beneficial ownership and changes in beneficial ownership of the common stock. The Securities and Exchange Commission rules require disclosure in Provident Financial Services, Inc. s Proxy Statement or Annual Report on Form 10-K of the failure of an executive officer, director or 10% beneficial owner of Provident Financial Services, Inc. s common stock to file a Form 3, 4, or 5 on a timely basis. No common stock of Provident Financial Services, Inc. was issued and outstanding during 2002, and therefore no executive officer or director failed to file ownership reports on a timely basis for the year ended December 31, 2002.

Transactions With Certain Related Persons

Federal law and regulation generally require that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. However, regulations also permit executive officers and directors to receive the same terms through benefit or compensation plans that are widely available to other employees, as long as the director or executive officer is not given preferential treatment compared to the other participating employees. Pursuant to such a program, loans have been extended to executive officers, which loans are on substantially the same terms as those prevailing at the time for comparable transactions with the general public, except as to the interest rate charged, which rate is the same as available to all employees. These loans do not involve more than the normal risk of repayment or present other unfavorable features. As of May 23, 2003, The Provident Bank had loans and loan commitments totaling $794,410 to its executive officers. The Provident Bank does not originate loans for members of its Board of Directors or for their immediate family members. There was one residential mortgage loan outstanding to a current Board member that was originated prior to his service as a Board member, which subsequently has been refinanced at a different financial institution.

Section 402 of the Sarbanes-Oxley Act of 2002 generally prohibits an issuer from: (1) extending or maintaining credit; (2) arranging for the extension of credit; or (3) renewing an extension of credit in the form of a personal loan for an officer or director. There are several exceptions to this general prohibition, one of which is applicable to Provident Financial Services, Inc. Sarbanes-Oxley does not apply to loans made by a depository institution, such as The Provident Bank, that is insured by the Federal Deposit Insurance Corporation and is subject

to the insider lending restrictions of the Federal Reserve Act. All loans to Provident Financial Services, Inc. s and The Provident Bank s officers are made in conformity with the Federal Reserve Act and Regulation O.

The Provident Bank retains the law firm of Reed Smith LLP to perform legal services from time to time. In 2002, Reed Smith LLP was paid $43,973 for services rendered to The Provident Bank. Director Connor is a partner at Reed Smith LLP.

PROPOSAL II APPROVAL OF THE

PROVIDENT FINANCIAL SERVICES, INC. 2003 STOCK OPTION PLAN

General

Subject to stockholder approval at the annual meeting, Provident Financial Services, Inc. has established the Provident Financial Services, Inc. 2003 Stock Option Plan (the Stock Option Plan). Pursuant to the Stock Option Plan, options to purchase up to 5,961,830 shares of common stock may be granted to The Provident Bank s and Provident Financial Services, Inc. s employees and directors. As of May 23, 2003, the market value of the common stock was $19.10 per share. The Board of Directors of Provident Financial Services, Inc. believes that it is appropriate to adopt a flexible and comprehensive stock option plan that permits the granting of a variety of long-term incentive awards to directors and employees as a means of enhancing and encouraging the recruitment and retention of those individuals on whom the continued success of Provident Financial Services, Inc. and The Provident Bank most depends. Attached as Exhibit C to this Proxy Statement is the complete text of the form of Stock Option Plan. The principal features of the Stock Option Plan are summarized below.

Principal Features of the Stock Option Plan

The Stock Option Plan provides for awards in the form of stock options, reload options and/or limited stock appreciation rights (Limited Rights). Each award shall be on such terms and conditions, consistent with the Stock Option Plan and applicable Federal Deposit Insurance Corporation regulations, as the committee administering the Stock Option Plan may determine.

The term of stock options generally will not exceed ten years from the date of grant. Stock options granted under the Stock Option Plan may be either Incentive Stock Options as defined under Section 422 of the Internal Revenue Code, or stock options not intended to qualify as such. No stock option awards have been granted to date.

Shares issued upon the exercise of a stock option may be authorized but unissued shares, treasury shares, or shares acquired by Provident Financial Services, Inc. in open market purchases. Any shares subject to an award that expires or is terminated unexercised will again be available for issuance under the Stock Option Plan. Generally, in the discretion of the Board of Directors, all or any non-qualified stock options granted under the Stock Option Plan may be transferable by the participant but only to the persons or classes of persons determined by the Board of Directors. No other award or any right or interest therein is assignable or transferable except under certain limited exceptions set forth in the Stock Option Plan.

The Stock Option Plan will be administered by the Compensation Committee of the Board of Directors of Provident Financial Services, Inc. Pursuant to the terms of the Stock Option Plan, non-employee directors and employees of The Provident Bank or Provident Financial Services, Inc. or its affiliates are eligible to participate. As of May 23, 2003, there were ten non-employee directors eligible to participate in the 2003 Stock Option Plan. Subject to the provisions of the Stock Option Plan, the Committee will determine to whom the awards will be granted, in what amounts and the period over which such awards will vest. In accordance with Federal Deposit Insurance Corporation regulations, the Stock Option Plan provides that no individual officer shall be granted awards with respect to more than 25% of the total shares of common stock subject to the Stock Option Plan; no non-employee director shall be granted awards with respect to more than 5% of the total shares of common stock subject to the Stock Option Plan; all non-employee directors in the aggregate may not be granted awards with respect to more than 30% of the total shares of common stock subject to the Stock Option Plan; no awards shall begin vesting earlier than one year from the date the Stock Option Plan is approved by stockholders of Provident Financial Services, Inc.; no awards shall vest at a rate in excess of 20% per year beginning from the date of grant; and the vesting of an award shall not accelerate in the event of termination of employment or service due to normal retirement.

In granting awards under the Stock Option Plan, the Committee will consider, among other things, position and years of service, and the value of the individual s services to Provident Financial Services, Inc. and The Provident Bank. The exercise price of stock options will be at least the fair market value of the underlying common stock at the time of the grant. Once granted, stock options may not be re-priced (i.e., the exercise price may not be changed other than adjustments for stock splits, stock dividends and similar events). The exercise price may be paid in cash, common stock, or via a broker-assisted cashless exercise (as defined in the Stock Option Plan).

Stock Options. Incentive Stock Options can only be granted to employees of The Provident Bank, Provident Financial Services, Inc. or an affiliate (i.e., a parent or subsidiary corporation of The Provident Bank or Provident Financial Services, Inc.). Non-employee directors will be granted non-qualified stock options. No option granted to an employee in connection with the Stock Option Plan will be exercisable as an Incentive Stock Option subject to incentive tax treatment if exercised more than three months after the date on which the optionee terminates employment with The Provident Bank and/or Provident Financial Services, Inc., except as set forth below. In the event a participant ceases to maintain continuous service with Provident Financial Services, Inc. or an affiliate by reason of death, disability, or following a change in control, options still subject to restrictions will vest and be free of these restrictions and can be exercised for up to one year after cessation of service but in no event beyond the expiration of the options original term. In the event a participant ceases to maintain continuous service for any other reason, the participant will forfeit all nonvested options. The participant s vested options will remain exercisable for up to three months in the case of Incentive Stock Options, and one year in the case of non-qualified stock options. If an optionee terminates employment with The Provident Bank, Provident Financial Services, Inc. or an affiliate, any Incentive Stock Options exercised more than three months following the date the optionee terminates employment shall be treated as a non-qualified stock option; provided, however, that in the event of death or disability, Incentive Stock Options may be exercised and receive incentive tax treatment for up to at least one year following termination of employment, subject to the requirements of the Internal Revenue Code.

In the event of death or disability of an optionee, Provident Financial Services, Inc., if requested by the optionee or beneficiary, may elect, in exchange for the option, to pay the optionee or beneficiary the amount by which the fair market value of the common stock exceeds the exercise price of the option on the date of the optionee s termination of service for death or disability.

Limited Stock Appreciation Rights. The Committee may grant Limited Rights to employees simultaneously with the grant of any option. A Limited Right gives the option holder the right, upon a change in control of Provident Financial Services, Inc. or The Provident Bank, to receive the excess of the market value of the shares represented by the Limited Rights on the date exercised over the exercise price. Limited Rights generally will be subject to the same terms and conditions and exercisable to the same extent as stock options, as described above. Payment upon exercise of a Limited Right will be in cash.

Limited Rights may be granted at the time of, and must be related to, the grant of a stock option. The exercise of one will reduce to that extent the number of shares represented by the other. If a Limited Right is granted with and related to an Incentive Stock Option, the Limited Right must satisfy all the restrictions and limitations to which the related Incentive Stock Option is subject.

Reload Options. Reload options also may be granted at the time of the grant of a stock option. Reload options entitle the option holder, who has delivered shares that he or she owns as payment of the exercise price for option stock, to a new option to acquire additional shares equal in amount to the shares he or she has traded in. Reload options also may be granted to replace option shares retained by the employer for payment of the option holder s withholding tax. The option price at which additional shares of common stock can be purchased by the option holder through the exercise of a reload option is equal to the fair market value of the previously owned common stock on the date the reload option was awarded. The option period during which the reload option may be exercised expires at the same time as that of the original option that the holder has exercised.

Effect of Adjustments. Shares as to which awards may be granted under the Stock Option Plan, and shares then subject to awards, will be adjusted by the Committee in the event of any merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination or exchange of shares or other change in the corporate structure of Provident Financial Services, Inc. without receipt of payment or consideration by Provident Financial Services, Inc.

In the case of any merger, consolidation or combination of Provident Financial Services, Inc. with or into another holding company or other entity, whereby holders of common stock will receive a cash payment (the Merger Price) for each share of common stock exchanged in the transaction, any individual with exercisable options will receive an amount equal to the difference between the Merger Price times the number of shares of common stock subject to such options and the aggregate exercise price of all surrendered options.

Amendment and Termination. The Board of Directors may at any time amend, suspend or terminate the Stock Option Plan or any portion thereof; provided, however, that no such amendment, suspension or termination shall impair the rights of any individual, without his consent, in any award made pursuant to the Stock Option Plan. Unless previously terminated, the Stock Option Plan shall continue in effect for a term of ten years, after which no further awards may be granted under the Stock Option Plan.

Federal Income Tax Consequences. The following brief description of the tax consequences of stock option grants under the Stock Option 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.

The exercise of a stock option which is an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code will generally not, by itself, result in the recognition of taxable income to the individual nor entitle Provident Financial Services, Inc. to a deduction at the time of such exercise. However, the difference between the exercise price and the fair market value of the option shares on the date of exercise is an item of tax preference which may, in certain situations, trigger the alternative minimum tax. The alternative minimum tax is incurred only when it exceeds the regular income tax. The sale of an Incentive Stock Option share prior to the end of the applicable holding period, (i.e., the longer of two years from the date of grant or one year from the date of exercise) will cause any gain to be taxed at ordinary income tax rates, with respect to the spread between the exercise price and the fair market value of the share on the date of exercise and at applicable capital gains rates with respect to any post exercise appreciation in the value of the share.

The exercise of a non-qualified stock option will result in the recognition of ordinary income on the date of exercise in an amount equal to the difference between the exercise price and the fair market value of the shares on the date of exercise.

Reload options are of the same type (non-qualified or incentive) as the option that the option holder exercised. Therefore, the tax consequences of the reload option are determined under the applicable tax rules for Incentive Stock Options or non-qualified stock options.

The exercise of a Limited Right will result in the recognition of ordinary income by the individual on the date of exercise in an amount of cash, and/or the fair market value on that date of the shares, acquired pursuant to the exercise.

Provident Financial Services, Inc. will be allowed a deduction at the time, and in the amount of, any ordinary income recognized by the individual under the various circumstances described above, provided that Provident Financial Services, Inc. meets its federal withholding tax obligations.

The affirmative vote of a majority of the total votes eligible to be cast is required for approval of the Stock Option Plan.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE STOCK OPTION PLAN.

PROPOSAL III APPROVAL OF THE

PROVIDENT FINANCIAL SERVICES, INC. 2003 STOCK AWARD PLAN

General

Subject to stockholder approval at the annual meeting, Provident Financial Services, Inc. has established the Provident Financial Services, Inc. 2003 Stock Award Plan (the Stock Award Plan) as a method of providing certain key employees and non-employee directors of Provident Financial Services, Inc. with a proprietary interest in Provident Financial Services, Inc. in a manner designed to encourage such persons to remain with Provident Financial Services, Inc. and/or The Provident Bank, and to provide further incentives to achieve corporate objectives. The following discussion is qualified in its entirety by reference to the Stock Award Plan, the form of which is attached hereto as Exhibit D.

The Provident Bank intends to contribute stock or sufficient funds for the Stock Award Plan to acquire 2,384,732 shares of common stock of Provident Financial Services, Inc., which will be available to be awarded to key employees and non-employee directors of Provident Financial Services, Inc. No stock awards have been granted to date.

Principal Features of the Stock Award Plan

The Stock Award Plan provides for the award of shares of common stock (Stock Award Plan Shares) subject to the restrictions described below. As of May 23, 2003, the market value of the common stock was $19.10 per share. Each award under the Stock Award Plan will be made on terms and conditions consistent with the Stock Award Plan.

The Stock Award Plan will be administered by the Compensation Committee of the Board of Directors of Provident Financial Services, Inc. The Committee will select the recipients and terms of awards pursuant to the Stock Award Plan. Pursuant to the terms of the Stock Award Plan, any director or key employee of The Provident Bank, Provident Financial Services, Inc. or its affiliates may be selected by the Committee to participate in the Stock Award Plan. In determining to whom and in what amount to grant awards, the Committee will consider the position and responsibilities of eligible persons, the value of their services to Provident Financial Services, Inc. and The Provident Bank and other factors it deems relevant. As of May 23, 2003, there were ten non-employee directors eligible to participate in the Stock Award Plan.

In accordance with Federal Deposit Insurance Corporation regulations, the Stock Award Plan provides that no individual officer shall be granted awards with respect to more than 25% of the total shares subject to the Stock Award Plan; no non-employee director shall be granted awards with respect to more than 5% of the total shares of common stock subject to the Stock Award Plan; all non-employee directors in the aggregate may not be granted awards with respect to more than 30% of the total shares of common stock subject to the Stock Award Plan; no awards shall begin vesting earlier than one year from the date the Stock Award Plan is approved by stockholders of Provident Financial Services, Inc.; no awards shall vest at a rate in excess of 20% per year beginning from the date of grant; and the vesting of an award shall not accelerate in the event of termination of employment or service due to normal retirement.

Subject to the above restrictions, in the event a recipient ceases to maintain continuous service with Provident Financial Services, Inc. or The Provident Bank by reason of death or disability, or following a change in control, Stock Award Plan shares still subject to restrictions (restricted stock) will vest and be free of these restrictions. In the event of termination for any other reason, all nonvested restricted stock will be forfeited.

Prior to vesting of the nonvested restricted stock, a recipient will have the right to vote the nonvested restricted stock which has been awarded to the recipient and will receive any dividends declared on such restricted stock. Nonvested restricted stock is subject to forfeiture if the recipient fails to remain in the continuous service (as defined in the Stock Award Plan) as an employee, officer, or director of Provident Financial Services, Inc. or The Provident Bank for the restricted period.

Effect of Adjustments. Restricted stock awarded under the Stock Award Plan will be adjusted by the Committee in the event of a reorganization, recapitalization, stock split, stock