PROVIDENT FINANCIAL SERVICES INC
Form S-4/A
April 09, 2014
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As filed with the Securities and Exchange Commission on April 9, 2014

Registration No. 333-194101

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PROVIDENT FINANCIAL SERVICES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**6035**	**42-1547151**
(State or other jurisdiction of	**(Primary Standard Industrial**	**(I.R.S. Employer**

incorporation or organization)	Classification Code Number)	Identification Number)

239 Washington Street

Jersey City, New Jersey 07302

(732) 590-9200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Christopher Martin

President, Chief Executive Officer and Chairman of the Board

239 Washington Street

Jersey City, New Jersey 07302

(732) 590-9200

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

John J. Gorman, Esq.
Marc Levy, Esq.
Luse Gorman Pomerenk & Schick, P.C.
5335 Wisconsin Avenue, N.W., Suite 780
Washington, D.C. 20015
Phone: (202) 274-2000

Robert A. Schwartz, Esq.
Gregory T. Kraus, Esq.
Windels Marx Lane & Mittendorf, LLP
120 Albany Street Plaza, 6th Floor
New Brunswick, NJ 08901
Phone: (732) 846-7600

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

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

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

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

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨	Smaller reporting company ¨

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per share**	**Proposed maximum aggregate offering price**	**Amount of registration fee**
Common Stock, $0.01 par value per share	4,620,780 shares (1)	(2)	$48,929,067 (2)	$6,303 (3)

(1) Represents the estimated maximum number of shares of Provident Financial Services, Inc. common stock estimated to be issuable upon the completion of the merger to which this Registration Statement relates.
(2) Pursuant to Rule 457(f), the registration fee was computed on the basis of $48,929,067, the book value of the common stock of Team Capital Bank to be exchanged or cancelled in the merger, computed in accordance with Rule 457(c) multiplied by the number of shares of common stock of Team Capital Bank that may be received by the Registrant and/or cancelled upon consummation of the merger.
(3) Previously paid.

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

registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this Proxy Statement/Prospectus is not complete and may be changed. Holders of the securities covered by the registration statement contained in this Proxy Statement/Prospectus may not sell the securities until the registration statement filed with the Securities and Exchange Commission is effective. This Proxy Statement/Prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities nor shall there be any sale of these securities in any state where the offer, solicitation or sale is not permitted.

[Team Capital Bank Logo]

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Provident Financial Services, Inc., The Provident Bank and Team Capital Bank have unanimously approved a merger agreement pursuant to which Team Capital Bank will be merged with and into The Provident Bank, a subsidiary of Provident Financial.

If the stockholders of Team Capital Bank approve the merger agreement, each Team Capital Bank stockholder will have the opportunity to elect to receive 0.8575 shares of Provident Financial common stock, a cash payment of $16.25, or a combination of Provident Financial common stock and cash for each share of Team Capital Bank common stock owned. However, because 75% of the total number of shares of Team Capital Bank common stock outstanding at the closing of the merger will be converted into Provident Financial common stock and the remainder will be converted into cash, regardless of your election, you may receive a combination of cash and shares of Provident Financial common stock for your Team Capital Bank shares that is different than what you elected, depending on the elections made by other Team Capital Bank stockholders. Based on Provident Financial s closing price of $18.61 on December 19, 2013 (the date preceding the public announcement of the proposed transaction), each share of Team Capital Bank common stock exchanged for 0.8575 shares of Provident Financial common stock, would have a value of $15.96. Based on Provident Financial s closing price of $ on , 2014, each share of Team Capital Bank common stock exchanged for 0.8575 shares of Provident Financial common stock would have a value of $. Provident Financial common stock is listed on the New York Stock Exchange under the symbol PFS. Team Capital Bank common stock is not traded on any established market.

The merger cannot be completed unless two-thirds (2/3) of the stockholders of Team Capital Bank approve the merger agreement. Team Capital Bank has scheduled a special meeting so its stockholders can vote on the merger agreement. The Team Capital Bank board of directors unanimously recommends that its stockholders vote **FOR** the merger agreement.

This document serves two purposes. It is the proxy statement being used by the Team Capital Bank board of directors to solicit proxies for use at the Team Capital Bank special meeting. It is also the prospectus of Provident Financial regarding the Provident Financial common stock to be issued if the merger is completed. This document describes the merger in detail and includes a copy of the merger agreement as *Appendix A*.

The date, time and place of the Team Capital Bank special meeting are as follows:

TEAM CAPITAL BANK SPECIAL

MEETING:

[meeting date] a.m.

[PLACE

ADDRESS]

Only stockholders of record as of are entitled to attend and vote at the Team Capital Bank special meeting. This document describes the Team Capital Bank special meeting, the merger, the documents related to the merger, and other related matters of Team Capital Bank and Provident Financial. **Please read this entire document carefully, including the section discussing risks related to the merger beginning on page 21. You can also obtain information about Provident Financial from documents that have been filed with the Securities and Exchange Commission.**

Your vote is very important. Whether or not you plan to attend the Team Capital Bank special meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** the merger agreement and any other proposals properly being considered at the special meeting. If you do not return the proxy card, it will have the same effect as a vote **AGAINST** the merger agreement.

Robert A. Rupel
President and Chief Executive Officer
Team Capital Bank

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY BANK REGULATORY AGENCY, NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The securities to be issued in connection with the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

This Proxy Statement/Prospectus is dated , 2014 and is first being mailed to stockholders of Team Capital Bank on or about , 2014.

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HOW TO GET COPIES OF RELATED DOCUMENTS

This document references or incorporates important business and financial information about Provident Financial Services, Inc. (Provident Financial) that is not included in or delivered with this document. Provident Financial and Team Capital Bank stockholders may receive the information free of charge by writing or calling the persons listed below. For Provident Financial documents, make your request to John F. Kuntz, Esq., Corporate Secretary, Provident Financial Services, Inc., c/o The Provident Bank, 100 Wood Avenue South, Iselin, New Jersey 08830; telephone number (732) 590-9305. We will respond to your request within one business day by sending the requested documents by first class mail or other equally prompt means. **To ensure timely delivery of the documents in advance of the special meeting, any request should be made by , 2014. Also see Where You Can Find More Information on page** 78.

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TEAM CAPITAL BANK

3001 Emrick Boulevard

Bethlehem, Pennsylvania 18020

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on , 2014

NOTICE IS HEREBY GIVEN that the special meeting of stockholders of Team Capital Bank will be held at , , on , 2014 at a.m., local time, for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of December 19, 2013, by and among Provident Financial Services, Inc., The Provident Bank and Team Capital Bank, and all of the matters contemplated in the merger agreement, pursuant to which Team Capital Bank will merge with and into The Provident Bank, a subsidiary of Provident Financial Services, Inc., with The Provident Bank being the surviving bank.

2. To transact any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement, or otherwise.

The merger with Provident Financial is more fully described in the attached Proxy Statement/Prospectus, which you should read carefully and in its entirety before voting. A copy of the merger agreement is included as *Appendix A* to the accompanying Proxy Statement/Prospectus.

The board of directors of Team Capital Bank has established , 2014 as the record date for determining the stockholders entitled to notice of and to vote at the special meeting. Only record holders of Team Capital Bank common stock as of the close of business on that date will be entitled to vote at the special meeting or any adjournment or postponement of the meeting. If there are not sufficient votes for a quorum or to approve the merger agreement at the time of the special meeting, the special meeting may be adjourned in order to permit further solicitation of proxies by Team Capital Bank. A list of stockholders entitled to vote at the special meeting will be available at Team Capital Bank, 3001 Emrick Boulevard, Suite 320, Boulevard, Bethlehem, Pennsylvania, for ten days prior to the special meeting and also will be available at the special meeting.

The board of directors of Team Capital Bank unanimously recommends that you vote **FOR** approval of the merger agreement and the transactions contemplated in the merger agreement.

Please complete, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope. Alternatively, you may vote telephonically or by the internet by following the instructions described in the attached Proxy Statement/Prospectus. Your vote is important, regardless of the number of shares you own. Voting by proxy will not prevent you from voting in person at the special meeting, but will assure that your vote is counted if you are unable to attend.

By Order of the Board of Directors,

Fredric B. Cort, Corporate Secretary

Bethlehem, Pennsylvania

, 2014

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QUESTIONS AND ANSWERS ABOUT THE VOTING

PROCEDURES FOR THE TEAM CAPITAL BANK SPECIAL MEETING

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this Proxy Statement/Prospectus, indicate on your proxy card how you want your shares to be voted, then sign and mail it in the enclosed postage-paid envelope as soon as possible or vote telephonically or by the internet so that your shares may be represented and voted at the Team Capital Bank special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, Team Capital Bank will count your proxy card as a vote in favor of the merger agreement and any other proposals to be properly considered and voted on at the Team Capital Bank special meeting.

Q: WHAT AM I BEING ASKED TO VOTE ON AND HOW DOES MY BOARD RECOMMEND THAT I VOTE?

A: You are being asked to vote **FOR** the approval of the merger agreement. The Team Capital Bank board of directors has determined that the proposed merger is in the best interests of Team Capital Bank stockholders, has approved the merger agreement and recommends that Team Capital Bank stockholders vote **FOR** the approval of the merger agreement. You are also being asked to vote FOR the ability to transact any other business that properly comes before the special meeting, or any adjournment or postponements of the meeting.

Q: WHY IS MY VOTE IMPORTANT?

A. The merger cannot be completed unless the holders of two-thirds (2/3) of the issued and outstanding common stock of Team Capital Bank vote to approve the merger agreement. If you do not return your proxy card or vote telephonically or by the internet at or prior to the Team Capital Bank special meeting, it will be more difficult for Team Capital Bank to obtain the necessary vote to approve the merger agreement. The failure of a Team Capital Bank stockholder to vote, by proxy or in person, will have the same effect as a vote against the merger agreement.

Q: HOW DO I VOTE?

A: You can vote by mail, telephonically or through the internet. If you vote by mail, you will need to complete, sign, date and return your proxy card in the postage-paid envelope provided. You can also vote in person at the Team Capital Bank special meeting.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: No. Your broker cannot vote on the merger proposal on your behalf without specific instructions from you. Your broker will vote your shares on the merger proposal only if you provide instructions on how to vote. You should follow the directions provided by your broker.

Q. WHAT IF I FAIL TO INSTRUCT MY BROKER?

A. If you fail to instruct your broker how to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the Team Capital Bank special meeting, but it will have the same effect as a vote against the merger agreement.

Q. CAN I ATTEND THE SPECIAL MEETING AND VOTE MY SHARES IN PERSON?

A. Yes. All stockholders are invited to attend the Team Capital Bank special meeting. Stockholders of record can vote in person at the special meeting. If a broker holds your shares in street name, then you are not the stockholder of record and you must ask your broker how you can vote in person at the special meeting.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. If you have not voted through your broker, there are three ways for you to revoke your proxy and change your vote. First, you may send written notice to the Corporate Secretary of Team Capital Bank stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy

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card. Third, you may vote in person at the Team Capital Bank special meeting. If you have instructed a broker to vote your shares, you must follow the directions you receive from your broker to change your vote. Your last vote will be the vote that is counted.

Q: SHOULD I SEND IN MY TEAM CAPITAL BANK STOCK CERTIFICATES NOW?

A: No. You should not send in your stock certificates at this time. You will separately receive an election form with instructions for exchanging your Team Capital Bank stock certificates sometime after we obtain Team Capital stockholders approval and all necessary regulatory approvals.

Q: I AM ALSO A PROVIDENT FINANCIAL STOCKHOLDER. DO I NEED TO DO ANYTHING WITH MY PROVIDENT FINANCIAL STOCK CERTIFICATES?

A. No. Provident Financial stockholders will not exchange their certificates in the merger. The certificates currently representing shares of Provident Financial common stock will continue to represent the same number of shares of common stock of Provident Financial after the merger.

Q: WHEN DO YOU EXPECT TO MERGE?

A: Team Capital Bank and Provident Financial are working toward completing the merger as quickly as possible, and expect to complete the merger in the second quarter of 2014. However, Team Capital Bank and Provident Financial cannot assure you when or if the merger will occur. Team Capital Bank and Provident Financial must first obtain the approval of the stockholders of Team Capital Bank and all necessary regulatory approvals.

Q: WHAT WILL TEAM CAPITAL BANK STOCKHOLDERS RECEIVE IN THE MERGER?

A: If the stockholders of Team Capital Bank approve the merger agreement and the other conditions to closing are satisfied, for each share of Team Capital Bank common stock you own, you will have an opportunity to elect to receive 0.8575 shares of Provident Financial common stock, a cash payment of $16.25, or a combination of Provident Financial common stock and cash. The type of merger consideration each Team Capital Bank stockholder elects to receive in the merger may be adjusted, if necessary, so that the aggregate number of Team Capital Bank shares of common stock exchanged for shares of Provident Financial common stock equals 75% of the total number of shares of Team Capital Bank common stock issued and outstanding at the closing.

Q: WHOM SHOULD I CALL WITH QUESTIONS OR TO OBTAIN ADDITIONAL COPIES OF THIS PROXY STATEMENT/PROSPECTUS?

A: Team Capital Bank stockholders should contact:

Team Capital Bank

3001 Emrick Boulevard

Suite 320

Bethlehem, Pennsylvania 18020

Attention: Fredric B. Cort

Corporate Secretary

Telephone Number: 610-297-4009

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SUMMARY

This is a summary of certain information regarding the proposed merger and the special meeting to vote on the merger agreement contained in this document. It does not contain all of the information that may be important to you. You should carefully read the entire document, including the Appendices, before deciding how to vote. In addition, important business and financial information regarding Provident Financial is incorporated by reference into this document. You may obtain the information incorporated by reference without charge by following the instructions in the section entitled Where You Can Find More Information on page 78.

What This Document Is About

The boards of directors of Team Capital Bank, Provident Financial Services, Inc., and The Provident Bank have approved a merger agreement pursuant to which Team Capital Bank will merge with and into The Provident Bank, a subsidiary of Provident Financial. The merger cannot be completed unless two-thirds (2/3) of the stockholders of Team Capital Bank approve the merger agreement. This document is the Proxy Statement used by Team Capital Bank to solicit proxies for its special meeting of stockholders. It is also the Prospectus of Provident Financial regarding the Provident Financial common stock to be issued to Team Capital Bank stockholders if the merger is completed.

The Team Capital Bank Special Meeting

Date, Time and Place	Team Capital Bank will hold its special meeting of stockholders on , 2014, a.m., at , .
Record Date	, 2014.
Shares Entitled to Vote	shares of Team Capital Bank common stock were outstanding on the Record Date and entitled to vote at the Team Capital Bank special meeting.
Purpose of the Special Meeting	To consider and vote on the merger agreement, and to transact any other business that properly comes before the special meeting, or any adjournment or postponements of the meeting.
Vote Required	Two-thirds (2/3) of the outstanding shares of Team Capital Bank common stock entitled to vote must be cast in favor of the merger agreement for it to be approved.
	As of the record date, the directors and executive officer of Team Capital Bank and their affiliates beneficially owned shares, or approximately % of the outstanding shares, of Team Capital Bank common stock. Each director and executive officer of Team Capital

	Bank has entered into a separate letter agreement with Provident Financial, pursuant to which, among other things, they agreed to vote or cause to be voted all shares over which they maintain sole or shared voting power in favor of the approval of the merger agreement.
The Team Capital Bank Board of Directors Recommends You Vote in Favor of the Proposal	Team Capital Bank s board of directors has unanimously approved the merger agreement and unanimously recommends that Team Capital Bank stockholders vote **FOR** the merger agreement.

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The Companies

Provident Financial Services and The Provident Bank	Provident Financial Services, Inc., a Delaware corporation, is the bank holding company for The Provident Bank. The Provident Bank is a New Jersey savings bank that operates 77 full-service banking offices in northern and central New Jersey. The Federal Deposit Insurance Corporation insures its deposits. At December 31, 2013, Provident Financial had $7.49 billion in total consolidated assets. Provident Financial s principal executive offices are located at 100 Wood Avenue South, Iselin, New Jersey 08830. Provident Financial s telephone number is (732) 590-9200.
Team Capital Bank	Team Capital Bank is a Pennsylvania-chartered savings bank that operates 12 full-service banking offices in Bucks, Northampton and Lehigh Counties, Pennsylvania and Essex, Somerset, Hunterdon and Warren Counties, New Jersey. At December 31, 2013, Team Capital Bank had $943.6_million in total consolidated assets. Team Capital Bank s principal executive offices are located at 3001 Emrick Boulevard, Suite 320, Bethlehem, Pennsylvania 18020. Team Capital Bank s telephone number is (610) 297-4040.

The Merger

General Description	Team Capital Bank will merge with and into The Provident Bank, with The Provident Bank as the surviving entity. The merger will be completed no later than the tenth business day after all material conditions to closing have been met, unless Provident Financial and Team Capital Bank agree on a different closing date. A copy of the merger agreement is attached as *Appendix A* to this document and is incorporated by reference.
Consideration Payable to Team Capital Bank Stockholders	Team Capital Bank stockholders will be offered the opportunity to elect to receive merger consideration in the form of 0.8575 shares of Provident Financial common stock, $16.25 in cash, or a combination of Provident Financial common stock and cash in exchange for each of their shares of Team Capital Bank common stock. However, because 75% of the total number of shares of Team Capital Bank common stock outstanding at the closing will be converted into Provident Financial common stock and the remainder will be converted into cash, regardless of a Team Capital Bank stockholder s election. A Team Capital Bank stockholder may actually receive a combination of cash and shares of Provident Financial common stock for such stockholder s Team Capital Bank shares that is different than what such stockholder elected, depending on the elections made by

other Team Capital Bank stockholders. All elections will be subject to the allocation and proration procedures described in the merger agreement. These procedures are intended to ensure that 75% of the total number of shares of Team Capital Bank common stock outstanding at the closing will be converted into Provident Financial common stock and the remaining outstanding shares will be converted into cash.

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Election of Cash or Stock Consideration	No earlier than 20 business days before the expected date of completion of the merger, Provident Financial will send an election form to each Team Capital Bank stockholder that each such stockholder may use to indicate a preference for cash, Provident Financial common stock, or a combination of cash and Provident Financial common stock, or to indicate no preference for cash versus Provident Financial common stock. TEAM CAPITAL BANK STOCKHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES UNTIL THEY RECEIVE INSTRUCTIONS FROM PROVIDENT FINANCIAL S EXCHANGE AGENT. The merger agreement contains allocation and proration provisions that are designed to ensure that 75% of the outstanding shares of common stock of Team Capital Bank will be exchanged for shares of Provident Financial common stock and the remaining outstanding shares of common stock of Team Capital Bank will be exchanged for cash. Therefore, if the holders of more than 75% of the outstanding Team Capital Bank common stock elect to receive Provident Financial common stock for such shares, the amount of Provident Financial common stock that each such stockholder would receive from Provident Financial will be reduced on a pro rata basis. As a result, these Team Capital Bank stockholders will receive cash consideration for any Team Capital Bank shares for which they do not receive Provident Financial common stock. Similarly, if the holders of more than 25% of the outstanding Team Capital Bank common stock elect to receive cash for such shares, the amount of cash that each such stockholder would receive from Provident Financial will be reduced on a pro rata basis. As a result, such stockholders will receive Provident Financial common stock for any Team Capital Bank shares for which they do not receive cash. THE DEADLINE FOR RETURNING THE ELECTION FORM IS THE CLOSE OF BUSINESS ON THE TWENTIETH DAY FOLLOWING THE MAILING DATE OF THE ELECTION FORM, NOT INCLUDING THE DATE OF MAILING, UNLESS TEAM CAPITAL BANK AND PROVIDENT FINANCIAL MUTUALLY AGREE UPON ANOTHER DEADLINE DATE; PROVIDED, HOWEVER, THAT THE ELECTION DEADLINE MUST OCCUR BEFORE THE COMPLETION OF THE MERGER. IF YOU DO NOT MAKE AN

ELECTION, YOU WILL BE ALLOCATED EITHER CASH OR PROVIDENT FINANCIAL COMMON STOCK, OR A COMBINATION OF CASH AND PROVIDENT FINANCIAL COMMON STOCK, DEPENDING ON THE ELECTIONS MADE BY OTHER TEAM CAPITAL BANK STOCKHOLDERS.

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Cash In Lieu of Fractional Shares	Team Capital Bank stockholders will not receive fractional shares of Provident Financial common stock in the merger. Instead they will receive, without interest, a cash payment equal to the fractional share interest they otherwise would have received, multiplied by the value of Provident Financial common stock. For this purpose, Provident Financial common stock will be valued at the average of its daily closing sales prices during the ten consecutive trading days immediately preceding the completion date of the merger.
Dissenters Rights for Team Capital Bank Stockholders	Under the Pennsylvania Banking Code of 1965, stockholders of the target bank in an interstate merger may have dissenters rights if the law of the state of incorporation of the surviving bank grants dissenters rights. In this case, since The Provident Bank, a New Jersey savings bank, will be the surviving bank, holders of Team Capital Bank common stock will have dissenters rights under the New Jersey Banking Act of 1948 (as amended, the Banking Act). These dissenters rights give Team Capital Bank stockholders the right to obtain an appraisal of the value of their shares of Team Capital Bank common stock in connection with the merger. To perfect dissenters rights, a Team Capital Bank stockholder must not vote for the approval of the merger agreement and must strictly comply with all of the procedures required under Sections 17:9A-140 through 17:9A-145 of the Banking Act. These procedures are described more fully beginning on page 70. A copy of the statutory provisions relating to dissenters rights have been included as *Appendix D* to this document.
Federal Income Tax Consequences of the Merger	Provident Financial and Team Capital Bank will not be required to complete the merger unless they receive a legal opinion to the effect that the merger constitutes a tax-free reorganization for United States federal income tax purposes. We expect that, for United States federal income tax purposes, you will generally not recognize any taxable gain or loss with respect to the exchange of your shares of Team Capital Bank common stock if you receive only Provident Financial common stock (except for cash received in lieu of any fractional shares). If you receive only cash in exchange for your shares of Team Capital Bank common stock, you will recognize a taxable gain or loss in an amount equal to the difference between the amount of cash received and your tax basis in your shares of Team Capital Bank common stock exchanged. If you receive a combination of Provident Financial common stock and cash in exchange for your shares of Team Capital Bank common stock, you will generally recognize a taxable gain (but not loss) in an amount equal to the lesser of:

(a) the excess, if any of:

(1) the sum of the cash and the fair market value of the Provident Financial common stock you receive; over

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(2) your tax basis in the Team Capital Bank common stock exchanged in the merger; or

(b) the cash that you receive in the merger.

Your tax basis in the Provident Financial common stock that you receive in the merger will equal your tax basis in the Team Capital Bank common stock that you exchange in the merger, increased by the amount of any taxable gain you recognize in the merger and decreased by the amount of any cash received by you in the merger.

Your holding period for the Provident Financial common stock that you receive in the merger will include your holding period for the shares of Team Capital Bank common stock that you exchange in the merger.

If you acquired different blocks of shares of Team Capital Bank common stock at different times and at different prices, any taxable gain or loss you recognize will be determined separately with respect to each block of shares of Team Capital Bank common stock, and the cash and Provident Financial common stock you receive will be allocated pro rata to each such block of Team Capital Bank common stock. In addition, your basis and holding period in your Provident Financial common stock may be determined with reference to each block of Team Capital Bank common stock exchanged.

TEAM CAPITAL BANK STOCKHOLDERS ARE URGED TO READ THE MORE COMPLETE DESCRIPTION OF THE MERGER S MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES ON PAGE 67 AND TO CONSULT YOUR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU UNDER APPLICABLE LAWS.

Reselling Shares Received in the Merger	The shares of Provident Financial common stock to be issued in the merger will be registered under the Securities Act of 1933. Stockholders may freely transfer those shares after they receive them.
Differences in Stockholders Rights	In the merger, each Team Capital Bank stockholder who receives Provident Financial common stock will become a Provident Financial stockholder. The rights of Team Capital Bank stockholders are currently governed by the Pennsylvania Banking Code of 1965 and Team Capital Bank s certificate of incorporation and by-laws. The rights of Provident

Financial stockholders are currently governed by Delaware Corporation Law and Provident Financial s certificate of incorporation and by-laws. The rights of Team Capital Bank and Provident Financial stockholders differ with respect to voting requirements on certain matters and various other matters. See page 72.

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Reasons for the Merger	Team Capital Bank entered into the merger agreement at the conclusion of a process in which Team Capital Bank determined that a merger with Provident Financial was in the best interests of its stockholders. Among the factors the board of directors of Team Capital Bank took into consideration were the terms of the merger agreement, the fact that the transaction would be a tax free exchange to those stockholders receiving Provident Financial common stock, the liquidity available in Provident Financial common stock and the regulatory environment faced by community banks. For a full discussion of the factors considered by the Team Capital Bank board of directors, see page 32. The Team Capital Bank board of directors believes that the merger is fair from a financial point of view to Team Capital Bank stockholders, and that Provident Financial brings additional retail and business banking products, proven lending capabilities and depth of capital that will add competitive strength to the combined entity. Provident Financial identified Team Capital Bank as a merger candidate that would add to its franchise by expanding its banking operations into Bucks, Northampton and Lehigh Counties, Pennsylvania and Hunterdon and Warren Counties, New Jersey, which Provident Financial believes are attractive market areas.
Opinions of Team Capital Bank s Financial Advisors	Each of Griffin Financial Group, LLC. and Keefe Bruyette & Woods, Inc. has rendered a written opinion to Team Capital Bank s board of directors that, as of the date of the merger agreement, and based upon and subject to the assumptions made, matters considered and qualifications and limitations stated in its respective opinions, the consideration to be received by Team Capital Bank s stockholders in the merger with Provident Financial is fair to such stockholders from a financial point of view. Holders of Team Capital Bank common stock are encouraged to carefully read each of these opinions in their entirety. A copy of the full text of Griffin Financial Group, LLC. s fairness opinion is included as *Appendix B* to this Proxy Statement/Prospectus. A copy of the full text of Keefe Bruyette & Woods, Inc. s fairness opinion is included as *Appendix C* to this Proxy Statement/Prospectus. For information on how Griffin Financial Group, LLC. arrived at its opinion, see the discussion starting on page 33. For information on how Keefe Bruyette & Woods, Inc. arrived at its opinion, see the discussion starting on page 40. Neither Griffin Financial Group, LLC s opinion, nor Keefe Bruyette & Woods, Inc. s opinion is intended to be a recommendation to any holder of Team Capital Bank common stock as to how such holder should vote in connection with the merger transaction. Pursuant to an engagement letter between Team Capital Bank and Griffin Financial Group, LLC, Team Capital Bank agreed to pay a fee to Griffin

Financial Group, LLC. Pursuant to an engagement letter between Team Capital Bank and Keefe Bruyette & Woods, Inc. Team Capital Bank agreed to pay a fee to Keefe Bruyette & Woods, Inc.

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Financial Interests of Team Capital Bank s Directors and Officers in the Merger	Some of Team Capital Bank s directors and executive officers have interests in the merger that are in addition to their interests as stockholders. The Provident Financial and Team Capital Bank boards of directors considered these interests in deciding to approve the merger agreement. These interests include the following:

Provident Financial has agreed that John Pugliese, a current director of Team Capital Bank, will be appointed as a director of Provident Financial, subject to confirmation that Mr. Pugliese qualifies as an independent director under the applicable standards of the New York Stock Exchange and Provident Financial, as of the effective time of the merger.

Provident Financial will establish a New Jersey regional advisory board and a Pennsylvania regional advisory board, which will each be comprised of certain of the current members of the board of directors at Team Capital Bank (other than Mr. Pugliese) and certain members of the existing Team Capital Bank advisory boards, and who are designated by Provident Financial in consultation with Team Capital Bank.

Six executives, including Robert A. Rupel, the President and Chief Executive Officer of Team Capital Bank, are parties to employment agreements with Team Capital Bank that provide for cash severance, continued health benefits and non-compete payments in the event of their termination of employment without cause or voluntary termination for good reason following a change in control.

The termination of all outstanding Team Capital Bank stock options, whether or not vested, with a cash payment to the stock option holder equal to: (i) the excess of $16.25 over the per share exercise price of the applicable option, multiplied by (ii) the number of shares of Team Capital Bank common stock that the holder could have purchased with the option if the holder had exercised the option immediately prior to the effective time of the merger.

The acceleration of vesting of outstanding restricted stock awards issued by Team Capital Bank, which the holder will be entitled to exchange for the merger consideration payable in the form of Provident Financial common stock.

Provident Financial has agreed to indemnify the directors and officers of Team Capital Bank against certain liabilities and provide continued coverage under their directors and officers liability insurance policies for a six-year period following the merger.

On the Record Date, directors and executive officers of Team Capital Bank and their affiliates owned shares or % of the Team Capital Bank common stock.

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	For additional information on the benefits of the merger to Team Capital Bank s directors and officers, see page 64.
Conditions to the Merger	Completion of the merger is contingent on a number of conditions, including approval of the merger agreement by the holders of two-thirds (2/3) of the issued and outstanding common stock of Team Capital Bank at the special meeting of stockholders.
Regulatory Approvals	The merger is subject to the approval of the Federal Deposit Insurance Corporation, the New Jersey Department of Banking and Insurance, and the Pennsylvania Department of Banking. The merger is also subject to the approval of the Board of Governors of the Federal Reserve System. The necessary filings have been made and, as of the date of this document, approvals from the FDIC and the Pennsylvania Department of Banking have been received. Regulatory approval does not constitute an endorsement of the merger or a determination that the terms of the merger are fair to Team Capital Bank stockholders.
Terminating the Merger Agreement	Team Capital Bank will be required to pay Provident Financial a termination fee of $5.0 million if, among other things, in connection with Team Capital Bank s receipt of a superior proposal (as defined in the merger agreement), Team Capital Bank (i) enters into an acquisition agreement with respect to such superior proposal, (ii) terminates the merger agreement or (iii) withdraws or adversely modifies its recommendation to its stockholders to vote in favor of the merger agreement. Additionally, if the average of the daily closing sales prices of Provident Financial common stock for the twenty consecutive trading days immediately preceding the first date on which all regulatory approvals have been received, is less than $15.10 and the decline in value of Provident Financial common stock relative to the change in value of an index of financial institution holding companies over a similar period exceeds 20.0%, then Team Capital Bank can terminate the merger agreement unless Provident Financial increases the consideration to be received by the holders of Team Capital Bank common stock utilizing the formula agreed to in the merger agreement. See Section 11.1.10 of the merger agreement, which is attached as *Appendix A*, for the specific formula referenced above. The merger agreement also may be terminated by either Team Capital Bank or Provident Financial if the merger has not occurred by December 31, 2014. For a more complete description of these and other termination rights available to Team Capital Bank and Provident Financial, see page 64.

Amending the Merger Agreement	The merger agreement may be amended by the written consent of Provident Financial and Team Capital Bank at any time prior to the completion of the merger. However, under applicable law, an amendment that reduces the amount or value, or changes the form of the merger consideration payable to Team Capital Bank stockholders

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	and certain other types of amendments cannot be made following the approval of the merger agreement by Team Capital Bank stockholders without their consent.
Team Capital Bank has Agreed Not to Solicit Alternative Transactions	In the merger agreement, Team Capital Bank has agreed not to initiate, solicit or knowingly encourage, negotiate with, or provide any information to any person other than Provident Financial concerning an acquisition transaction involving Team Capital Bank. This restriction may deter other potential acquirors of control of Team Capital Bank. However, Team Capital Bank may take certain of these actions if its board of directors determines that it should do so. This determination by the Team Capital Bank board of directors must be made after the Team Capital Bank board of directors consults with its legal counsel, and must be based on the Team Capital Bank board of directors fiduciary duties.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF

PROVIDENT FINANCIAL SERVICES, INC.

The summary information presented below at or for years ended December 31, 2013 and 2012 is derived in part from and should be read in conjunction with the consolidated financial statements of Provident Financial for the years ended December 31, 2013 and 2012 and the related notes thereto incorporated by reference in this Proxy Statement/Prospectus. You should read this information in conjunction with Provident Financial s consolidated financial statements and related notes included in Provident Financial s Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference in this Proxy Statement/Prospectus and from which this information is derived. See Where You Can Find More Information on page 78.

	At December 31,				
	2013	2012	2011	2010	2009
	(Dollars in thousands)				
Selected Financial Condition Data:					
Total assets	$ 7,487,328	$ 7,283,695	$ 7,097,403	$ 6,824,528	$ 6,836,172
Loans, net[1]	5,130,149	4,834,351	4,579,158	4,341,091	4,323,450
Investment securities held to maturity	357,500	359,464	348,318	346,022	335,074
Securities available for sale	1,157,594	1,264,002	1,376,119	1,378,927	1,333,163
Deposits	5,202,471	5,428,271	5,156,597	4,877,734	4,899,177
Borrowed funds	1,203,879	803,264	920,180	969,683	999,233
Stockholders equity	1,010,753	981,246	952,477	921,687	844,555

	For the Year Ended December 31,				
	2013	2012	2011	2010	2009
	(Dollars in Thousands)				
Selected Operations Data:					
Interest income	$ 252,777	$ 262,259	$ 275,719	$ 286,634	$ 292,559
Interest expense	36,767	44,922	59,729	77,569	111,542
Net interest income	216,010	217,337	215,990	208,965	181,017
Provision for loan losses	5,500	16,000	28,900	35,500	30,250
Net interest income after provision for loan losses	210,510	201,337	187,090	173,465	150,767
Non-interest income	44,153	43,613	32,542	31,552	31,452
Non-interest expense[2]	148,763	148,828	142,446	138,748	297,036
Income (loss) before income tax expense[2]	105,900	96,122	77,186	66,269	(114,817)
Income tax expense	35,366	28,855	19,842	16,564	7,007
Net income (loss)[2]	$ 70,534	$ 67,267	$ 57,344	$ 49,705	$ (121,824)
Earnings (loss) per share:					
Basic earnings (loss) per share[2]	$ 1.23	$ 1.18	$ 1.01	$ 0.88	$ (2.16)

Diluted earnings (loss) per share[2]	$ 1.23	$ 1.18	$ 1.01	$ 0.88	$ (2.16)

(1) Loans are shown net of allowance for loan losses, deferred fees and unearned discount.
(2) Reflects the impact of a $152,502 goodwill impairment charge recognized in 2009.

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	At or For the Year Ended December 31,				
	2013	2012	2011	2010	2009
Selected Financial and Other Data[1]					
Performance Ratios:					
Return on average assets[5]	0.97%	0.94%	0.83%	0.73%	(1.83)%
Return on average equity[5]	7.08	6.88	6.09	5.46	(13.33)
Average net interest rate spread	3.19	3.25	3.33	3.27	2.82
Net interest margin[2]	3.31	3.38	3.49	3.45	3.06
Average interest-earning assets to average interest-bearing liabilities	1.22	1.19	1.16	1.14	1.13
Non-interest income to average total assets	0.61	0.61	0.47	0.47	0.47
Non-interest expenses to average total assets[5]	2.05	2.08	2.07	2.05	4.45
Efficiency ratio[3][5]	57.18	57.03	57.31	57.69	139.80
Asset Quality Ratios:					
Non-performing loans to total loans	1.48%	2.02%	2.63%	2.21%	1.93%
Non-performing assets to total assets	1.10	1.53	1.91	1.47	1.33
Allowance for loan losses to non-performing loans	84.32	71.07	60.67	70.66	71.91
Allowance for loan losses to total loans	1.24	1.43	1.60	1.56	1.39
Capital Ratios:					
Leverage capital[4]	9.42%	8.93%	8.74%	8.57%	7.99%
Total risk based capital[4]	12.89	12.68	12.80	13.00	12.17
Average equity to average assets	14.14	13.93	14.05	14.26	13.42
Other Data:					
Number of full-service offices	77	78	82	81	82
Full time equivalent employees	886	884	906	899	931

(1) Averages presented are daily averages.
(2) Net interest income divided by average interest earning assets.
(3) Represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income.
(4) Leverage capital ratios are presented as a percentage of quarterly average tangible assets. Risk-based capital ratios are presented as a percentage of risk-weighted assets.
(5) Reflects the impact of a $152,502 goodwill impairment charge recognized in 2009.

Efficiency Ratio Calculation:	**12/31/2013**	**12/31/2012**	**12/31/2011**	**12/31/2010**	**12/31/2009**
Net interest income	$ 216,010	$ 217,337	$ 215,990	$ 208,965	$ 181,017
Non-interest income	44,153	43,613	32,542	31,552	31,452
Total income	$ 260,163	$ 260,950	$ 248,532	$ 240,517	$ 212,469
Non-interest expense[1]	$ 148,763	$ 148,828	$ 142,446	$ 138,748	$ 297,036
Expense/income[1]	57.18%	57.03%	57.31%	57.69%	139.80%

(1) For 2009, reflects the impact of a $152,502 goodwill impairment charge.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF

TEAM CAPITAL BANK

	At or for the Year Ended December 31,				
	2013	**2012**	**2011**	**2010**	**2009**
	(Dollars in thousands, except per share data)				
Balance Sheet Summary:					
Total assets	$ 943,640	$ 920,233	$ 828,589	$ 707,727	$ 668,422
Loans	612,406	532,799	456,951	390,956	355,178
Allowance for loan losses	9,057	7,818	6,972	5,386	4,214
Investment securities	250,305	320,226	294,299	267,110	254,661
Deposits	727,043	710,073	643,316	564,460	547,704
Common equity	69,701	70,490	63,080	56,818	54,023
Stockholders equity	92,113	92,902	85,492	56,818	54,023
Earnings Summary:					
Interest income	$ 35,298	$ 35,273	$ 33,060	$ 31,215	$ 27,589
Interest expense	5,428	6,319	6,923	8,756	11,517
Net interest income	29,870	28,954	26,137	22,459	16,072
Provision for loan losses	1,340	3,210	3,595	3,544	2,100
Noninterest income	5,055	3,361	2,130	3,659	1,147
Noninterest expense	24,781	21,798	20,542	18,052	14,485
Income tax expense	2,265	1,690	920	1,328	(1,006)
Net income	6,539	5,617	3,210	3,194	1,640
Preferred stock dividends	224	224	102		
Net income available to common stockholders	6,315	5,393	3,108	3,194	1,640
Per Share Data:					
Net income	$ 0.87	$ 0.75	$ 0.43	$ 0.45	$ 0.24
Book value	$ 9.28	$ 9.82	$ 8.80	$ 7.94	$ 7.93
Weighted average shares	7,218,781	7,173,729	7,160,928	7,157,911	6,468,051
Selected Ratios:					
Annualized return on average assets	0.68%	0.62%	0.41%	0.46%	0.33%
Equity to assets at period end	7.39%	7.66%	7.61%	8.03%	8.08%
Annualized return on average stockholders equity	9.14%	7.99%	4.10%	5.62%	3.87%
Net interest margin	3.41%	3.50%	3.66%	3.50%	3.31%
Allowance for loan losses to total loans	1.48%	1.47%	1.53%	1.38%	1.19%
Non-performing loans to total loans	1.19%	1.26%	1.92%	1.66%	1.34%

Capital Ratios:					
Leverage ratio	9.94%	9.59%	10.11%	7.85%	7.67%
Tier 1 risk-based ratio	13.32%	13.44%	14.50%	11.39%	12.15%
Total risk-based ratio	14.57%	14.66%	15.75%	12.51%	13.15%

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION RELATING TO THE TEAM CAPITAL BANK ACQUISITION

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting, giving effect to proposed merger of Provident Financial s subsidiary, The Provident Bank, with Team Capital Bank. The unaudited pro forma condensed combined financial information set forth below assumes that the merger with Team Capital Bank was consummated on January 1, 2013 for purposes of the unaudited pro forma condensed combined statement of income for the year ended December 31, 2013, and, for purposes of the unaudited pro forma condensed combined balance sheet, gives effect to the proposed merger as if it had been completed on December 31, 2013. The unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the results of operations or financial condition had the merger been completed on the dates described above, nor is it necessarily indicative of the results of operations in future periods or the future financial position of the combined entities.

The value of Provident Financial common stock issued in connection with the Team Capital Bank merger will be based on the closing price of Provident Financial common stock on the date the merger is completed. For purposes of the pro forma financial information, the fair value of Provident Financial common stock was calculated based on its December 19, 2013 closing trading price of $18.61.

The pro forma financial information includes estimated adjustments to record assets and liabilities of Team Capital Bank at their respective fair values and represents Provident Financial s pro forma estimates based on available information. The pro forma financial information also assumes Team Capital Bank s redemption at closing of its outstanding 22,412 shares of Series A Non-Cumulative Perpetual Preferred Stock. The pro forma adjustments included herein are subject to change depending on changes in interest rates and the components of assets and liabilities and as additional information becomes available and additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after completion of a thorough analysis to determine the fair value of Team Capital Bank s tangible and identifiable intangible assets and liabilities as of the date the merger is completed. Increases or decreases in the estimated fair values of the net assets as compared with the information shown in the unaudited pro forma condensed combined financial information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact Provident Financial s statement of income due to adjustments in yield and/or amortization of the adjusted assets or liabilities. Any changes to Team Capital Bank stockholders equity, including results of operations from December 31, 2013 through the date the merger is completed, will also change the purchase price allocation, which may include the recording of a lower or higher amount of goodwill. The final adjustments may be materially different from the unaudited pro forma adjustments presented herein.

Provident Financial anticipates that the merger with Team Capital Bank will provide the combined company with financial benefits that include reduced operating expenses. The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings or opportunities to earn additional revenue and, accordingly, does not attempt to predict or suggest future results.

The unaudited pro forma condensed combined financial information has been derived from and should be read in conjunction with the historical consolidated financial statements and the related notes of Provident Financial and Team Capital Bank, which, in the case of Provident Financial, are incorporated in the proxy statement/prospectus by reference. See Where You Can Find More Information on page 78.

The unaudited pro forma stockholders equity and net income are qualified by the statements set forth under this caption and should not be considered indicative of the market value of Provident Financial common stock or the actual or future results of operations of Provident Financial for any period. Actual results may be materially different than the pro forma information presented.

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Provident Financial Services, Inc. and Subsidiary

Unaudited Pro Forma Condensed Combined Statements of Financial Condition

at December 31, 2013

	Provident Financial Historical	Team Capital Bank Historical	Pro Forma Acquisition Adjustments	Pro Forma Combined
	(Dollars in thousands)			
ASSETS:				
Cash and cash equivalents	$ 101,224	$ 24,158	$	$ 125,382
Securities available for sale	1,157,594	247,442	(70,481)[1]	1,334,555
Investment securities held to maturity	357,500	2,863	(429)[2]	359,934
Gross loans	5,194,813	612,406	(11,398)[3]	5,795,821
Loan loss reserve	(64,664)	(9,057)	9,057[3]	(64,664)
Loans, net of allowance	5,130,149	603,349	(2,341)	5,731,157
Restricted investment in bank stocks, at cost	58,070	7,268		65,338
Other real estate owned, net	5,486	674		6,160
Goodwill	352,609		12,176[4]	364,785
Core deposit intangibles	2,660		9,359[5]	12,019
Premises and equipment, net	66,448	27,297		93,745
Bank owned life insurance	150,511	22,053		172,564
Accrued interest receivable	22,956	3,434		26,390
Other assets	82,121	5,102	(3,918)[6]	83,305
TOTAL ASSETS	$ 7,487,328	$ 943,640	$ (55,634)	$ 8,375,334
LIABILITIES:				
Deposits				
Non-interest bearing	$ 865,187	$ 124,126	$	$ 989,313
Interest bearing	4,337,284	602,917	(23,162)[7]	4,917,039
Total deposits	5,202,471	727,043	(23,162)	5,906,352
Borrowed funds	1,203,879	122,252	2,590[8]	1,328,721
Accrued interest payable	2,596	347		2,943
Other liabilities	67,629	1,885		69,514
TOTAL LIABILITIES	6,476,575	851,527	(20,572)	7,307,530
STOCKHOLDERS EQUITY				
Preferred stock		22,412	(22,412)[9]	
Common stock	832	75	(75)[9]	832
Additional paid-in capital	1,026,144	57,818	9,625[9]	1,093,587

Retained earnings	427,763	15,313	(25,705)[9]	417,371
Unearned Employee Stock Ownership Plan (ESOP) shares	(48,755)			(48,755)
Treasury stock, at cost	(390,380)			(390,380)
Accumulated other comprehensive income (loss)	(4,851)	(3,505)	3,505[9]	(4,851)
TOTAL STOCKHOLDERS EQUITY	1,010,753	92,113	(35,062)	1,067,804
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$ 7,487,328	$ 943,640	$ (55,634)	$ 8,375,334

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Provident Financial Services, Inc. and Subsidiary

Unaudited Pro Forma Condensed Combined Statement of Income

For the Year Ended December 31, 2013

	Provident Financial Historical	Team Capital Bank Historical	Pro Forma Acquisition Adjustments	Pro Forma Combined
	(Dollars in thousands)			
INTEREST AND DIVIDEND INCOME				
Loans, including fees	$ 216,501	$ 26,879	$ 737[10]	$ 217,238
Investment Securities	36,237	8,359	(881)[11]	43,715
Federal funds sold and other	39	60		99
TOTAL INTEREST INCOME	252,777	35,298	(144)	287,931
INTEREST EXPENSE				
Deposits	18,031	3,279	14,476[12]	35,786
Borrowed funds	18,736	2,149	(785)[13]	20,100
TOTAL INTEREST EXPENSE	36,767	5,428	13,691	55,886
NET INTEREST INCOME	216,010	29,870	13,835	232,045
Provision for loan losses	5,500	1,340		6,840
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	210,510	28,530		225,205
NON-INTEREST INCOME				
Fees	34,045	1,947		35,992
Net gains on sales of securities	562	458		1,020
Income from bank owned life insurance	6,596	682		7,278
Other	2,950	1,968		4,918
TOTAL NONINTEREST INCOME	44,153	5,055		49,208
NONINTEREST EXPENSE				
Salaries and employee benefits	83,000	13,802		96,802
Occupancy and equipment	20,560	4,187		24,747
Data processing	10,550	872		11,422
Federal deposit insurance	4,678	569		5,247
Advertising	3,890	607		4,497
Amortization of intangibles	1,624		1,702[14]	3,326

Other	24,461	4,744	17,569[15]	46,774
TOTAL NONINTEREST EXPENSE	148,763	24,781	19,271	192,815
Income before income taxes	105,900	8,804	(33,106)	81,598
Income tax expense (benefit)	35,366	2,265	(13,524)[16]	24,107
NET INCOME	$ 70,534	$ 6,539	$ (19,582)	$ 57,491
Preferred stock dividends		224	224	
NET INCOME AVAILABLE TO COMMON STOCKHOLDERS	$ 70,534	6,315	(19,358)	57,491
Average diluted shares outstanding	57,361,443	7,452,895	(2,659,752)	62,154,586
Diluted earnings per share	$ 1.23	$ 0.85	$	$ 0.92

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NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

Note A Basis of Presentation

The unaudited pro forma condensed combined financial information and explanatory notes show the impact on the historical financial condition and results of operations of Provident Financial resulting from the proposed merger with Team Capital Bank under the acquisition method of accounting. Under the acquisition method of accounting, the assets and liabilities of Team Capital Bank are recorded by Provident Financial at their respective fair values as of the date the merger is completed. The unaudited pro forma condensed combined statement of financial condition combines the historical financial information of Provident Financial and Team Capital Bank as of December 31, 2013, and assumes that the proposed merger was completed on that date. The unaudited pro forma condensed combined statements of income give effect to the proposed Team Capital Bank merger as if the merger had been consummated on January 1, 2013.

As the merger is recorded using the acquisition method of accounting, all loans are recorded at fair value, including adjustments for credit, and no allowance for credit losses is carried over to Provident Financial s balance sheet.

Note B Accounting Policies and Financial Statement Classifications

The accounting policies of Team Capital Bank are in the process of being reviewed in detail by Provident Financial. Upon completion of such review, conforming adjustments or financial statement reclassifications may be determined.

Note C Merger and Acquisition Integration Costs

In connection with the proposed Team Capital Bank merger, the plan to integrate Provident Financial s and Team Capital Bank s operations is still being developed. The specific details of this plan will continue to be refined over the next several months, and will include assessing personnel, benefit plans, premises, equipment, and service contracts to determine where they may take advantage of redundancies. Certain decisions arising from these assessments may involve involuntary termination of employees, vacating leased premises, changing information systems, canceling contracts with certain service providers and selling or otherwise disposing of certain premises, furniture and equipment. Provident Financial also expects to incur merger related costs including professional fees, legal fees, system conversion costs, and costs related to communications with customers and others. To the extent there are costs associated with these actions, the costs will be recorded based on the nature of the cost and timing of these integration actions.

Note D Estimated Annual Cost Savings

Provident Financial expects to realize cost savings of approximately 25% of Team Capital Bank s operating expenses following the merger. These cost savings are not reflected in the pro forma financial information and there can be no assurance they will be achieved in the amount or manner currently contemplated.

Note E Pro Forma Acquisition Adjustments

The following pro forma adjustments have been reflected in the unaudited pro forma combined condensed consolidated financial information. All adjustments are based on current assumptions and valuations, which are subject to change.

1. Reflects cash requirements needed to complete the transaction. It is anticipated that these requirements will be funded through the liquidation of available for sale securities.

2. Adjustment to reflect preliminary estimate of fair value of acquired investment securities.

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3. Adjustment to reflect acquired loans at their preliminary fair value, including credit and interest rate considerations.

4. Adjustments to goodwill resulting from recording the assets and liabilities of Team Capital at fair value. These adjustments are preliminary and are subject to change. The final adjustments will be made subsequent to the completion of the merger and may be materially different from those presented here.

5. Adjustment for the establishment of identifiable intangibles for estimated core deposit intangibles.

6. Reflects preliminary estimate of net deferred taxes resulting from the fair value adjustments related to the acquired assets and liabilities, identifiable intangibles, and other deferred tax items. The actual tax asset adjustments will depend on facts and circumstances existing at the completion of the merger.

7. Represents the estimated fair value adjustment to certificate of deposit liabilities.

8. Represents the estimated fair value adjustment to borrowings.

9. Reflects the acquisition of existing Team Capital equity, the redemption of the SBLF preferred stock and the issuance of stock in connection with the merger consideration.

10. Reflects the estimated net amortization of premiums and discounts on acquired loans.

11. Reflects the estimated opportunity cost of the cash consideration paid.

12. Reflects the estimated amortization of the related fair value adjustments to interest-bearing deposits using the effective interest method over the remaining terms to maturity.

13. Reflects the estimated net accretion of discounts on acquired borrowings.

14. Reflects the estimated net amortization of core deposit intangibles.

15. Reflects the estimated transaction costs.

16. Reflects the estimated income tax on pro forma adjustments using a 40.85% tax rate.

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COMPARATIVE PER SHARE DATA

The following table sets forth for Provident Financial common stock and Team Capital Bank common stock certain historical, pro forma and pro forma-equivalent per share financial information. The pro forma and pro forma-equivalent per share information gives effect to the merger as if the merger had been effective on the dates presented, in the case of the book value data presented, and as if the merger had become effective at the beginning of the periods presented, in the case of the net income and dividends declared data presented. The pro forma data in the tables assume that the merger is accounted for using the acquisition method of accounting. See Proposal I The Proposed Merger Accounting Treatment on page 70. The information in the following table is based on, and should be read together with, the historical financial information that Provident Financial has presented in its prior filings with the Securities and Exchange Commission. See Where You Can Find More Information on page 78.

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

	Provident Financial Historical	Team Capital Bank Historical	Pro Forma Combined[1]	Per Equivalent Team Capital Bank Share[2]
Net Income Per Common Share:				
For the Year Ended December 31, 2013:				
Basic	$ 1.23	$ 0.87	$ 0.93	$ 0.80
Diluted	$ 1.23	$ 0.85	$ 0.92	$ 0.79
Cash Dividends Declared Per Common Share[3]:				
For the year ended December 31, 2013	$ 0.56	$	$ 0.52	$
Book Value Per Common Share[4]:				
As of December 31, 2013	$ 16.87	$ 12.27	$ 16.49	$

(1) Pro forma combined assumes the merger of Team Capital Bank was completed at the beginning of the period presented.

(2) Per equivalent share of Team Capital Bank s common stock is calculated by taking the product of the pro forma combined and an exchange ratio of 0.8575.

(3) Pro forma cash dividends represent the pro forma combined dividends divided by the pro forma combined basic weighted average shares.

(4) Pro forma book value per common share is based on the pro forma total stockholders equity of the combined entity divided by the total pro forma common shares of the combined entity assuming conversion of 75% of the outstanding shares of Team Capital Bank common stock into shares of Provident Financial common stock at an implied exchange ratio of 0.8575. Team Capital Bank s historical book value per common share includes its outstanding shares of Series A Non-Cumulative Perpetual Preferred Stock.

The following table shows trading information for Provident Financial common stock as of market close on December 19, 2013 and [Date before proxy finalized]. December 19, 2013 was the last trading date before the parties announced the merger. [Date before proxy finalized] is a recent date before this proxy statement-prospectus was finalized. Team Capital Bank stock is not traded on any established market.

Date	Provident Financial Common Stock	Team Capital Bank Common Stock[(1)]	Equivalent Value for Each Team Capital Bank Share
December 19, 2013	$ 18.61	$ 9.30	$ 15.96
[Date before proxy finalized]			

(1) Reflects Team Capital Bank s book value at September 30, 2013

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RISKS RELATED TO THE MERGER

In addition to the other information contained in or incorporated by reference into this Proxy Statement/Prospectus, including the matters addressed under the caption Cautionary Statement Regarding Forward-Looking Statements, you should carefully consider the following risk factors in deciding whether to vote for approval of the merger agreement and whether to make a cash or stock election. Please also refer to the additional risk factors identified in the periodic reports and other documents of Provident Financial incorporated by reference into this document and listed in Where You Can Find More Information on page 78.

You May Not Receive the Form of Merger Consideration that You Elect.

The merger agreement contains provisions that are designed to ensure that the form of merger consideration that each Team Capital Bank stockholder will receive will be subject to proration so that 75% of the outstanding shares of common stock of Team Capital Bank will be exchanged for shares of Provident Financial common stock and the remaining outstanding shares of common stock of Team Capital Bank will be exchanged for cash. Therefore, if the holders of more than 75% of the outstanding Team Capital Bank common stock elect to receive Provident Financial common stock, the amount of Provident Financial common stock that each such stockholder would receive from Provident Financial will be reduced on a pro rata basis. As a result, these Team Capital Bank stockholders will receive cash consideration for any Team Capital Bank shares for which they do not receive Provident Financial common stock. Similarly, if the holders of more than 25% of the outstanding Team Capital Bank common stock elect to receive cash, the amount of cash that each such stockholder would receive from Provident Financial will be reduced on a pro rata basis. As a result, such stockholders will receive Provident Financial common stock for any Team Capital Bank shares for which they do not receive cash. Accordingly, there is a risk that you will receive a portion of the merger consideration in a form that you did not elect, which could result in, among other things, tax consequences that differ from those that would have resulted had you received the form of consideration you elected (including the recognition of taxable gain to the extent cash is received).

Provident Financial May Fail to Realize the Anticipated Benefits of the Merger.

The success of the merger will depend on, among other things, Provident Financial s ability to realize anticipated cost savings and to combine the businesses of The Provident Bank and Team Capital Bank in a manner that does not materially disrupt the existing customer relationships of Team Capital Bank or The Provident Bank, or result in decreased revenues from any loss of customers. If Provident Financial is not able to successfully achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

Provident Financial and Team Capital Bank have operated and, until the completion of the merger, will continue to operate independently. It is possible that the integration process could result in the loss of key employees, the disruption of Provident Financial s or Team Capital Bank s ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the ability of Provident Financial to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Because the Market Price of Provident Financial Common Stock May Fluctuate, You Cannot Be Sure of the Value of the Merger Consideration That You Will Receive.

Upon completion of the merger, each share of Team Capital Bank common stock will be converted into merger consideration consisting of shares of Provident Financial common stock and/or cash pursuant to the terms of the merger agreement. The value of the Provident Financial common stock portion of the merger consideration to be

received by Team Capital Bank stockholders will be based on the price of Provident Financial common stock immediately prior to the completion of the merger. Accordingly, at the time of the Team Capital Bank special meeting, Team Capital Bank stockholders will not necessarily know or be able to calculate the value of the Provident Financial common stock they would receive upon completion of the merger.

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Any change in the price of Provident Financial common stock prior to completion of the merger will affect the value of the Provident Financial common stock that a Team Capital Bank stockholder will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control.

Team Capital Bank s Stockholders Will Be Unable to Sell Their Shares After Making Their Election.

Team Capital Bank s stockholders may elect to receive the merger consideration in the form of cash or stock. Stockholders making an election must send in their Team Capital Bank stock certificates with their election form. During the time between when the election is made and the merger is completed, Team Capital Bank stockholders will be unable to sell their Team Capital Bank common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. Team Capital Bank stockholders can shorten the period during which they cannot sell their shares by delivering their election form shortly before the close of the election period. However, elections received after the close of the election period will not be accepted or honored.

Team Capital Bank s Directors and Officers Have Interests in the Merger Besides Those of a Stockholder.

Team Capital Bank s executive officers negotiated the merger agreement with Provident Financial, and the Team Capital Bank board of directors approved the merger agreement and is recommending that Team Capital Bank stockholders vote for the merger agreement. In considering these facts and the other information contained in this Proxy Statement/Prospectus, you should be aware that Team Capital Bank s executive officers and directors have various interests in the merger besides being Team Capital Bank stockholders. See Interests of Directors and Officers in the Merger. These interests include:

- the appointment of John Pugliese, a current director of Team Capital Bank, to the boards of directors of Provident Financial and The Provident Bank, subject to confirmation that he qualifies as an independent director under the standards of New Year Stock Exchange and Provident Financial following the consummation of the Merger;

- The establishment of a New Jersey Regional Advisory Board and a Pennsylvania Regional Advisory Board consisting of certain of those persons, other than the Team Capital Bank director appointed to the board of directors of Provident Financial, who currently serve on the board of directors of Team Capital or serve on an existing Team Capital Bank advisory board as determined by Provident Financial in consultation with Team Capital Bank;

- Team Capital Bank employment agreements with six executives, including Robert A. Rupel, the President and Chief Executive Officer, that provide for cash severance, continued health benefits and non-compete payments in the event of their termination of employment without cause or voluntary termination for good reason following a change in control;

- the termination of all outstanding Team Capital Bank stock options, whether or not vested, with a cash payment to the stock option holder equal to: (i) the excess of $16.25 over the per share exercise price of the

applicable option, multiplied by (ii) the number of shares of Team Capital Bank common stock that the holder could have purchased with the option if the holder had exercised the option immediately prior to the effective time of the merger;

the acceleration of vesting of outstanding restricted stock awards issued by Team Capital Bank, which the holders will be entitled to exchange for the merger consideration payable in the form of Provident Financial common stock; and

the rights of directors and officers of Team Capital Bank to continued indemnification coverage and continued coverage under directors and officers liability insurance policies for six years after the merger.

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Provident Financial May Not Receive Required Regulatory Approvals. Such Approvals May Be Subject to Adverse Regulatory Conditions.

Before the merger may be completed, various approvals or waivers must be obtained from, or notifications submitted to, the Federal Deposit Insurance Corporation, Pennsylvania Department of Banking and Securities, the Board of Governors of the Federal Reserve System (the Federal Reserve Board) and the New Jersey Department of Banking and Insurance. Neither Team Capital Bank nor Provident Financial can guarantee that it will receive all required regulatory approvals in order to complete the merger. In addition, some of the governmental authorities from whom those approvals must be obtained may impose conditions on the completion of the merger or require changes in the terms of the merger. These conditions or changes could have the effect of delaying the merger or imposing additional costs or limiting the possible revenues of the combined company.

The Merger Agreement Limits Team Capital Bank s Ability To Pursue Alternatives To The Merger.

The merger agreement contains terms and conditions that make it more difficult for Team Capital Bank to sell its business to a party other than Provident Financial. Team Capital Bank has agreed to take action necessary to convene and hold a meeting of stockholders of Team Capital Bank to consider and vote upon the approval of the merger agreement and the merger as promptly as practicable following the execution of the merger agreement. Subject to certain limited exceptions, Team Capital Bank s board of directors is required to recommend such approval. The board of directors may, however, pursue certain bona fide written acquisition proposals, if and only to the extent that (i) the board of directors determines in good faith that such action would be required in order for its directors to comply with their respective fiduciary duties under applicable law, (ii) the board of directors determines in good faith that such acquisition proposal, if accepted, is reasonably likely to be consummated and would result in a transaction more favorable to Team Capital Bank s stockholders from a financial point of view than the merger with Provident Financial, (iii) Team Capital Bank promptly notifies Provident Financial of such proposals and the material terms of the proposals and (iv) the special meeting of stockholders of Team Capital Bank has not yet occurred. If the board of directors determines that it desires to accept an acquisition proposal that satisfies the criteria described above, Team Capital Bank may terminate the merger agreement, subject to the obligation to pay a $5.0 million termination fee to Provident Financial.

Provident Financial required Team Capital Bank to agree to these provisions as a condition to Provident Financial s willingness to enter into the merger agreement. However, these provisions could discourage a third party that might have an interest in acquiring all or a significant part of Team Capital Bank from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share price than the current proposed merger consideration, and the termination fee might result in a potential competing acquirer proposing to pay a lower per share price to acquire Team Capital Bank than it might otherwise have proposed to pay.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains or incorporates by reference a number of forward-looking statements regarding the financial condition, results of operations and business of both Provident Financial and Team Capital Bank, and may include statements for the period following the completion of the merger. You can find many of these statements by looking for words such as plan, believe, expect, intend, anticipate, estimate, project, potential or other similar ex Such statements are based on current expectations and are subject to risks, uncertainties, and changes in condition, significance, value and effect. These risks include those discussed in the section entitled Risks Related to the Merger on page 24.

The ability of Provident Financial and Team Capital Bank to predict results or the actual effects of their respective plans and strategies is inherently uncertain. Accordingly, actual results may differ materially from anticipated results. Some of the factors that may cause actual results to differ materially from those contemplated by the forward-looking statements include, but are not limited to, the following:

- difficulties in obtaining required stockholder and regulatory approvals for the merger;
- an increase in competitive pressure among financial institutions or from non-financial institutions;
- changes in the interest rate environment;
- changes in deposit flows, loan demand or real estate values;
- changes in accounting principles, policies or guidelines;
- legislative or regulatory changes;
- changes in general economic conditions, either nationally or in some or all of the operating areas in which the combined company will be doing business, or conditions in securities markets or the banking industry;
- a materially adverse change in the financial condition of Provident Financial or Team Capital Bank;
- uncertainty related to the transaction and contractual restrictions imposed on Team Capital Bank and Provident Financial while the transaction is pending;
- the level and timeliness of realization, if any, of expected cost savings from the merger;

- difficulties related to the consummation of the merger and the integration of the businesses of Provident Financial and Team Capital Bank;

- lower than expected revenues following the merger; and

- other economic, competitive, governmental, regulatory, geopolitical and technological factors affecting operations, pricing and services.

Because such forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Team Capital Bank stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this document or the date of any document incorporated by reference.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to Provident Financial or Team Capital Bank or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, Provident Financial and Team Capital Bank undertake no obligation to update such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

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THE TEAM CAPITAL BANK SPECIAL MEETING OF STOCKHOLDERS

This section contains information for Team Capital Bank stockholders about the special meeting of stockholders that Team Capital Bank has called to consider and approve the merger agreement.

Together with this document, Team Capital Bank is also sending you a notice of the Team Capital Bank special meeting of stockholders and a form of proxy that is solicited by its board of directors. The special meeting of stockholders will be held on , 2014 at a.m., local time, at . This Proxy Statement/ Prospectus is first being mailed to stockholders of Team Capital Bank on or about , 2014.

Matters to Be Considered

The purpose of the Team Capital Bank special meeting of stockholders is: (1) to vote on a proposal to approve the merger agreement, and (2) to vote upon any other matters that may properly be submitted to a vote at the Team Capital Bank special meeting, including a proposal to adjourn or postpone the Team Capital Bank special meeting for the purpose, among others, of allowing additional time to solicit proxies.

Proxies

You may vote your shares of Team Capital Bank in any one of four alternative ways:

By paper proxy card;

Telephonically;

Via the internet; or

In person at the Team Capital Bank stockholders meeting.

Please read the following instructions and vote by whatever method is most convenient for you:

Paper Proxy Card. Each copy of this document mailed to Team Capital Bank stockholders is accompanied by a proxy card with voting instructions for submission by mail. You should complete and return the proxy card accompanying this document to ensure that your vote is counted at the Team Capital Bank special meeting, or at any adjournment or postponement of the meeting, regardless of whether you plan to attend the Team Capital Bank special meeting.

Voting by Telephone. If you wish to vote by telephone and you are a shareholder of record of Team Capital Bank, use a touch-tone telephone to call toll-free and follow the instructions. If you vote by telephone, you must have your control number and proxy card available when you call.

Voting by the Internet. If you wish to vote through the Internet and you are a shareholder of record of Team Capital Bank, you can access the web page at and follow the on-screen instructions. If you vote through the Internet, you must have your control number and proxy card available when you access the web page.

You can revoke your proxy at any time before the vote is taken at the Team Capital Bank special meeting. If your shares are held in street name, your broker will vote your shares on the proposal to approve the merger agreement only if you provide instructions to your broker on how to vote. If you have not voted through your broker, you may revoke your proxy by:

submitting written notice of revocation to the Secretary of Team Capital Bank prior to the voting of such proxy;

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submitting a properly executed proxy bearing a later date; or

voting in person at the special meeting; however, simply attending the special meeting without voting will not revoke an earlier proxy.

Written notices of revocation and other communications about revoking your proxy should be addressed to:

Team Capital Bank

3001 Emrick Boulevard

Suite 320

Bethlehem, Pennsylvania 18020

Attention: Fredric B. Cort

Corporate Secretary

If your shares are held in street name, you should follow the instructions of your broker regarding the revocation of proxies.

All shares represented by valid proxies received by Team Capital Bank through this solicitation, that are not revoked, will be voted in accordance with your instructions on the proxy card. If you do not specify on your proxy card how you want your shares voted before signing and returning it, your proxy will be voted **FOR** approval of the merger agreement. The Team Capital Bank board of directors is presently unaware of any other matters that may be presented for action at the special meeting. If other matters do properly come before the special meeting, or at any adjournment or postponement thereof, Team Capital Bank intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against approval of the merger agreement will not be voted in favor of adjourning or postponing the special meeting to solicit additional proxies.

Team Capital Bank stockholders should NOT send stock certificates with their proxy cards. Team Capital Bank stockholders will be sent election forms and instructions, at which time they will be requested to submit their stock certificates. Team Capital Bank stockholders who do not make a timely or proper election will be mailed a transmittal form promptly following the completion of the merger with instructions on how to exchange their Team Capital Bank stock certificates for the merger consideration.

Solicitation of Proxies

Team Capital Bank is soliciting proxies and will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, Team Capital Bank will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Team Capital Bank common stock and secure their voting instructions, if necessary. Team Capital Bank will reimburse the record holders for their reasonable expenses in taking those actions. Team Capital Bank has also made arrangements with AST Phoenix Advisors to assist it in soliciting proxies and have agreed to pay them a fee of $4,000 plus reasonable expenses for these services. If necessary, Team Capital Bank may use several of its regular employees, who will not be specially compensated, to solicit proxies from Team Capital Bank stockholders, either personally or by telephone, telegram, facsimile or letter.

Record Date

The Team Capital Bank board of directors has fixed the close of business on , 2014 as the record date for determining the Team Capital Bank stockholders entitled to receive notice of and to vote at the Team Capital Bank special meeting of stockholders. On , 2014, shares of Team Capital Bank common stock were outstanding and held by approximately holders of record.

Voting Rights and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of Team Capital Bank common stock is necessary to constitute a quorum at the Team Capital Bank special

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meeting of stockholders. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present. An unvoted proxy submitted by a broker is sometimes referred to as a broker non-vote.

Approval of the merger agreement requires the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of Team Capital Bank common stock entitled to vote at the Team Capital Bank special meeting. You are entitled to one vote for each share of Team Capital Bank common stock you held as of the record date.

Because the affirmative vote of the holders of two-thirds (2/3) of the outstanding shares of Team Capital Bank common stock entitled to vote at the Team Capital Bank special meeting is needed for Team Capital Bank and Provident Financial to proceed with the merger, the failure to vote by proxy or in person will have the same effect as a vote AGAINST the merger agreement. Abstentions and broker non-votes also will have the same effect as a vote AGAINST the merger agreement. Accordingly, the Team Capital Bank board of directors urges Team Capital Bank stockholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope.

As of the record date, directors of Team Capital Bank and their affiliates had the right to vote shares of Team Capital Bank common stock, or % of the outstanding Team Capital Bank common stock at that date. At the time the merger agreement with Provident Financial was signed, each director of Team Capital Bank entered into a separate letter agreement with Provident Financial, pursuant to which, among other things, they agreed to vote or cause to be voted all shares over which they maintain sole or shared voting power in favor of approval of the merger agreement.

Recommendation of the Board of Directors

The Team Capital Bank board of directors has unanimously approved the merger agreement and the transactions contemplated in the merger agreement. The Team Capital Bank board of directors has determined that the merger agreement and the transactions contemplated in the merger agreement are advisable and in the best interests of Team Capital Bank and its stockholders and unanimously recommends that you vote **FOR** approval of the merger agreement.

See Proposal I The Proposed Merger Recommendation of the Team Capital Bank Board of Directors and Reasons for the Merger on page 32 for a more detailed discussion of the Team Capital Bank board of directors recommendation.

Voting at the Team Capital Bank Special Meeting

If you want to vote your shares of Team Capital Bank common stock held in street name in person at the Team Capital Bank special meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

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Security Ownership of Certain Beneficial Owners of Team Capital Bank and Team Capital Bank Directors and Executive Officers

The following table sets forth the number of shares of Team Capital Bank common stock beneficially owned by beneficial owners of more than 5% of Team Capital Bank s outstanding common stock, by each director and executive officer and by all directors and executive officers of Team Capital Bank as a group, as of [record date]. Except as otherwise indicated, each person and each group shown in the table has sole voting and investment power with respect to the shares of common stock listed next to their name. Except as otherwise indicated, no person is known by Team Capital Bank to own more than 10% of Team Capital Bank s outstanding common stock.

Name of Director or Executive Officer	Amount and Nature of Beneficial Ownership	Percent of Class[1]
Martin D. Cohen, Esq[1]	222,919	2.89%
John J. Cust, Jr.[2]	162,358	1.14%
Joseph J. DiPasquale, Esq.	57,385	0.74%
Timothy S. Fallon	86,968	1.13%
Augustus L. Larson	50,467	0.65%
Alfred C. Marquis, Jr.[3]	95,250	1.23%
Thomas J. Mastro	10,000	0.13%
Michael D. Moss	191,750	2.48%
Michael J. Perrucci, Esq.	113,435	1.47%
James G. Petrucci	550,571	7.13%
John Pugliese	91,570	1.19%
Renee G. H. Sackey, Esq.[4]	68,316	0.88%
Subtotal Directors	1,700,989	22.03%
Executive Officers		
Robert A. Rupel	49,788	0.64%
Howard N. Hall[5]	25,502	0.33%
Fredric B. Cort[5]	17,975	0.23%
A. Bruce Dansbury	5,775	0.07%
Ghan Desai[5]	14,175	0.18%
Joanne O Donnell[5]	12,000	0.16%
Subtotal Executive Officers	125,215	1.61%
Total owned by directors and executive officers as a group (18 persons)	1,826,204	23.64%

(1) Includes 9,546 shares held in Cohen & Freeley Profit Sharing Trust.
(2) Includes 74,025 under Cust Investments and 74,025 held by Spartan Investments, LLC.
(3) Includes 10,500 shares held in Construction Risk Partners

(4) Includes 55,979 shares under Sackey Harris LP.
(5) Includes options exercisable within 60 days for the following executives: 11,225 for Mr. Cort; 5,100 for Mr. Desai; 12,250 for Mr. Hall and 6,250 for Ms. O Donnell.

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INFORMATION ABOUT THE COMPANIES

Provident Financial Services, Inc.

Provident Financial Services, Inc. is a Delaware corporation that owns all of the outstanding common stock of The Provident Bank, and as such, is a bank holding company subject to regulation by the Federal Reserve Board.

At December 31, 2013, Provident Financial had total assets of $7.49 billion, loans of $5.13 billion, total deposits of $5.20 billion, and total stockholders equity of $1.01 billion. Provident Financial s mailing address is 100 Wood Avenue South, Iselin, New Jersey 08830, and Provident Financial s telephone number is (732) 590-9200.

Available Information. Provident Financial is a public company, and files interim, quarterly and annual reports with the Securities and Exchange Commission (SEC). Provident Financial common stock is listed on the New York Stock Exchange under the symbol PFS.

The Provident Bank

Established in 1839, Provident Bank is a New Jersey-chartered capital stock savings bank currently operating 77 full-service branch offices in the New Jersey counties of Hudson, Bergen, Essex, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset and Union, which The Provident Bank considers its primary market area. As a community- and customer-oriented institution, The Provident Bank emphasizes personal service and customer convenience in serving the financial needs of the individuals, families and businesses residing in its primary markets areas. The Provident Bank attracts deposits from the general public and businesses primarily in the areas surrounding its banking offices and uses those funds, together with funds generated from operations and borrowings, to originate commercial real estate loans, residential mortgage loans, commercial business loans and consumer loans. The Provident Bank also invests in mortgage-backed securities and other permissible investments.

Team Capital Bank

Team Capital Bank opened in 2005 as a Federally chartered savings association. It converted to a Pennsylvania savings bank charter in 2010, and now operates 12 full-service banking offices in Bucks, Northampton and Lehigh Counties, Pennsylvania and Essex, Somerset, Hunterdon and Warren Counties, New Jersey. Team Capital Bank offers a broad range of consumer and commercial banking services to customers living, working and shopping in its Pennsylvania and New Jersey primary trade areas. Team Capital Bank offers high-quality service by providing a professional, responsive and knowledgeable staff and having management available for consultation on a daily basis.

In 2011, Team Capital Bank participated in the United States Treasury s Small Business Lending Fund program, issuing 22,412 shares of Series A Non-Cumulative Perpetual Preferred Stock to the Treasury in exchange for $22,412,000 in new capital. The current dividend yield on these preferred shares is 1.0%. Team Capital Bank and Provident Financial expect that these preferred shares will be redeemed in connection with the consummation of the merger.

At December 31, 2013, Team Capital Bank had $943.6 million in total consolidated asets. Additional financial information about Team Capital Bank and its subsidiaries is included in *Appendix E* to this Proxy Statement/Prospectus.

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PROPOSAL I THE PROPOSED MERGER

The description of the merger and the merger agreement contained in this Proxy Statement/Prospectus sets forth the material terms of the merger agreement; however, it does not purport to be complete. It is qualified in its entirety by reference to the merger agreement. A copy of the merger agreement is attached as Appendix A to this Proxy Statement/Prospectus. You are encouraged to read the merger agreement.

General

Pursuant to the merger agreement, Team Capital Bank will merge with and into The Provident Bank, a subsidiary of Provident Financial, with The Provident Bank as the surviving entity. Outstanding shares of Team Capital Bank common stock will be converted into the right to receive shares of Provident Financial common stock, cash or a combination of cash and stock. Cash will be paid in lieu of any fractional share of Provident Financial common stock. See Merger Consideration; Cash or Stock Election below. As a result of the merger, the separate corporate existence of Team Capital Bank will cease and The Provident Bank will succeed to all of the rights and be responsible for all of the obligations of Team Capital Bank.

Team Capital Bank Background of the Merger

The board of directors of Team Capital Bank has conducted annual strategic planning retreats at which the board of directors has considered various alternative strategic plans to maximize value for the stockholders of the Team Capital Bank. Since the Team Capital Bank opened, the strategic plan has primarily focused on franchise growth and increasing profitability. However, in more recent years, the board of directors has become increasingly concerned about the lack of liquidity in the stock and Team Capital Bank s ability to provide a tangible return to its stockholders.

During June of 2013, as part of Team Capital Bank s strategic planning process, management of Team Capital Bank presented the board of directors with a new, five (5) year capital plan, assuming Team Capital Bank would continue to operate on a stand-alone basis. At the July 2013 board of directors meeting, the board of directors also invited two investment banking firms, Keefe Bruyette & Woods, Inc. (KBW) and Griffin Financial Group, LLC (Griffin) to make presentations to the board of directors regarding Team Capital Bank s strategic alternatives, both on a stand-alone basis and in the merger context.

In August of 2013, Team Capital Bank received an unsolicited letter from another financial institution expressing interest in acquiring Team Capital Bank through a merger in a stock and cash transaction valuing Team Capital Bank at $13.50 per share. Although management believed this expression substantially undervalued Team Capital Bank, it presented the expression to the board of directors for review and consideration in advance of the September 27, 2013 strategic planning meeting of the board of directors. The board of directors also invited both KBW and Griffin to the meeting to make presentations to the board of directors on Team Capital Bank s potential value in the merger market and on a stand-alone basis and to compare those values to the unsolicited expression of interest Team Capital Bank had received. Both firms were also asked to provide proposals to be retained to act as financial advisor to Team Capital Bank.

During the September strategic planning retreat, the board of directors concluded that (i) the unsolicited indication of interest substantially undervalued Team Capital Bank, (ii) a sale of Team Capital Bank could likely yield a higher return to the stockholders of Team Capital Bank than could be obtained by remaining independent, (iii) a merger and acquisition committee, consisting of Chairman John Pugliese and directors Martin Cohen, Thomas Mastro, Michael Perucci and James Petrucci should be formed to oversee the process of determining market interest in Team Capital Bank and to report back to the board of directors, and (iv) that Team Capital Bank should retain KBW to run a limited

auction process among likely interested purchasers of Team Capital Bank. KBW was retained by Team Capital Bank on October 15, 2013.

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In the first half of October, KBW worked with Team Capital Bank management to prepare a Confidential Information Memorandum (CIM) to be used to solicit indications of interest. In mid-October, KBW began contacting financial institutions it believed would have an interest in acquiring Team Capital Bank, and requested that they sign a non-disclosure agreement in order to receive the CIM and other non-public information. Eight institutions expressed interest, received and executed the non-disclosure agreement and received the CIM and other non-public information about Team Capital Bank.

In November, the board of directors retained Griffin to render a fairness opinion, in the event Team Capital Bank determined to undertake a possible transaction.

Interested parties were told that non-binding indications of interest were due to KBW by November 15, 2013. Four of the institutions that received the CIM and other non-public information submitted non-binding indications of interest by the November 15 deadline. On November 19, KBW met with the Merger and Acquisition Committee to review the indications. While three of the indications valued Team Capital Bank in the range of $14.50 to $15.92, the fourth indication was substantially lower. The Merger and Acquisition Committee elected to invite the three institutions providing the highest indications to conduct an on-site diligence review of Team Capital Bank during the last two weeks of November, and early December and to submit updated indications of interest by December 4, 2013.

Between November 20 and December 3, members of the Merger and Acquisition Committee met with senior management of each of the three bidders to discuss, among other things, their business plans, long-term prospects and plans for integrating Team Capital Bank with their respective institutions.

On December 4, all three interested institutions submitted revised indications of interest. The revised indications of interest valued Team Capital Bank between $14.00 per share and $16.19 per share. Two of the indications provided for a cash stock mix of consideration, and the third provided for all stock consideration.

On December 6, the Merger and Acquisition Committee met with KBW and Team Capital Bank s counsel to review the three indications of interest and to determine whether to recommend to the full board of directors one of the indications to accept as the basis on which Team Capital Bank should attempt to negotiate a definitive agreement. The morning of the meeting, KBW reached out to each of the three interested parties and asked them to confirm that their indication reflected their highest indication of value of Team Capital Bank. Two of the institutions confirmed their indicated value, while Provident Financial increased its indicated valuation to $16.25 per share. After analyzing all three indications of interest and background information on all three of the interested parties, the Merger and Acquisition Committee voted to recommend to the full board of directors that Team Capital Bank accept the Provident Financial indication of interest as the basis to negotiate a definitive merger agreement with Provident Financial.

On the afternoon of December 6, the full board of directors met with KBW and Team Capital Bank s counsel to hear the report and recommendation of the Merger and Acquisition Committee. Representatives of KBW reviewed with the board of directors the entire auction process, and analyzed for the board of directors the three remaining indications of interest. The Merger and Acquisition Committee provided its recommendation, and discussed with the board of directors its reasons for recommending that Team Capital Bank proceed with Provident Financial. The board of directors also asked management to comment on the process and each of the three interested parties. After further discussion, the board of directors accepted the recommendation of the Merger and Acquisition Committee to attempt to negotiate a definitive merger agreement with Provident Financial on the terms included in Provident Financial s final indication of interest. The board of directors authorized and directed Bank management, along with counsel and KBW, to negotiate a definitive agreement with Provident Financial for final board of directors review and approval.

Between December 6 and December 17, Team Capital Bank management, counsel, Griffin and KBW conducted reverse due diligence on Provident Financial and worked with Provident Financial s management, counsel and financial advisor to complete the definitive agreement.

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At a meeting of the board of directors of Team Capital Bank on December 19, the board of directors met with counsel, KBW and Griffin to review the final definitive merger agreement and ancillary documents. Griffin provided their financial analysis of the transaction, and rendered their opinion that the consideration to be provided to Team Capital Bank s stockholders was fair to Team Capital Bank s stockholders from a financial point of view. KBW then provided their financial analysis of the transaction, and rendered their opinion that the consideration to be provided to Team Capital Bank s stockholders was fair to Team Capital Bank s stockholders from a financial point of view. After discussion, the board of directors unanimously approved the definitive merger agreement.

The transaction was announced the next morning, December 20, 2013.

Recommendation of Team Capital Bank s Board of Directors and Reasons for the Merger

Team Capital Bank s board of directors believes that the merger is in the best interests of Team Capital Bank and its stockholders. Accordingly, Team Capital Bank s board of directors has approved the merger agreement and recommends that stockholders vote **FOR** the approval of the merger agreement.

Team Capital Bank s board of directors unanimously approved the merger and believes it is in the best interest of the stockholders, customers and employees of Team Capital Bank. In reaching this conclusion, the board of directors of Team Capital Bank consulted with its legal counsel with respect to its legal duties and the terms of the Merger Agreement. The Team Capital Bank board of directors consulted with its financial advisors with respect to the financial aspects of the transaction and the fairness of the consideration to be received by the stockholders of Team Capital Bank from a financial point of view, and with senior management regarding, among other things, operational matters concerning the integrated institution.

The following discussion of the information and factors considered by the Team Capital Bank board of directors is not intended to be exhaustive. It does, however, include all material factors considered by the board of directors. In reaching this decision to approve the merger, the Team Capital Bank board of directors considered the following:

- The terms of the merger agreement, including the financial terms and the fact that 75% of the merger consideration would be paid in Provident Financial common stock, thereby making the transaction a tax-free exchange for those Team Capital Bank stockholders receiving Provident Financial stock;

- The liquidity that would be available to Team Capital Bank stockholders through ownership of Provident Financial stock, which is traded on the New York Stock Exchange. In addition, the board of directors considered the opportunity to receive cash dividends represented by an investment in Provident Financial common stock;

- The opportunity to enhance revenue for the combined entity by expanding Provident Financial s products and services across Team Capital Bank s current branch network and providing Provident Financial an entrée into new markets in Pennsylvania and western New Jersey;

- The financial condition, results of operations and future prospects of Provident Financial;

The current regulatory environment and its effect on community banks like Team Capital Bank. Increasing regulatory requirements have made it difficult for community banks to manage expenses and enhance profitability. The Team Capital Bank board of directors believed stockholders will be better served by converting their stock into ownership in a larger institution which could spread these compliance and operating costs over a larger base of earning assets;

The similar culture of customer service and focus on small to medium sized businesses and retail customers shared by Provident Financial and Team Capital Bank, and the fact that Team Capital Bank customers would benefit from the higher lending limit, larger branch network and more diverse products offered by the combined entity;

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A review of comparable transactions, including the comparison of the price being paid in the merger with the prices paid in other comparable financial institution mergers, expressed as, among other things, multiples of book value and earnings; and

Management s view based on, among other things, the opinions of both KBW and Griffin Financial described below, that the consideration to be paid is fair to Team Capital Bank stockholders from a financial point of view.

All business combinations, including the merger, also include certain risks and disadvantages. The material potential risks and disadvantages to Team Capital Bank stockholders identified by Team Capital Bank s board of directors and management include the following matters:

There can be no assurance that the combined company will attain the type of revenue enhancements and cost savings necessary to cause the trading markets to consider the transaction a success, thereby increasing the value of Provident Financial stock received by the stockholders of Team Capital Bank;

Since the exchange ratio is fixed, Team Capital Bank stockholders will receive less value if the Provident Financial common stock price declines prior to the closing;

The fact that the termination fee provided for in the merger agreement and certain other provisions of the merger agreement might discourage third parties from seeking to acquire Team Capital Bank, in light of the fact that Provident Financial was unwilling to enter into the merger agreement absent such provisions; and

The fact that certain members of management of Team Capital Bank and the board of directors might have interests which are in addition to those interests as stockholders of Team Capital Bank.

In reaching the determination to approve the merger agreement and the related transaction, the Team Capital Bank board of directors did not quantify or otherwise attempt to assign any relative weight to the various factors it considered, and individual directors may have viewed certain factors more positively or negatively than others. In addition, as in any business combination, there can be no assurances that the benefits of the merger perceived by the Team Capital Bank board of directors and described above will be realized or will outweigh the risks or uncertainties.

THE BOARD OF DIRECTORS OF TEAM CAPITAL BANK UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS OF TEAM CAPITAL BANK APPROVE THE MERGER AGREEMENT.

Opinion of Team Capital Bank s Financial Advisor Griffin Financial Group, LLC

On November 5, 2013, Team Capital Bank engaged Griffin Financial Group, LLC (Griffin) to provide its opinion as to the fairness, from a financial point of view, of the Merger Consideration (as defined in the merger agreement) to be received by Team Capital Bank s common equity stockholders in the proposed transaction. Griffin is a FINRA licensed investment banking firm with substantial experience in transactions similar to the merger involving financial institutions.

On December 19, 2013, at a meeting of the Team Capital Bank board of directors held to evaluate the proposed merger with Provident Financial, Griffin provided its opinion that the Merger Consideration to be received by Team Capital Bank s common equity stockholders in connection with the proposed merger was fair, from a financial point of view to Team Capital Bank s common equity stockholders.

The full text of Griffin s written opinion is attached as *Appendix B* to this proxy statement/prospectus and is incorporated herein by reference. Team Capital Bank s stockholders are urged to read the opinion in its entirety for a description of the assumptions made, matters considered, procedures followed and qualifications and limitations on the review undertaken by Griffin. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion.

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Griffin s opinion speaks only as of the date of the opinion. The opinion is directed to the Team Capital Bank board of directors and is limited to the fairness, from a financial point of view, to the common equity stockholders of Team Capital Bank with regard to the consideration received in the merger. Griffin does not express an opinion as to the underlying decision by Team Capital Bank to engage in the merger or the relative merits of the merger compared to other strategic alternatives which may be available to Team Capital Bank.

In providing its opinion, Griffin:

(i) reviewed a draft of the merger agreement;

(ii) reviewed and discussed with Team Capital Bank certain publicly available business and financial information concerning Team Capital Bank, and the economic and regulatory environments in which it operates;

(iii) reviewed and discussed with Team Capital Bank and Provident Financial their respective financial information as of and for the nine months ended September 30, 2013, and as of and for the 12 month periods ended December 31, 2012 and December 31, 2011;

(iv) discussed with the management of Team Capital Bank and Provident Financial matters relating to their respective financial condition, liquidity, net income, asset quality, reserve levels and capital adequacy and market valuation (as applicable) and related matters as of such dates and for the periods then ended;

(v) compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving whole bank acquisitions during such time frames as deemed relevant by Griffin;

(vi) compared the financial condition and implied valuation of Team Capital Bank to the financial condition and valuation of certain institutions deemed relevant by Griffin;

(vii) evaluated, from publicly available sources and discussions with the management of Provident Financial, the capacity of Provident Financial to complete the merger on a timely basis;

(viii) considered the breadth and results of the competitive process conducted to identify a buyer; and

(ix) performed a discounted cash flow analysis, and such other financial studies and analyses and considered such other information as deemed appropriate for the purpose of its opinion.

In addition, Griffin held discussions with certain members of management of Team Capital Bank and Provident Financial with respect to certain aspects of the merger, including past and current business operations, regulatory relations, financial condition, dividend (as applicable) and capital policies, market opportunities within each of their

core operating markets, and other matters that it deemed appropriate for the purpose of the opinion. Griffin also evaluated Provident Financial s market structure, its stock market performance, its ownership concentrations, and the trading history of its common stock which is being used as a part of the merger consideration.

In conducting its review and providing its opinion, Griffin relied upon the accuracy and completeness of all of the financial and other information provided to it or otherwise publicly available. Griffin did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Griffin did not review individual loan files or deposit information of Team Capital Bank, nor did Griffin conduct or was Griffin provided with any valuation or appraisal of any assets, deposits or other liabilities of Team Capital Bank, nor did Griffin evaluate the solvency of Team Capital Bank today or in the future under any state or federal laws relating to bankruptcy, receivership insolvency or similar matters. In relying on financial analyses provided to or discussed with Griffin by Team Capital Bank or derived therefrom, Griffin assumed that such analyses have been reasonably prepared based on assumptions reflecting the best

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currently available estimates and judgments by management. Griffin expresses no view as to any analyses, forecasts, estimates, or the assumptions on which they were based. Griffin s review of Provident Financial and its ability to complete the transaction was limited to publicly available information and a discussion with the management of Provident Financial regarding the past and current business operations, financial condition and future prospects of Provident Financial. Griffin was not directed to, and Griffin did not solicit indications of interest from other parties regarding a potential transaction with Team Capital Bank. Griffin assumed that the process undertaken by Team Capital Bank to approach certain identified parties in connection with a potential transaction was based on appropriate business judgment.

For purposes of providing its opinion, Griffin assumed that, in all respects material to its analysis:

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

2. the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct in all respects material to Griffin s analysis;

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

4. all conditions to the completion of the merger will be satisfied without any waivers or modifications to the merger agreement; and

5. in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any termination, divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger.

In performing its analyses, Griffin made various assumptions with respect to economic, general business, industry performance, market and financial conditions and other matters, which are beyond the control of Griffin, Team Capital Bank and Provident Financial. Any estimates contained in the analyses performed by Griffin are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Griffin opinion was among several factors taken into consideration by the Team Capital Bank board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Team Capital Bank board of directors with respect to the fairness of the Merger Consideration.

The following is a summary of the material analyses presented by Griffin to the Team Capital Bank board of directors in connection with Griffin s fairness opinion. The summary is not a complete description of the analyses underlying the Griffin opinion or the presentation made by Griffin to the Team Capital Bank board of directors, but summarizes

the material analyses performed and presented in connection with such opinion.

The preparation of the fairness opinion is a comprehensive and complex, analytical process, involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, Griffin did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized within include information presented in tabular format. Accordingly, Griffin believes that its analyses and the summary of its analyses must be considered as a

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whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Summary of Proposal

Pursuant to the merger agreement, by and among the Team Capital Bank, Provident Financial, and The Provident Bank, the Company will merge with and into The Provident Bank. Each issued and outstanding share of the Company s Common Stock, other than shares of the Company s Common Stock held in treasury or owned by the Acquirer and its affiliates, will be exchanged for the right to receive 0.8575 shares of Provident Financial common stock or cash equal to $16.25 per share, subject to limitations described in the Agreement (the Merger Consideration). Shares of Team Capital Bank s Common Stock held in treasury or owned by Provident Financial and its affiliates will be cancelled. Team Capital Bank Series A Preferred Stock will be repurchased and retired in connection with the Transaction.

Transaction multiples for the merger were derived from an assumed offer price of $118.9 million in the aggregate payable to Team Capital Bank common equity stockholders, determined in part based on the number of Team Capital Bank shares outstanding as stated in the Agreement draft dated December 17, 2013 and the closing share price of Provident Financial common stock on December 18, 2013. The terms of the transaction also include a payment of approximately $8.3 million to holders of Team Capital Bank stock options.

Selected Companies Analysis

Using publicly available information, Griffin compared the financial performance and condition of Team Capital Bank to the following publicly traded banks headquartered in Eastern Pennsylvania and New Jersey that are traded on an exchange or over-the-counter, with assets between $0 million and $2 billion, and average daily trading volumes greater than 2,000 shares over the past year. Companies included in this group were:

Peapack-Gladstone Financial Corporation

Center Bancorp, Inc.

BCB Bancorp, Inc.

ConnectOne Bancorp, Inc.

First National Community Bancorp, Inc.

Unity Bancorp, Inc.

1st Constitution Bancorp

Two River Bancorp

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To perform this analysis, Griffin used financial information as of the most recently available quarter, and market price information as of December 9, 2013 as reported by SNL Financial. Griffin s analysis showed the following concerning Team Capital Bank s and its peers financial condition, risk profile, valuation and liquidity:

Financial Condition and Performance	Team Capital Bank	Peers Minimum	Peers Mean	Peers Median	Peers Maximum
Total Assets ($000)	949,224	757,217	1,144,630	1,054,230	1,797,704
Common Equity ($000)	65,278	32,797	91,438	84,035	153,888
TARP/SBLF Outstanding ($000)	22,412		2,906		12,000
5 Year Gross Loan CAGR (%)	22.40	(7.29)	7.64	5.96	29.23
NPAs+90/Assets (%)	0.86	0.24	1.99	1.81	4.03
Common Texas Ratio (%)	10.99	2.66	24.67	26.17	48.09
ROAA (%)	0.71	(0.08)	0.66	0.69	1.20
ROAE (%)	7.09	(2.04)	6.97	7.88	11.91
Efficency Ratio (%)	66.75	46.95	66.12	64.81	97.92
Net Interest Margin (%)	3.55	3.14	3.59	3.59	3.95
Noninterest Income/Operating Revenue (%)	8.59	2.94	13.69	14.00	26.81
TCE/ Tangible Assets (%)	6.88	3.30	7.51	7.57	11.24
Leverage ratio (%)	9.86	4.61	8.80	8.93	11.76

Valuation and Liquidity	Team Capital Bank	Peers Minimum	Peers Mean	Peers Median	Peers Maximum
12/9/2013 Closing Price ($)	NA	4.65	14.77	12.42	38.30
TCE/Share ($)	9.08	1.96	10.63	9.31	24.95
Market Cap ($Mil)	NA	58.1	127.3	95.9	287.1
Average Daily Volume		2,580	9,196	4,645	23,008
Institutional Ownership (%)		0.33	21.62	12.08	52.03
Price/LTM EPS (x)	19.0	12.0	15.5	15.0	20.2
Price/Book (%)	182.2	71.8	138.7	131.4	233.3
Price/Tangible Book (%)	182.2	92.2	146.0	131.7	237.0
Current Dividend Yield (%)			1.32	1.11	3.47
Dividend Payout Ratio (%)		6.52	21.86	17.37	52.17
One Year Price Change	NA	31.54	41.32	36.11	54.53

No company used as a comparison in the above analysis is identical to Team Capital Bank. Accordingly, an analysis of these results is not purely mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and of the banking environment at the time of the opinion.

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Selected Transactions Analysis

Griffin reviewed publicly available information as reported by SNL Financial related to nationwide acquisitions of banks and bank holding companies between $700 million and $1.5 billion in total assets, less than 2.5% MRQ NPA/Assets, and greater than 0% LTM ROAA that were announced after January 1, 2012. The transactions included in the group were:

Acquirer	Acquiree
Independent Bank Group, Inc.	BOH Holdings, Inc.
Cascade Bancorp	Home Federal Bancorp, Inc.
Cullen/Frost Bankers, Inc.	WNB Bancshares, Inc.
First Federal Bancshares of Arkansas, Inc.	First National Security Company
Heartland Financial USA, Inc.	Morrill Bancshares, Inc.
Strategic Growth Bank Incorporated	New Mexico Banquest Corporation
NBT Bancorp Inc.	Alliance Financial Corporation
Prosperity Bancshares, Inc.	Coppermark Bancshares, Inc.
Investors Bancorp, Inc. (MHC)	Marathon Banking Corporation
Carlile Bancshares, Inc.	Northstar Financial Corporation

For each transaction referred to above, Griffin derived and compared, among other things, the following implied ratios:

1. Price per common share paid for the acquired company to tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

2. Price per common share paid for the acquired company to last twelve months earnings per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table:

	Price/TBV	Price/EPS
Team Capital Bank	182.2	19.0x
Minimum	124.9	11.0x
Mean	184.3	16.2x
Median	158.8	15.8x
Maximum	284.1	23.8x

Griffin reviewed publicly available information as reported by SNL Financial related to selected acquisitions of banks and bank holding companies headquartered in the Delaware, Maryland, Pennsylvania, New York and New Jersey regions, between $300 million and $1.5 billion in total assets and less than 3.0% MRQ NPA/Assets that were announced after January 1, 2012. The transactions included in the group were:

Acquirer	Acquiree
F.N.B. Corporation	BCSB Bancorp, Inc.
Lakeland Bancorp, Inc.	Somerset Hills Bancorp
F.N.B. Corporation	Annapolis Bancorp, Inc.
Penns Woods Bancorp, Inc.	Luzerne National Bank Corporation
NBT Bancorp Inc.	Alliance Financial Corporation
WesBanco, Inc.	Fidelity Bancorp, Inc.
Investors Bancorp, Inc. (MHC)	Marathon Banking Corporation
Tompkins Financial Corporation	VIST Financial Corp.

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For each transaction referred to above, Griffin derived and compared, among other things, the following implied ratios:

3. Price per common share paid for the acquired company to tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

4. Price per common share paid for the acquired company to last twelve months earnings per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table:

	Price/TBV	Price/EPS
Team Capital Bank	182.2	19.0x
Minimum	116.3	18.6x
Mean	157.3	28.9x
Median	156.2	22.1x
Maximum	212.2	56.4x

No company or transaction used as a comparison in the above analyses is identical to Team Capital Bank, Provident Financial or the merger. Accordingly, an analysis of these results is not purely mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and of the banking environment at the time of the opinion.

Discounted Cash Flow Analysis

Griffin performed a discounted cash flow analysis to estimate a range of the present value of estimated free cash flows that Team Capital Bank could generate on a stand-alone basis. In performing this analysis, Griffin based cash flow estimates on earnings estimates for 2014 to 2018 provided by Team Capital Bank and assumed a required retained capital level equal to the September 30, 2013 ratio of reported tangible common equity to tangible assets. A terminal value for Team Capital Bank was determined by applying multiples ranging from 170% of projected tangible common equity to 200% of projected tangible common equity. Discount rates ranging from 10.0% to 13.0% were then applied to estimated cash flows to produce estimated values ranging from $113.1 million to $152.2 million.

The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Team Capital Bank

Team Capital Bank retained Griffin as a financial adviser to Team Capital Bank regarding the merger. As part of its investment banking business, Griffin is, from time to time, engaged in the valuation of bank and bank holding company securities in connection with mergers and acquisitions, public and private placement of listed and unlisted securities, rights offerings and other forms of valuations for various purposes. As specialists in the securities of banking companies, Griffin has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Griffin may, from time to time, purchase securities from, and sell securities

to, Team Capital Bank and Provident Financial. As a market maker in securities Griffin may from time to time have a long or short position in, and buy or sell, debt or equity securities of institutions like and possibly including Team Capital Bank for Griffin s own account and for the accounts of its customers. To the extent Griffin held any such positions, it was disclosed to Team Capital Bank and Provident Financial.

Pursuant to the Griffin engagement agreement, Team Capital Bank agreed to pay Griffin (a) a fee payable upon the delivery of its fairness opinion and (b) a fee contingent on the completion of a transaction. During the

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two years preceding the date of its opinion to Team Capital Bank, Griffin did not receive compensation for investment banking services from Team Capital Bank or Provident Financial. Griffin is affiliated with Stevens & Lee which has provided certain legal services to Team Capital Bank and has been compensated at a market rate for these services.

Opinion of Team Capital Bank s Financial Advisor Keefe Bruyette & Woods, Inc.

Team Capital Bank engaged KBW to render an opinion to the Team Capital board of directors as to the fairness, from a financial point of view, to the stockholders of Team Capital of the merger consideration in the proposed merger of Team Capital with and into The Provident Bank, a wholly owned subsidiary of Provident Financial. Team Capital Bank selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger and is familiar with Team Capital Bank and its business. As part of its investment banking business, KBW is continually engaged in the valuation of financial businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the Team Capital Bank board of directors held on December 19, 2013, at which the Team Capital Bank board of directors evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the stockholders of Team Capital Bank. The Team Capital Bank board of directors approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as *Appendix C* to this document and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW s opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the Team Capital Bank board of directors (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the merger consideration in the merger to the stockholders of Team Capital Bank. It did not address the underlying business decision to proceed with the merger or constitute a recommendation to the Team Capital Bank board of directors in connection with the merger, and it does not constitute a recommendation to any shareholder of Team Capital Bank as to how such shareholder should vote at the Team Capital Bank special meeting on the merger or on any related matter.

KBW s opinion was reviewed and approved by KBW s Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In rendering its opinion, KBW reviewed, among other things:

a draft, dated December 17, 2013, of the merger agreement (the most recent draft made available to KBW);

the 2013 call reports for the quarters ended March 31, June 30 and September 30 for Team Capital Bank;

internally generated 2013 monthly financial statements for the months ended January 31 through October 31 for Team Capital Bank;

the audited financial statements for the three years ended December 31, 2012 of Team Capital Bank and Provident Financial;

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the 2013 quarterly reports on Form 10-Q for the quarters ended March 31, June 30, and September 30 of Provident Financial;

certain other interim reports to stockholders, including proxy statements and investor presentations, and other communications from Provident Financial to its stockholders;

the publicly reported prices and trading activity of Provident Financial; and

other financial, corporate and operating information concerning the businesses and operations of Team Capital Bank and Provident Financial that was furnished to KBW.

KBW s consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among others, the following:

the historical and current financial position and results of operations of Team Capital Bank and Provident Financial;

the assets and liabilities of Team Capital Bank and Provident Financial;

the nature and terms of certain other merger transactions and business combinations in the banking industry;

a comparison of certain financial information for Team Capital Bank and financial and stock market information for Provident Financial with similar information for certain other publicly traded companies;

financial and operating forecasts and projections of Team Capital Bank that were prepared and provided by Team Capital Bank management; and

financial and operating forecasts and projections of Provident Financial for 2014 that were prepared and provided by Provident Financial management, publicly available consensus street estimates of Provident Financial for 2015 (as well as an assumed long term growth rate based thereon), and estimates regarding certain pro forma financial effects of the merger on Provident Financial that were prepared and provided by Provident Financial management and that, in each case, were discussed with KBW by Provident Financial management and used and relied upon by KBW with the consent of the Team Capital Bank board of directors.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with the senior management teams of Team Capital Bank and Provident Financial regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters that

KBW deemed relevant to its inquiry.

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or publicly available and it did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the respective management teams of Team Capital Bank and Provident Financial as to the reasonableness and achievability of the financial and operating forecasts and projections of Team Capital Bank and Provident Financial (and the assumptions and bases therefor) that were prepared and provided by such management teams and KBW assumed, that such forecasts and projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management teams and that such forecasts and projections will be realized in the amounts and in the time periods currently estimated by such management teams. KBW further relied upon management of Provident Financial as to the reasonableness and achievability of the estimates regarding certain pro forma financial effects of the merger on Provident Financial that were prepared and provided by management of Provident Financial, and that were discussed with KBW by such management (and the assumptions and bases

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therefor, including but not limited to the projections of Team Capital Bank that were prepared by Provident Financial in connection therewith and used by KBW at the direction of the Team Capital Bank board of directors, as well as any potential cost savings and operating synergies and other potential pro forma effects assumed or estimated by Provident Financial), and KBW assumed that such estimates were reasonably prepared on a basis reflecting the best then available estimates and judgments and that such estimates will be realized in the amounts and time periods then estimated.

It is understood that such forecasts, projections and estimates provided to KBW by the respective management teams of Team Capital Bank and Provident Financial, as the case may be, were not prepared with the expectation of public disclosure, that all such information is based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. KBW assumed, based on discussions with the respective managements of Team Capital Bank and Provident Financial, that such forecasts, projections and estimates, as well as publicly available consensus street estimates of Provident Financial referred to above, provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on such information without independent verification or analysis and did not in any respect assume any responsibility or liability for its accuracy or completeness.

KBW assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Team Capital Bank or Provident Financial since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and it assumed, without independent verification and with Team Capital Bank s consent that the aggregate allowances for loan and lease losses for Team Capital Bank and Provident Financial were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Team Capital Bank or Provident Financial, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Team Capital Bank or Provident Financial under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold and because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

For purposes of rending its opinion, KBW assumed that, in all respects material to its analysis:

- the merger and the related transactions described in or contemplated by the merger agreement (including, without limitation, the redemption of outstanding Team Capital Bank preferred stock with funds provided by The Provident Bank) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which would not differ in any respect material to KBW s analyses from the draft reviewed) with no additional payments or adjustments to the merger consideration;

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

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

there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger and that all conditions to the completion of the merger would be satisfied without any waivers or modifications to the merger agreement; and

in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or

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amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger.

KBW further assumed that the merger would be consummated in a manner that complies with the applicable provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that Team Capital Bank relied upon the advice of its counsel, independent accountants and other advisors (other than KBW) as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Team Capital Bank, The Provident Bank, Provident Financial, the merger, any related transaction (including the redemption of Team Capital Bank preferred stock) and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW s opinion addressed only the fairness, from a financial point of view, as of the date of the opinion, of the merger consideration in the merger to the stockholders of Team Capital Bank. KBW expressed no view or opinion as to any terms or other aspects of the merger or any related transaction, including without limitation, the form or structure of the merger, any consequences of the merger to Team Capital Bank, its stockholders, creditors or otherwise, or any terms, aspects or implications of any other transaction or any voting, support, shareholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger or otherwise. KBW s opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. It is understood that subsequent developments may affect the conclusion reached in KBW s opinion and that KBW does not have an obligation to update, revise or reaffirm its opinion. KBW s opinion did not address, and it expressed no view or opinion with respect to:

the underlying business decision of Team Capital Bank to engage in the merger or any related transaction or to enter into the merger agreement;

the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Team Capital Bank or the Team Capital Bank board of directors;

the fairness of the amount or nature of any compensation to any of Team Capital Bank s officers, directors or employees, or any class of such persons, relative to any compensation to the public stockholders of Team Capital Bank;

the treatment of, effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of Team Capital Bank other than the Team Capital Bank common stock, or any class of securities of any other party to any transaction contemplated by the merger agreement;

whether Provident Financial has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate cash consideration (as described below) at the closing of the merger;

the election by Team Capital Bank stockholders to receive stock consideration or cash consideration (as described below), or any combination thereof, or the actual allocation between the stock consideration and the cash consideration among such holders (including, without limitation, any re-allocation thereof as a result of proration pursuant to the merger agreement);

the actual value of the shares of Provident Financial common stock to be issued in the merger, or the prices trading range or volume at which shares of Provident Financial common stock will trade following the public announcement or consummation of the merger;

the merits or implications of the proposed redemption of the outstanding Team Capital Bank preferred stock (including the timing of any such redemption or any amounts paid in respect thereof), or whether The Provident Bank has sufficient cash, available lines of credit or other sources of funds to enable it to fund such redemption;

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any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or

any legal, regulatory, accounting, tax or similar matters relating to Team Capital Bank, The Provident Bank, Provident Financial, their respective stockholders, or relating to or arising out of or as a consequence of the merger, including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Team Capital Bank, The Provident Bank and Provident Financial. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Team Capital Bank board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Team Capital Bank board of directors with respect to the fairness of the merger consideration. The type and amount of consideration payable in the merger were determined through negotiation between Team Capital Bank and Provident Financial and the decision to enter into the merger agreement was solely that of Team Capital Bank s board of directors. Pursuant to the terms of the merger agreement reviewed by KBW, in connection with the merger, each outstanding share of Team Capital Bank common stock would be converted into the right to receive, at the election of such shareholder, either (i) $16.25 in cash or (ii) 0.8575 shares of Provident Financial common stock, provided that the merger agreement provides that, in the aggregate, 75% of the total number of shares of Team Capital Bank common stock will be converted into the right to receive Provident Financial common stock and all other shares will be converted into the right to receive cash.

The following is a summary of the material financial analyses presented by KBW to the Team Capital Bank board of directors on December 19, 2013, in connection with its fairness opinion. The summary is not a complete description of the financial analyses underlying the KBW opinion or the presentation made by KBW to the Team Capital Bank board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

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Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of Team Capital Bank to the following depositories traded on the New York Stock Exchange, NYSE MKT or NASDAQ, headquartered in the Midwest, Mid-Atlantic or Northeast regions, with total assets between $500 million and $2.0 billion, commercial real estate and commercial and industrial loans greater than 60% of total loans, assets per branch greater than $60 million, nonperforming assets to assets less than 3.0% and last twelve months (LTM) return on average assets greater than 0.0%. This analysis excluded merger targets as of December 18, 2013. Companies in this group were:

Ames National Corporation
Bancorp of New Jersey, Inc.
Bridge Bancorp, Inc.
Center Bancorp, Inc.
Community Financial Corporation
ConnectOne Bancorp, Inc.
Enterprise Bancorp, Inc.
First Business Financial Services, Inc.
MidWestOne Financial Group, Inc.
Northeast Bancorp
Republic First Bancorp, Inc.
West Bancorporation, Inc.

Using publicly available information, KBW compared the financial performance, financial condition and market performance of Provident Financial to the following depositories traded on the New York Stock Exchange, NYSE MKT or NASDAQ, with total assets between $5.0 billion and $10.0 billion and nonperforming assets to total assets of approximately 1.0% to 3.0%. This analysis excluded merger targets and depositories with pending acquisitions which would result in the institution having more than $10.0 billion in assets as of December 18, 2013. Companies in this group were:

BBCN Bancorp, Inc.
Berkshire Hills Bancorp, Inc.
Boston Private Financial Holdings, Inc.
Chemical Financial Corporation
Columbia Banking System, Inc.
CVB Financial Corp.
First Commonwealth Financial Corporation
First Financial Bancorp.
First Financial Holdings, Inc.
First Interstate BancSystem, Inc.
First Midwest Bancorp, Inc.
Glacier Bancorp, Inc.
Independent Bank Corp.
National Bank Holdings Corporation
Northwest Bancshares, Inc.
Park National Corporation
Pinnacle Financial Partners, Inc.
Renasant Corporation
United Community Banks, Inc.
WesBanco, Inc.
Western Alliance Bancorporation

To perform this analysis, KBW used financial information for the last twelve months (as of the most recently available quarter) and market price information as of December 18, 2013. Earnings estimates for 2014 and 2015 were taken from FactSet Research Systems, Inc. as compiled by SNL Financial, a nationally recognized earnings estimate consolidator for the selected companies.

KBW s analysis showed the following concerning Team Capital Bank s and Provident Financial s financial performance for the last twelve months:

	Team Capital	Selected Companies	Selected Companies	Selected Companies	Selected Companies

	Bank	Minimum	Mean	Median	Maximum
Return on Average Assets	0.70%	0.07%	0.85%	0.90%	1.20%
Return on Average Equity	7.03%	0.99%	8.99%	9.57%	12.65%
Net Interest Margin	3.56%	3.18%	3.61%	3.46%	4.72%
Efficiency Ratio	68.6%	47.0%	60.9%	57.8%	85.9%

	Provident Financial	Selected Companies Minimum	Selected Companies Mean	Selected Companies Median	Selected Companies Maximum
Return on Average Assets	0.96%	0.08%	0.92%	0.93%	1.47%
Return on Average Equity	7.04%	0.83%	8.06%	8.53%	14.61%
Net Interest Margin	3.28%	3.13%	3.83%	3.73%	5.21%
Efficiency Ratio	57.00%	44.6%	61.30%	61.20%	78.60%

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KBW s analysis showed the following concerning Team Capital Bank s and Provident Financial s financial condition:

	Team Capital Bank	Selected Companies Minimum	Selected Companies Mean	Selected Companies Median	Selected Companies Maximum
Tangible Common Equity / Tangible Assets	6.88%	6.26%	9.15%	8.40%	15.31%
Total Capital Ratio	14.36%	11.41%	14.61%	13.63%	25.63%
Loans / Deposits	79.20%	54.90%	83.10%	84.30%	114.9%
Loan Loss Reserve / Loans	1.52%	0.25%	1.33%	1.45%	1.76%
Nonperforming Assets(1) / Loans + OREO	1.50%	0.41%	1.76%	1.85%	2.90%
Nonperforming Assets(1) / Assets	0.93%	0.24%	1.23%	1.18%	2.26%
LTM Net Charge-Offs / Average Loans	0.09%	0.02%	0.13%	0.09%	0.48%

(1) Nonperforming assets include nonaccrual loans, loans 90 days or more and still accruing, troubled debt restructures and OREO.

	Provident Financial	Selected Companies Minimum	Selected Companies Mean	Selected Companies Median	Selected Companies Maximum
Tangible Common Equity / Tangible Assets	9.18%	6.48%	9.23%	8.86%	18.67%
Total Capital Ratio	14.27%	11.88%	16.63%	14.44%	48.60%
Loans / Deposits	96.7%	44.1%	83.70%	86.4%	103.7%
Loan Loss Reserve / Loans	1.30%	0.65%	1.56%	1.50%	3.22%
Nonperforming Assets(1) / Loans + OREO	2.93%	1.29%	2.69%	2.58%	5.17%
Nonperforming Assets(1) / Assets	2.03%	0.96%	1.68%	1.52%	2.95%
Net Charge-Offs / Average Loans	0.24%	0.02%	0.45%	0.37%	2.47%

(1) Nonperforming assets include nonaccrual loans, loans 90 days or more and still accruing, troubled debt restructures and OREO.

KBW s analysis showed the following concerning Provident Financial s market performance:

	Provident Financial	Selected Companies Minimum	Selected Companies Mean	Selected Companies Median	Selected Companies Maximum
Market Capitalization ($mm)	$ 1,131	$ 663	$ 1,225	$ 1,112	$ 2,185
1-Year Stock Price Change	27.70%	12.70%	49.80%	41.00%	121.70%

1-Year Total Return	32.00%	13.90%	53.10%	45.20%	121.70%
Stock Price / Book Value per Share	1.13x	0.98x	1.59x	1.53x	2.99x
Stock Price / Tangible Book Value per Share	1.76x	1.11x	2.09x	2.07x	3.11x
Stock Price / LTM EPS	15.50x	14.60x	19.20x	17.80x	29.00x
Stock Price / 2014 EPS[(1)]	15.00x	13.80x	17.50x	16.20x	38.70x
Stock Price / 2015 EPS[(1)]	14.50x	13.00x	15.0x	14.70x	22.80x
Dividend Yield	3.18%	0.00%	2.11%	2.28%	4.54%
LTM Dividend Payout Ratio[(2)]	60.70%	0.00%	42.30%	39.70%	111.10%

(1) Consensus earnings estimates for the selected companies per FactSet Research Systems, Inc., as compiled by SNL Financial, as of December 18, 2013.

(2) Provident Financial LTM payout ratio includes a $0.20 special dividend in the fourth quarter of 2012. Excluding the special dividend, the LTM payout ratio would be 44.3%.

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Selected Transactions Analysis. KBW reviewed publicly available information related to certain selected bank and thrift transactions announced after January 1, 2012 with acquired company total assets between $500 million and $2.0 billion, acquired company LTM ROAA greater than 0.0% and with the acquired company s nonperforming assets to assets ratio(1) of less than 3.0%.

Acquirer:	**Acquired Company:**
ViewPoint Financial Group, Inc.	LegacyTexas Group, Inc.
Independent Bank Group, Inc.	BOH Holdings, Inc.
Heritage Financial Corporation	Washington Banking Company
Cascade Bancorp	Home Federal Bancorp, Inc.
East West Bancorp, Inc.	MetroCorp Bancshares, Inc.
Old National Bancorp	Tower Financial Corporation
Mercantile Bank Corporation	Firstbank Corporation
Cullen/Frost Bankers, Inc.	WNB Bancshares, Inc.
Wilshire Bancorp, Inc.	Saehan Bancorp
Peoples Financial Services Corp.	Penseco Financial Services Corporation*
F.N.B. Corporation	BCSB Bancorp, Inc.*
Heartland Financial USA, Inc.	Morrill Bancshares, Inc.
Prosperity Bancshares, Inc.	Coppermark Bancshares, Inc.
PacWest Bancorp	First California Financial Group, Inc.
NBT Bancorp Inc.	Alliance Financial Corporation*
First PacTrust Bancorp, Inc.	Private Bank of California
WesBanco, Inc.	Fidelity Bancorp, Inc.*
Investors Bancorp, Inc. (MHC)	Marathon Banking Corporation*
United Financial Bancorp, Inc.	New England Bancshares, Inc.
Independent Bank Corp.	Central Bancorp, Inc.
Cadence Bancorp, LLC	Encore Bancshares, Inc.
Carlile Bancshares, Inc.	Northstar Financial Corporation
Tompkins Financial Corporation	VIST Financial Corp.*

* Denotes target headquartered in the Mid-Atlantic region

(1) Nonperforming assets include nonaccrual loans, troubled debt restructures and OREO.

Multiples for the proposed Provident Financial/Team Capital Bank transaction were derived from the cash consideration (as defined in the merger agreement) of $16.25 per Team Capital Bank common share divided by the applicable per common share metric for Team Capital Bank as of September 30, 2013. For each transaction referred to above, KBW derived and compared, among other things, the following implied ratios:

price per common share paid for the acquired company to tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition (for private companies the ratio is calculated as purchase price divided by total tangible common equity);

tangible common equity premium (excess of purchase price over tangible common equity) to core deposits (total deposits less time deposits greater than $100,000) based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

price per common share paid for the acquired company to last twelve months earnings per share of the acquired company (for private companies the ratio is calculated as purchase price divided by last twelve months total net income to common).

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The results of the analysis are set forth in the following table:

Transaction Multiples:	Provident Financial / Team Capital Bank	Selected Transactions Minimum	Selected Transactions Mean	Selected Transactions Median	Selected Transactions Maximum
Price / Tangible Book Value	1.79x	1.18x	1.74x	1.65x	2.84x
Core Deposit Premium[1]	10.60%	1.80%	8.80%	7.40%	18.60%
Price / LTM Earnings[2]	18.70x	11.00x	18.40x	17.90x	29.10x

(1) Team Capital Bank core deposit statistic also excludes brokered money market accounts.
(2) Price to LTM earnings multiples greater than 30.0x are considered not meaningful.

For reference purposes KBW also compared the derived transaction multiples to the multiples involving targets in the above list headquartered in the Mid-Atlantic region:

Transaction Multiples:	Provident Financial / Team Capital Bank	Selected Mid-Atlantic Transactions Minimum	Selected Mid-Atlantic Transactions Mean	Selected Mid-Atlantic Transactions Median	Selected Mid-Atlantic Transactions Maximum
Price / Tangible Book Value	1.79x	1.18x	1.55x	1.49x	2.12x
Core Deposit Premium[1]	10.60%	1.80%	6.90%	7.00%	12.60%
Price / LTM Earnings[2]	18.70x	15.20x	21.80x	21.40x	29.10x

(1) Team Capital Bank core deposit statistic also excludes brokered money market accounts.
(2) Price to LTM earnings multiples greater than 30.0x are considered not meaningful.

No company or transaction used as a comparison in the above analyses is identical to Team Capital Bank, Provident Financial or the proposed transaction. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

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Contribution Analysis. KBW analyzed the relative contribution of Team Capital Bank and Provident Financial to the pro forma balance sheet and income statement items of the combined entity, including pro forma ownership, assets, total loans, deposits, total equity, tangible common equity, last twelve months net income to common and projected 2013 and 2014 net income to common equity stockholders. This analysis excluded any purchase accounting adjustments. To perform this analysis, KBW used financial information as of the period ended September 30, 2013. The results of KBW s analysis are set forth in the following table:

	Provident Financial as a % of Combined Entity[1]	Team Capital Bank as a % of Combined Entity[1]
Ownership		
75% stock / 25% cash (0.6431x exchange ratio)	92.4%	7.6%
100% stock (0.8575x exchange ratio)	89.7%	10.3%
Balance Sheet		
Assets	88.6%	11.4%
Total Loans	89.6%	10.4%
Deposits	87.6%	12.4%
Total Equity	91.9%	8.1%
Tangible Common Equity	90.8%	9.2%
Earnings		
LTM Net Income to Common Equity Stockholders	91.8%	8.2%
2013 Est. Net Income to Common Equity Stockholders	91.9%	8.1%
2014 Est. Net Income to Common Equity Stockholders	90.5%	9.5%

(1) Does not include purchase accounting adjustments.

Team Capital Bank Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate a range of the present values of after-tax cash flows that Team Capital Bank could provide to its common equity holders through 2018 on a stand-alone basis. In performing this analysis, KBW used earnings estimates for 2014 to 2018, from Team Capital Bank management, and assumed discount rates ranging from 13.0% to 17.0%. The range of values was determined by adding (1) the present value of projected cash flows to Team Capital Bank common equity stockholders from 2014 to 2018 and (2) the present value of the terminal value of Team Capital Bank s common shares. In determining cash flows available to common equity stockholders, KBW assumed balance sheet growth per Team Capital Bank management and assumed that Team Capital Bank would maintain a tangible common equity / tangible asset ratio of 9.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented dividendable cash flows for Team Capital Bank. In calculating the terminal value of Team Capital Bank, KBW applied multiples ranging from 14.0 times to 16.0 times 2019 estimated earnings. This resulted in a range of values of Team Capital Bank from $11.06 to $16.26 per share. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Team Capital Bank.

Financial Impact Analysis. KBW performed pro forma merger analyses that combined projected income statement and balance sheet information of Team Capital Bank and Provident Financial. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were provided by Team Capital Bank and Provident Financial management, were relied on by KBW, and were used to calculate the financial impact that the transaction would have on certain projected financial results of Team Capital Bank and Provident Financial. Additionally, KBW utilized an implied value of the merger consideration based upon the closing price of Provident Financial common stock on December 18, 2013. In the course of this analysis, KBW used earnings estimates for Provident Financial as provided by Provident Financial management for 2014 and used earnings

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estimates for 2015 for Provident Financial from FactSet Research Systems, Inc. as compiled by SNL Financial, and for Team Capital Bank used earnings estimates as provided by Provident Financial management. This analysis indicated that the transaction is expected to be accretive to Provident Financial s estimated earnings per share in 2014 (excluding one-time merger charges) and 2015. The analysis also indicated that the transaction is expected to be dilutive to tangible book value per share for Provident Financial and that Provident Financial is expected to maintain well-capitalized capital ratios. For all of the above analyses, the actual results achieved by Provident Financial following the transaction will vary from the estimates used and the projected results, and the variations may be material.

Miscellaneous. KBW acted as financial advisor to Team Capital Bank and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, KBW may, from time to time, purchase securities from, or sell securities to, Team Capital Bank, The Provident Bank and Provident Financial. As a market maker in securities, KBW may from time to time have a long or short position in, and buy or sell, debt or equity securities of Team Capital Bank and Provident Financial for its own account and for the accounts of its customers. To the extent KBW held any such positions as of the date of its opinion, it was disclosed to the Team Capital Bank board of directors.

Pursuant to the KBW engagement agreement, Team Capital Bank agreed to pay KBW a cash fee of $200,000 concurrently with the rendering of its opinion and a cash fee, upon closing of the merger, equal to approximately $1.43 million. Team Capital Bank also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention, provided, however, that such expenses would not exceed $20,000, and to indemnify against certain liabilities, including liabilities under the federal securities laws. During the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to Team Capital Bank, The Provident Bank or Provident Financial. KBW may in the future provide investment banking and financial advisory services to Team Capital Bank, The Provident Bank, or Provident Financial and receive compensation for such services.

Provident Financial Board of Directors Reasons for the Merger

The Provident Financial board of directors expects the merger to enhance Provident Financial s banking franchise and competitive position, in particular in Bucks, Northampton and Lehigh Counties, Pennsylvania, which are new markets for The Provident Bank, and in Essex, Somerset, Hunterdon and Warren Counties, New Jersey, some of New Jersey s most attractive banking markets. The merger also increases Provident Financial s operating and marketing scale.

In evaluating the merger, the Provident Financial board of directors consulted with Provident Financial s management, as well as its financial and legal advisors. In reaching its conclusion to approve the merger agreement, the Provident Financial board of directors considered the following factors as generally supporting its decision to enter into the merger agreement:

- the effectiveness of the merger as a method of implementing and accelerating Provident Financial s strategies for expanding Provident Financial s franchise in eastern Pennsylvania, one of the most desirable banking markets in Pennsylvania, by acquiring one of the largest independent community banks in that market;

its understanding of Provident Financial s business, operations, financial condition, earnings and prospects and of Team Capital Bank s business, operations, financial condition, earnings and prospects, including Team Capital Bank s strong franchise in eastern Pennsylvania, a new market for The Provident Bank, and in Essex and Somerset Counties, New Jersey, which are markets in which it currently operates, and in Hunterdon and Warren Counties, New Jersey, which are new markets;

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the reports of Provident Financial s management, and discussions with Provident Financial s management and financial advisor, concerning the operations, financial condition and prospects of Team Capital Bank and the potential financial impact of the merger on the combined company;

the similarity among Provident Financial s and Team Capital Bank s management, philosophies, approaches and commitments to the communities and customers they serve and their respective employees; and

the proposed retention of certain key Team Capital Bank senior executives and personnel with customer-facing positions, which would help assure the continuity of management, the likelihood of successful integration and the successful operation of the combined companies.

The Provident Financial board of directors also considered potential risks associated with the merger in connection with its deliberations of the proposed transaction, including the challenges of integrating Team Capital Bank s business, operations and workforce with those of Provident Financial, the need to obtain Team Capital Bank s stockholder approval and regulatory approvals to complete the transaction, and the risks associated with achieving the anticipated cost savings.

The Provident Financial board of directors considered all of these factors as a whole and, on balance, concluded that they supported a favorable determination to enter into the merger agreement.

The foregoing discussion of the information and factors considered by the Provident Financial board of directors is not exhaustive, but includes the material factors considered by the Provident Financial board of directors. In view of the wide variety of factors considered by the Provident Financial board of directors in connection with its evaluation of the merger and the complexity of these matters, the Provident Financial board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of the Provident Financial board of directors may have given different weights to different factors.

On the basis of these considerations, the merger agreement was unanimously approved by Provident Financial s board of directors.

Merger Consideration; Cash or Stock Election

Under the terms of the merger agreement, at the effective time of the merger each outstanding share of Team Capital Bank common stock (other than dissenting shares and shares held by Provident Financial and Team Capital Bank) will be converted into the right to receive, at the election of the holder of such share, either:

0.8575 shares of Provident Financial common stock, assuming payment solely of Provident Financial common stock in exchange for a share of Team Capital Bank common stock; or

$16.25 in cash (without interest), assuming payment solely of cash in exchange for a share of Team Capital Bank common stock; or

a combination of cash *plus* Provident Financial common stock.

No fractional shares of Provident Financial common stock will be issued in connection with the merger. Instead, Team Capital Bank stockholders will receive, without interest, a cash payment from Provident Financial equal to the fractional share interest they otherwise would have received, multiplied by the value of Provident Financial common stock. For this purpose, Provident Financial common stock will be valued at the average of its daily closing sales prices during the ten consecutive trading days immediately preceding the completion date of the merger.

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Based on the closing price of $ per share of Provident Financial common stock on , 2014, each share of Team Capital Bank common stock that is exchanged solely for Provident Financial common stock would be converted into 0.8575 shares of Provident Financial common stock having a value of $. We cannot give you any assurance as to whether or when the merger will be completed, and you are advised to obtain current market quotations for Provident Financial common stock.

All elections by Team Capital Bank stockholders are subject to the allocation and proration procedures described in the merger agreement. These procedures are intended to ensure that 75% of the outstanding shares of Team Capital Bank common stock will be converted into the right to receive Provident Financial common stock, and the remaining outstanding shares of Team Capital Bank common stock will be converted into the right to receive cash.

It is unlikely that elections will be made in the exact proportions provided for in the merger agreement. As a result, the merger agreement describes procedures to be followed if Team Capital Bank stockholders in the aggregate elect to receive more or less of Provident Financial common stock than Provident Financial has agreed to issue. These procedures are summarized below.

If Provident Financial common stock is oversubscribed: If Team Capital Bank stockholders elect to receive more Provident Financial common stock than Provident Financial has agreed to issue in the merger, then all Team Capital Bank stockholders who have elected to receive cash or who have made no election will receive cash for their Team Capital Bank shares and all stockholders who elected to receive Provident Financial common stock will receive a pro rata portion of the available Provident Financial shares plus cash for those shares not converted into Provident Financial common stock.

If Provident Financial common stock is undersubscribed: If Team Capital Bank stockholders elect to receive fewer shares of Provident Financial common stock than Provident Financial has agreed to issue in the merger, and

- the number of shares as to which Team Capital Bank stockholders have made no election is less than or equal to this shortfall, then all Team Capital Bank stockholders who have elected to receive Provident Financial common stock or who have made no election will receive Provident Financial common stock, and all Team Capital Bank stockholders who have elected to receive cash will receive a pro rata portion of the available cash consideration plus Provident Financial shares for those Team Capital Bank shares not converted into cash; or if

- the number of non-election shares is greater than the shortfall, then all Team Capital Bank stockholders who have elected to receive Provident Financial common stock will receive Provident Financial common stock, all Team Capital Bank stockholders who have elected to receive cash will receive cash, and all Team Capital Bank stockholders who made no election will receive a pro rata portion of the remaining available cash consideration plus Provident Financial s shares for those Team Capital Bank shares not converted into cash.

Neither Team Capital Bank nor Provident Financial is making any recommendation as to whether Team Capital Bank stockholders should elect to receive cash or Provident Financial common stock in the merger. Each Team Capital Bank stockholder must make his or her own decision with respect to such election.

No guarantee can be made that you will receive the amounts of cash or stock you elect. As a result of the allocation procedures and other limitations outlined in this document and in the merger agreement, you may receive Provident Financial common stock or cash in amounts that vary from the amounts you elect to receive.

Election Procedures; Surrender of Stock Certificates

If you are a record holder of Team Capital Bank common stock, an election form will be provided to you under separate cover at a later date. The election form will allow you to elect to receive cash, Provident Financial common stock, or a combination of cash and Provident Financial common stock, or to make no election with respect to the merger consideration that you wish to receive.

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To make a valid election, you must submit a properly completed election form to Registrar and Transfer Company, which will be acting as the exchange agent, on or before 5:00 p.m., New Jersey time, on the twentieth day following the mailing of the election form, unless Team Capital Bank and Provident Financial mutually agree upon another deadline date; provided, however, that the election deadline must occur before the completion of the merger. Registrar and Transfer Company will act as exchange agent in the merger and in that role will process the exchange of Team Capital Bank common stock certificates for cash and/or Provident Financial common stock. Shortly after the merger, the exchange agent will allocate cash and shares of Provident Financial common stock among Team Capital Bank stockholders, consistent with their elections and the allocation and proration procedures. If you do not submit an election form, you will receive instructions from the exchange agent on where to surrender your Team Capital Bank stock certificates after the merger is completed. **Please do not forward your Team Capital Bank stock certificates and election form with your proxy cards. Stock certificates and election forms should be returned to the exchange agent in accordance with the instructions contained in the election form that will be provided to you at a later date.**

An election form will be deemed properly completed only if accompanied by stock certificates representing all shares of Team Capital Bank common stock covered by the election form (or an appropriate guarantee of delivery). You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed, revised election form received by the exchange agent prior to the election deadline. You may revoke your election by written notice received by the exchange agent prior to the election deadline. All elections will be revoked automatically if the merger agreement is terminated. If you have a preference for receiving either Provident Financial common stock and/or cash for your Team Capital Bank common stock, you should complete and return the election form. If you do not make an election, you will be allocated Provident Financial common stock and/or cash depending on the elections made by other Team Capital Bank stockholders.

If stock certificates for Team Capital Bank common stock are not immediately available or time will not permit the election form and other required documents to reach the exchange agent prior to the election deadline, Team Capital Bank shares may be properly exchanged provided that:

1. such exchanges are made by or through a member firm of the National Association of Securities Dealers, Inc., or another registered national securities exchange, or by a commercial bank or trust company having an office, branch or agency in the United States;

2. the exchange agent receives, prior to the election deadline, a properly completed and duly executed notice of guaranteed delivery substantially in the form provided with the election form (delivered by hand, mail, telegram, telex or facsimile transmission); and

3. the exchange agent receives, prior to the election deadline, the certificates for all exchanged Team Capital Bank shares, or confirmation of the delivery of all such certificates into the exchange agent s account with the Depository Trust Company in accordance with the proper procedures for such transfer, together with a properly completed and duly executed election form and any other documents required by the election form.

Team Capital Bank stockholders who do not submit a properly completed election form or revoke their election form prior to the election deadline will have their shares of Team Capital Bank common stock designated as non-election shares.

Team Capital Bank stockholders who hold their shares of common stock in street name through a bank, broker or other financial institution, and who wish to make an election, should seek instructions from the institution holding their shares concerning how to make the election.

Provident Financial will deposit with the exchange agent the merger consideration representing Provident Financial s common stock and cash to be issued to Team Capital Bank stockholders in exchange for their shares of Team Capital Bank common stock. Within five business days after the completion of the merger, the exchange

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agent will mail to Team Capital Bank stockholders who do not submit election forms or who have revoked such forms a letter of transmittal, together with instructions for the exchange of their Team Capital Bank stock certificates for the merger consideration. Upon surrendering his or her certificate(s) representing shares of Team Capital Bank common stock, together with the signed letter of transmittal, the Team Capital Bank stockholder shall be entitled to receive, as applicable: (i) certificate(s) representing a number of whole shares of Provident Financial common stock (if any) determined in accordance with the exchange ratio; or (ii) a check representing the amount of cash (if any) to which such holder shall have become entitled; and (iii) a check representing the amount of cash in lieu of fractional shares, if any. Until you surrender your Team Capital Bank stock certificates for exchange after completion of the merger, you will not be paid dividends or other distributions declared after the merger with respect to any Provident Financial common stock into which your shares of Team Capital Bank common stock have been exchanged. No interest will be paid or accrued to Team Capital Bank stockholders on the cash consideration, cash in lieu of fractional shares or unpaid dividends and distributions, if any. After the completion of the merger, there will be no further transfers of Team Capital Bank common stock. Team Capital Bank stock certificates presented for transfer will be canceled and exchanged for the merger consideration.

If your stock certificates have been lost, stolen or destroyed, you will have to prove your ownership of these certificates and that they were lost, stolen or destroyed before you receive any consideration for your shares. Upon request, Registrar and Transfer Company will send you instructions on how to provide evidence of ownership.

If any certificate representing shares of Provident Financial s common stock is to be issued in a name other than that in which the certificate for shares surrendered in exchange is registered, or cash is to be paid to a person other than the registered holder, it will be a condition of issuance or payment that the certificate so surrendered be properly endorsed or otherwise be in proper form for transfer and that the person requesting the exchange either:

- pay to the exchange agent in advance any transfer or other taxes required by reason of the issuance of a certificate or payment to a person other than the registered holder of the certificate surrendered, or

- establish to the satisfaction of the exchange agent that the tax has been paid or is not payable.

Any portion of the cash or shares of Provident Financial common stock made available to the exchange agent that remains unclaimed by Team Capital Bank stockholders for six months after the effective time of the merger will be returned to Provident Financial. Any Team Capital Bank stockholder who has not exchanged shares of Team Capital Bank common stock for the merger consideration in accordance with the merger agreement before that time may look only to Provident Financial for payment of the merger consideration for their shares and any unpaid dividends or distributions after that time. Nonetheless, Provident Financial, Team Capital Bank, the exchange agent or any other person will not be liable to any Team Capital Bank stockholder for any amount properly delivered to a public official under applicable abandoned property, escheat or similar laws.

Employee Matters

Employee Benefit Plans. Provident Financial will review all Team Capital Bank compensation and benefit plans to determine whether to maintain, terminate or continue such plans. In the event that any Team Capital Bank compensation and benefit plan is frozen or terminated by Provident Financial, former employees of Team Capital Bank who become employees of Provident Financial after the merger who were participants in such plan will be eligible to participate in any Provident Financial benefit plan of similar character (to the extent that one exists other than any Provident Financial non-qualified plan, employment agreement, change in control agreement or equity

incentive plan or other similar-type of arrangement, or the Provident Financial Defined Benefit Plan). Continuing employees of Team Capital Bank who become participants in any Provident Financial compensation and benefit plan will, for purposes of determining eligibility for, and for any applicable vesting periods of, such employee benefits only (and not for benefit accrual purposes) be given credit for service as an employee of Team Capital Bank prior to the effective time of the merger, provided, however, that credit for prior

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service will be given under the Provident Financial Employee Stock Ownership Plan and only for purposes of determining eligibility to participate in such plans and not for vesting purposes, and provided further, that credit for prior service will not be given under any Provident Financial retiree health plan.

Team Capital Bank Tax-Qualified Retirement Plan. Team Capital Bank is required to take all necessary actions to terminate the Team Capital Bank 401(k) Plan immediately prior to the effective time of the merger. As soon as administratively possible following the receipt of a favorable determination letter from the IRS regarding the qualified status of the plan, upon its termination, the account balances of all participants and beneficiaries in the Team Capital Bank 401(k) Plan will either be distributed or transferred to an eligible tax-qualified retirement plan or individual retirement account, as directed by each participant or beneficiary.

Severance Benefits. Any employee of Team Capital Bank who is not a party to an employment agreement or any severance arrangement providing for severance payments will, for one year following the merger, be covered and eligible to receive severance benefits in accordance with Team Capital Bank s current severance policy, provided that the employee enters into a release of claims against Provident Financial and its affiliates in a customary form reasonably satisfactory to Provident Financial.

Accrued Vacation. For purposes of Provident Financial vacation and/or paid leave benefit programs, Provident Financial will give each continuing employee of Team Capital Bank credit for his or her accrued paid-time off balance with Team Capital Bank as of the effective time of the merger.

See Interests of Team Capital Bank s Directors and Officers in the Merger below for a discussion of the Team Capital Bank employment agreements.

Interests of Team Capital Bank s Directors and Officers in the Merger

Some members of Team Capital Bank s management and board of directors may have interests in the merger that are in addition to their interest as stockholders of Team Capital Bank generally. The Team Capital Bank board of directors was aware of these interests and considered them in approving the merger agreement and the transactions contemplated by the merger agreement.

Share Ownership. On the record date for the Team Capital Bank Special Meeting, Team Capital Bank s directors and officers beneficially owned, in the aggregate, shares of Team Capital Bank common stock (not including shares that may be acquired upon the exercise of stock options), representing approximately % of the outstanding shares of Team Capital Bank common stock.

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Stock Options. Under the terms of the Merger Agreement, immediately prior to the effective time of the merger, holders of outstanding and unexercised options to purchase shares of Team Capital Bank common stock will receive, in cancellation of the stock options, a cash payment in an amount equal to the number of shares provided for in each such stock option, multiplied by the difference between $16.25 and the exercise price of the relevant stock option. Based on the equity holdings of Team Capital Bank as of the record date, the number of Team Capital Bank stock options held by the executive officers and non-employee directors of Team Capital Bank are as follows:

Executive/Director of Team Capital Bank	Team Capital Bank Stock Options(#)	Cash Payment($)
Robert A. Rupel, President and Chief Executive Officer		
Howard N. Hall, Executive Vice President and Chief Financial Officer	25,375	177,919
Fredric B. Cort, Executive Vice President and Chief Administration Officer	14,975	101,794
A. Bruce Dansbury, Executive Vice President and Chief Lending Officer	7,500	53,550
Ghan Desai, Executive Vice President, Chief Information Officer and Chief Technology Officer	16,350	109,771
Joanne O Donnell, Executive Vice President, Chief Credit Risk and Chief Risk Officer	17,500	121,535
All non-employee directors as a group (12 persons)	68,459	474,678

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Acceleration of Vesting of Restricted Stock Awards. Under the terms of the Merger Agreement, Team Capital Bank restricted stock awards that have not yet vested will become fully vested as of the effective time of the merger. Based upon the equity holdings as of the record date, the number of unvested restricted stock awards that will become vested as a result of the merger held by the executive officers and non-employee directors of Team Capital Bank are as follows:

Executive/Director of Team Capital Bank	Total Grant on November 25, 2013 (#)	Immediate Vesting on Date of Grant (#)	Shares to vest at closing of Merger* (#)
Robert A. Rupel	30,000	3,000	27,000
	10,000		10,000
Total	**40,000**	**3,000**	**37,000**
Howard N. Hall	18,750	1,875	16,875
	6,250		6,250
Total	**25,000**	**1,875**	**23,125**
Fredric B. Cort	15,000	1,500	13,500
	5,000		5,000
Total	**20,000**	**1,500**	**18,500**
A. Bruce Dansbury	12,750	1,275	11,475
	4,250		4,250
Total	**17,000**	**1,275**	**15,725**
Ghan Desai	15,000	1,500	13,500
	5,000		5,000
Total	**20,000**	**1,500**	**18,500**
Joanne O Donnell	15,000	3,000	12,000
	5,000		5,000
Total	**20,000**	**3,000**	**17,500**

* Number of shares referenced in this column will be cutback by any necessary amount to avoid penalties under Section 280G of the Internal Revenue Code.

Appointment of One Team Capital Bank Board of Directors Member to the Board of Directors of Provident Financial and The Provident Bank. As of the closing of the merger, the number of persons constituting the boards of

directors of each of Provident Financial and The Provident Bank will each be increased by one, and John Pugliese, a current director and the Chairman of the Board of Team Capital Bank, will be appointed a director of Provident Financial and The Provident Bank, subject to confirmation that Mr. Pugliese qualifies as an independent director under the standards of the New York Stock Exchange and Provident Financial. Mr. Pugliese will serve for a term of office for Provident Financial and The Provident Bank that expires at the 2015 annual meeting of stockholders of Provident Financial, and subject to their fiduciary duties, the board of directors of Provident Financial will propose Mr. Pugliese for election by Provident Financial stockholders at the 2015 annual meeting of Provident Financial stockholders for a three year term (and at such time The Provident Bank, subject to its fiduciary duties, shall also propose Mr. Pugliese for election to The Provident Bank board of directors for a three year term, and Provident Financial shall vote to approve such nomination as the sole stockholder of The Provident Bank) Provident Financial and The Provident Bank will consider current members of Team Capital Bank s board of directors as potential board of directors candidates to fill future vacancies that may arise.

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Appointment to Advisory Boards. Effective as of the closing of the merger, Provident Financial shall establish a New Jersey regional advisory board and a Pennsylvania regional advisory board, which will be comprised of current members of the board of directors at Team Capital Bank (other than Mr. Pugliese) or an existing Team Capital Bank advisory board, and who are designated by Provident Financial in consultation with Team Capital Bank. Each advisory board member will receive an advisory board fee of $750 per meeting attended.

Employment Agreements. Team Capital Bank is a party to employment agreements with each of Mr. Rupel, Mr. Hall, Mr. Cort, Mr. Dansbury, Mr. Desai and Ms. O Donnell providing for severance benefits that may be triggered on termination of employment in connection with the merger.

Pursuant to the terms of the employment agreements, in the event of each executive s involuntary or constructive termination without cause within two years following a change in control, Team Capital Bank (or its successor) will provide each executive with the following severance benefits:

- a lump sum cash payment equal to 200% of base salary in effect as of the date of termination; and
- continued health, medical and life insurance benefits (or the economic equivalent) for 24 months after the date of termination.

In addition, following termination of employment, each executive is entitled to receive a lump sum cash payment in consideration of his or her 24-month non-solicitation and six-month non-competition covenants (the Non-Compete Payment).

Each employment agreement also provides that the payments provided thereunder when aggregated with other benefits and payments to which each executive would be entitled as a result of a change in control will be reduced, to the extent necessary, to avoid an excess parachute payment under Section 280G of the Internal Revenue Code (the 280G Cutback Amount). Alternatively, each executive is permitted to apply the 280G Cutback Amount to other change in control benefits that are not payable under the employment agreement.

The estimated payments which would be made to each executive under his or her employment agreement as a result of a termination of employment (without cause) immediately following the effective time merger are as follows:

Executive	Cash Severance ($)	Continued Health, Medical and Life Insurance Benefits ($)*	Non-Compete Payment ($)	Total ($)**
Robert A. Rupel	630,000	34,835	397,500	1,062,335
Howard N. Hall	432,650	34,835	142,244	609,729
Fredric B. Cort	291,000	34,835	99,125	424,960
A. Bruce Dansbury	481,750	34,835	140,656	657,241
Ghan Desai	320,950	34,835	100,356	456,141
Joanne O Donnell	359,700	34,835	124,888	519,423

* Amount represents the estimated cost of the continued benefits under Team Capital Bank s health plans.

** Assumes that any 280G Cutback Amount will be applied to the executive s unvested restricted stock awards, and not to the benefits payable under his or her employment agreement.

Indemnification. Pursuant to the merger agreement, Provident Financial has agreed that, for a period of six years after the effective date of the merger, it will indemnify, defend and hold harmless each present and former officer or director of Team Capital Bank or any of its subsidiaries against all losses, claims, damages, costs, expenses (including attorneys fees), liabilities, judgments and amounts that are paid in settlement (with the approval of Provident Financial, which approval shall not be unreasonably withheld) of or in connection with any

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claim, action, suit, proceeding or investigation, based in whole or in part on, or arising in whole or in part out of, the fact that such person is or was a director or officer of Team Capital Bank or any of its subsidiaries if such action or proceeding pertains to any matter of fact arising, existing or occurring before the closing date of the merger to the fullest extent permitted under applicable law, Team Capital Bank s certificate of incorporation and bylaws, and Provident Financial s certificate of incorporation and bylaws. Provident Financial will pay expenses in advance of the final disposition of any such action or proceeding to the fullest extent permitted under applicable law, provided that the person to whom such expenses are advanced agrees to repay such expenses if it is ultimately determined that such person is not entitled to indemnification.

Directors and Officers Insurance. Provident Financial has further agreed, for a period of six years after the effective date of the merger, to cause the persons serving as officers and directors of Team Capital Bank immediately prior to the effective date of the merger to continue to be covered by Team Capital Bank s current directors and officers liability insurance policies (provided that Provident Financial may substitute policies of at least the same coverage and amounts containing terms and conditions which are not materially less favorable than Team Capital Bank s current policies) with respect to acts or omissions occurring prior to the effective date which were committed by such officers and directors in their capacity as such. Provident Financial is not required to spend more than 150% of the annual cost currently incurred by Team Capital Bank for its insurance coverage.

Conduct of Business Pending the Merger

The merger agreement contains various restrictions on the operations of Team Capital Bank and Provident Financial before the effective time of the merger. In general, the merger agreement obligates Team Capital Bank and Provident Financial to conduct their businesses in the usual, regular and ordinary course of business and to use reasonable efforts to preserve intact their business organizations and assets and maintain their rights and franchises. In addition, Team Capital Bank has agreed that, except as expressly contemplated by the merger agreement or specified in a schedule to the merger agreement, without the prior written consent of Provident Financial, it will not, among other things:

- change or waive any provision of its articles of incorporation or bylaws, except as required by law or appoint a new director to its board of directors, except as necessary to maintain any required minimum number of directors;

- change the number of authorized or issued shares of its capital stock (other than pursuant to the exercise of outstanding stock options), issue any shares of its common stock that are held as treasury shares, or issue or grant any right agreement of any character relating to its authorized or issued capital stock or any securities convertible into shares of such stock, make any grant or award under any stock plan of Team Capital Bank, or split, combine or reclassify any shares of capital stock, or declare, set aside or pay any dividend or other distribution in respect of capital stock (other than dividends payable attributable to the Small Business Lending Fund), or redeem (except as of the Small Business Lending Fund) or otherwise acquire any shares of capital stock;

- enter into, amend in any material respect or terminate any material contract or agreement;

- open or close any branch or automated banking facility;

grant or agree to pay any bonus, severance or termination to, or enter into, renew or amend any employment agreement, severance agreement and/or supplemental agreement with, or increase in any manner the compensation or fringe benefits of, any of its directors, officers or employees, except: (i) as to non-executive employees, pay increases in the ordinary course of business and consistent with past practice; and (ii) the payment of bonuses for the year ending December 31, 2013, to the extent that the bonuses have been accrued in accordance with GAAP;

hire or promote any employee to a rank having a title of vice president or other more senior rank or hire any new employee at an annual rate of compensation in excess of $50,000, except at-will, non-executive officer hires to fill vacancies that may from time-to-time arise in the ordinary course of business;

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enter into or, except as may be required by law, materially modify any compensation/benefit plan or arrangement (including any health or welfare plan) in respect of any of its directors, officers or employees; or make any contributions to any defined contribution plan not in the ordinary course of business consistent with past practice;

purchase or acquire, or sell or dispose of, any assets or incur indebtedness other than in the ordinary course of business;

incur any capital expenditures in excess of $50,000 individually or $250,000 in the aggregate other than pursuant to binding commitments or as necessary to maintain existing assets in good repair;

change any accounting method or practice, except as required by generally accepted accounting principles in the United States or a regulator of Team Capital Bank;

issue any additional shares of capital stock or declare or pay any dividend other than its regular quarterly dividend (other than dividends payable with regard to Team Capital Bank s Schedule A Preferred Stock);

except for prior commitments previously disclosed to Provident Financial and the renewal of existing lines of credit, make any new loan or other credit facility commitment to any borrower or group of affiliated borrowers in excess of $4,000,000;

purchase any equity securities or any security for its investment portfolio inconsistent with its current investment policy;

enter into any futures contract, option, interest rate cap, interest rate floor, interest rate exchange, or any other agreement for purposes of hedging;

take any action that would give rise to an acceleration of a right of payment under any compensation or benefit plan;

make material changes to certain of its banking policies;

sell any participation interest in a loan without giving Provident Financial the first opportunity to purchase the loan participation;

enter into any commitment for its account involving a payment of more than $25,000 or extending beyond 12 months from the date of the merger agreement;

settle any claim, other than in the ordinary course of business in an amount not in excess of $25,000 individually or $50,000 in the aggregate and that does not create precedent;

foreclose on any commercial real estate without conducting a Phase I environmental assessment or if such environmental assessment indicates the presence of materials of environmental concern; and

issue any broadly distributed communication of a general nature to employees or customers, without consultation with Provident Financial except for communications in the ordinary course of business consistent with past practice that do not relate to the merger or other transactions contemplated by the merger agreement.

Provident Financial has also agreed that, without the prior written consent of Team Capital Bank, it will not take any action that would:

adversely affect the ability of Provident Financial and Team Capital Bank to obtain necessary regulatory approvals, or materially increase the period of time necessary to obtain the approvals;

adversely affect the ability of Provident Financial to perform its covenants and agreements under the merger agreement; or

result in the representation and warranties in the merger agreement not being true and correct, or in any of Provident Financial s conditions in the merger agreement not being satisfied.

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In addition to these covenants, the merger agreement contains various other customary covenants, including, among other things, access to information, each party s efforts to cause its representations and warranties to be true and correct on the closing date; and each party s agreement to use its reasonable best efforts to cause the merger to qualify as a tax-free reorganization.

Representations and Warranties

The merger agreement contains a number of representations and warranties by Provident Financial and Team Capital Bank regarding aspects of their respective businesses, financial condition, structure and other facts pertinent to the merger that are customary for a transaction of this kind. They include, among other things, representations as to:

- the organization, existence, corporate power and authority and capitalization of each of the companies;
- the absence of conflicts with or violations of law and various documents, contracts and agreements;
- the absence of any event or circumstance which is reasonably likely to be materially adverse to the companies;
- the absence of materially adverse litigation;
- the accuracy of reports and financial statements filed with banking regulators or the Securities and Exchange Commission, as applicable;
- required consents and filings with governmental entities and other approvals required for the merger;
- the existence, performance and legal effect of certain contracts;
- compliance with applicable laws;
- the filing of tax returns, payment of taxes and other tax matters;
- loan and investment portfolio matters;
- labor and employee benefit matters; and

compliance with applicable environmental laws.

All representations, warranties and covenants of the parties, other than the covenants in specified sections which relate to continuing matters, shall terminate upon the closing of the merger.

Conditions to the Merger

The respective obligations of Provident Financial and Team Capital Bank to complete the merger are subject to various conditions prior to the merger. The conditions include the following:

- the New Jersey Department of Banking and Insurance, the Pennsylvania Department of Banking and Securities the Federal Deposit Insurance Corporation and the Federal Reserve Board approvals (or waivers thereof) of the merger and the expiration of all statutory waiting periods;

- approval of the merger agreement by the affirmative vote of two-thirds (2/3) of the issued and outstanding shares of Team Capital Bank;

- the absence of any litigation, statute, law, regulation, injunction, order or decree which would enjoin or prohibit the merger;

- the accuracy of the representations and warranties of the parties, and the performance by the parties of all agreements and covenants, set forth in the merger agreement;

- the receipt of a tax opinion delivered by counsel to Provident Financial and reasonably acceptable to counsel for Team Capital Bank to the effect that the merger will qualify as a tax-free reorganization under United States federal income tax laws;

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obtaining any necessary third party consents;

listing with the New York Stock Exchange of the Provident Financial common stock to be issued to Team Capital Bank stockholders; and

no stop order being issued suspending the effectiveness of the Registration Statement of which this Proxy Statement/Prospectus is a part.

The parties may waive conditions to their obligations unless they are legally prohibited from doing so. Stockholder and regulatory approvals may not be legally waived.

Small Business Lending Fund

Team Capital Bank and The Provident Bank have agreed to use their reasonable best efforts to redeem the $22.4 million of outstanding Team Capital Bank Series A Preferred Stock at or promptly following the consummation of the merger. The Provident Bank will fund the redemption, with the method of funding to be agreed upon by Team Capital Bank and Provident Bank, subject to any formal or informal requirements of the United States Department of Treasury and the required approval of any bank regulator.

Regulatory Approvals Required for the Merger

General. Team Capital Bank and Provident Financial have agreed to use all reasonable efforts to obtain all permits, consents, approvals and authorizations of all third parties and governmental entities that are necessary or advisable to consummate the merger, which will include the approvals of the Federal Deposit Insurance Corporation, New Jersey Department of Banking and Insurance and the Pennsylvania Department of Banking and Securities. The merger also requires approval of the Federal Reserve Board unless the Federal Reserve Board approves a request by Provident Financial Services, Inc. to waive the application requirement. Provident Financial has filed the application or notice materials necessary to obtain these regulatory approvals. The merger cannot be completed without such approvals. Provident Financial and Team Capital Bank cannot assure you that all of the required regulatory approvals will be obtained, when they will be received or whether there will be conditions in the approvals or any litigation challenging the approvals. Provident Financial and Team Capital Bank also cannot assure you that the United States Department of Justice or any state attorney general will not attempt to challenge the merger on antitrust grounds, or what the outcome will be if such a challenge is made.

Provident Financial and Team Capital Bank are not aware of any material governmental approvals or actions that are required prior to the merger other than those described herein. Provident Financial and Team Capital Bank presently contemplate that each will seek any additional governmental approvals or actions that may be required in addition to those requests for approvals currently pending; however, Provident Financial and Team Capital Bank cannot assure you that any such additional approvals or actions will be obtained.

Federal Deposit Insurance Corporation. The merger is subject to approval by the Federal Deposit Insurance Corporation pursuant to the Federal Bank Merger Act, which was received on March 31, 2014.

The Federal Deposit Insurance Corporation may not approve any transaction that would result in a monopoly or otherwise substantially lessen competition or restrain trade, unless it finds that the anti-competitive effects of the transaction are clearly outweighed by the public interest. In addition, the Federal Deposit Insurance Corporation considers the financial and managerial resources of the companies and their subsidiary institutions and the

convenience and needs of the communities to be served. Under the Community Reinvestment Act, the Federal Deposit Insurance Corporation must take into account the record of performance of each company in meeting the credit needs of its entire communities, including low and moderate income neighborhoods, served by each company. The Provident Bank has an outstanding CRA rating and Team Capital Bank has a satisfactory CRA rating. The Federal Deposit Insurance Corporation also must consider the effectiveness of each company involved in the proposed transaction in combating money-laundering activities.

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Federal law requires publication of notice of, and the opportunity for public comment on, the applications submitted by Provident Financial and The Provident Bank for approval of the merger and authorizes the Federal Deposit Insurance Corporation to hold a public hearing in connection with the application if it determines that such a hearing would be appropriate. Any such hearing or comments provided by third parties could prolong the period during which the application is subject to review. In addition, under federal law, a period of 30 days must expire following approval by the Federal Deposit Insurance Corporation, within which period the Department of Justice may file objections to the merger under the federal antitrust laws. This waiting period may be reduced to 15 days if the Department of Justice has not provided any adverse comments relating to the competitive factors of the transaction. If the Department of Justice were to commence an antitrust action, that action would stay the effectiveness of the Federal Deposit Insurance Corporation s approval of the merger unless a court specifically orders otherwise. In reviewing the merger, the Department of Justice could analyze the merger s effect on competition differently than the Federal Deposit Insurance Corporation, and thus it is possible that the Department of Justice could reach a different conclusion than the Federal Deposit Insurance Corporation regarding the merger s competitive effects.

New Jersey Department of Banking and Insurance. The merger is subject to the approval of the New Jersey Department of Banking and Insurance under New Jersey law. Provident Financial has filed the required application with the New Jersey Department of Banking and Insurance for approval of the merger. In determining whether to approve such application, the New Jersey Department of Banking and Insurance may consider, among other factors whether the merger will be in the public interest and whether The Provident Bank, the surviving bank in the merger, has the minimum capital stock and surplus required under the New Jersey Banking Act of 1948. Provident Financial has not yet received the approval of the New Jersey Department of Banking and Insurance.

Pennsylvania Department of Banking and Securities. The merger requires the approval of the Pennsylvania Department of Banking and Securities under Pennsylvania law. In determining whether to approve such application, the Pennsylvania Department of Banking and Securities may consider, among other factors, compliance with the relevant provisions of Pennsylvania law. Provident Financial received the approval of the Pennsylvania Department of Banking and Securities on March 28, 2014.

Board of Governors of the Federal Reserve System. The merger also requires the approval of the Federal Reserve Board pursuant to the Bank Holding Company Act. However, the applicable regulations establish a procedure whereby a waiver of an application requirement may be requested provided that certain conditions are met. Provident Financial intends to seek such a waiver. If the waiver is not granted, Provident Financial would be required to file an application with the Federal Reserve Board. In determining whether to approve any such application, the Federal Reserve Board would consider factors generally similar to those considered by the Federal Deposit Insurance Corporation under the Bank Merger Act.

No Solicitation

Until the merger is completed or the merger agreement is terminated, Team Capital Bank has agreed that it, its subsidiaries, its officers and its directors will not:

- directly or indirectly initiate, solicit or knowingly encourage any inquiries or the making of any proposal to acquire Team Capital Bank, whether by merger, acquisition of 25% or more of Team Capital Bank s capital stock or 25% or more of the assets of Team Capital Bank or otherwise;

participate in any discussions or negotiations regarding any such acquisition proposal, or furnish or afford access to data relating to such acquisition proposal;

release parties from any confidentiality agreement; or

enter into any agreement, agreement in principal or letter of intent with respect to any such other acquisition proposal.

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Team Capital Bank may, however, furnish information regarding Team Capital Bank to, or enter into discussions or negotiations with, any person or entity in response to an unsolicited acquisition proposal by such person or entity if:

Team Capital Bank s board of directors determines in good faith, after consultation with its financial and legal advisors, that such unsolicited proposal, if consummated, is reasonably likely to result in a transaction more favorable to Team Capital Bank s stockholders from a financial point of view than the merger with Provident Financial; Team Capital Bank promptly notifies Provident Financial of such proposals or offers, the material terms of such inquiries, proposals or offers and the identity of the person making such inquiry, proposal or offer; and

The Team Capital Bank special meeting of stockholders has not yet occurred.

Termination; Amendment; Waiver

The merger agreement may be terminated prior to the closing, before or after approval by Team Capital Bank s stockholders, as follows:

by mutual written agreement of Provident Financial and Team Capital Bank;

by either Provident Financial or Team Capital Bank if the closing of the merger has not occurred on or before December 31, 2014, and such failure to close is not due to the terminating party s material breach of any representation, warranty, covenant or other agreement contained in the merger agreement;

by Provident Financial or Team Capital Bank if the stockholders of Team Capital Bank do not approve the merger agreement;

by a non-breaching party if the other party materially breaches any covenants, agreements, representations or warranties contained in the merger agreement, if such breach has not been cured within thirty days after notice from the terminating party;

by either party if any required regulatory approvals for consummation of the merger are not obtained or any court or other governmental authority issues a final order or other action prohibiting the merger;

by either party if any condition to the obligation of such party to complete the merger cannot be satisfied or fulfilled by December 31, 2014;

by Provident Financial if Team Capital Bank shall have received a superior proposal, as defined in the merger agreement, and the Team Capital Bank board of directors shall have entered into an acquisition

agreement with respect to the superior proposal and terminates the merger agreement or fails to recommend that the stockholders of Team Capital Bank approve the merger agreement or withdraws, modifies or changes such recommendation in a manner which is adverse to Provident Financial; or

by Team Capital Bank in order to accept a superior proposal, as defined in the merger agreement, which has been received and considered by Team Capital Bank in compliance with the applicable terms of the merger agreement, provided that Team Capital Bank has notified Provident Financial at least five business days in advance of any such action and has given Provident Financial the opportunity during such period to negotiate amendments to the merger agreement which would permit Team Capital Bank to proceed with the proposed merger with Provident Financial.

If the merger agreement is terminated, under either of the latter two scenarios described above, Team Capital Bank shall pay to Provident Financial a fee of $ 5.0 million. The fee would also be payable to Provident Financial if Team Capital Bank enters into a merger agreement with a third party within twelve months of the termination of the merger agreement by Provident Financial, due to a willful breach by Team Capital Bank or the failure of the stockholders of Team Capital Bank to approve the merger agreement after Team Capital Bank s receipt of a third party acquisition proposal.

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Additionally, Team Capital Bank may terminate the merger agreement if, at any time during the five business-day period commencing on the first date on which all regulatory approvals (and waivers, if applicable) necessary for consummation of this merger have been received (disregarding any waiting period) (the Determination Date) if both of the following conditions are satisfied:

- the number attained by dividing the average of the daily closing sales prices of Provident Financial common stock for the twenty consecutive trading days immediately preceding the Determination Date (the Average Closing Price) is less than $15.10 (the Provident Ratio); and

- the Provident Ratio is less than the number obtained by dividing the average closing price of the sixteen financial institutions comprising the index group (as listed in the merger agreement) for the twenty trading days ending on the trading day immediately preceding the Determination Date (the Final Index Price) by the average closing price of the index group for the twenty trading days ending on December 18, 2013 (the Index Price) and subtracting 0.20 from the quotient (the Index Ratio).

If Team Capital Bank elects to exercise its termination right as described above, it must give prompt written notice to Provident Financial. During the five business-day period commencing with its receipt of such notice, Provident Financial shall have the option to increase the consideration to be received by the holders of Team Capital Bank common stock who elect to receive Provident Financial common stock by adjusting the exchange ratio from 0.8575 to the lesser of one of the following quotients at its sole discretion: (x) a number (rounded to the nearest one one-thousandth) obtained by dividing (A) $12.95 by (B) the Average Closing Price and (y) a number (rounded to the nearest one one-thousandth) obtained by dividing (A) the product of the Index Ratio and 0.8575 by (B) the Provident Ratio. If Provident Financial so elects to increase the exchange ratio within such five-day period, it shall give prompt written notice to Team Capital Bank of such election and the revised exchange ratio, and the merger agreement will remain in effect in accordance with its terms (except that the exchange ratio will have been so modified.)

Because the formula is dependent on the future price of Provident Financial s common stock and that of the Index Group, it is not possible to determine what the adjusted exchange ratio would be at this time, but, in general, the ratio would be increased and, consequently, more shares of Provident Financial common stock issued, to take into account the extent of the decline in the value of Provident Financial s common stock as compared to the changes in the value of the common stock of the Index Group.

The parties may amend the merger agreement at any time before or after approval of the merger agreement by the Team Capital Bank stockholders. However, after such approval, no amendment may be made without the approval of Team Capital Bank s stockholders if it reduces the amount or value, or changes the form of, the merger consideration to be delivered to Team Capital Bank stockholders pursuant to the merger agreement.

The parties may waive any of their conditions to closing, unless they may not be waived under law.

Management and Operations After the Merger

Upon closing of the merger among Team Capital Bank and Provident Financial, Team Capital Bank will be merged into The Provident Bank and the separate existence of Team Capital Bank will cease. The directors and officers of Provident Financial and The Provident Bank immediately prior to the merger will continue as directors and officers of Provident Financial and The Provident Bank after the merger. Upon the closing of the merger, one Team Capital Bank director, John Pugliese, will be added to the boards of directors of Provident Financial and The Provident Bank

(subject to confirmation that Mr. Pugliese qualifies as an independent director under the standards of the New York Stock Exchange and Provident Financial).

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Effective Date of Merger

The parties expect that the merger will be effective during the second quarter of 2014 or as soon as possible after the receipt of all regulatory and stockholder approvals and all regulatory waiting periods expire. The merger will be legally completed by the filing of a certificate of merger with the New Jersey Department of Banking and Insurance. If the merger is not consummated by December 31, 2014, either Team Capital Bank or Provident Financial may terminate the merger agreement, unless the failure to consummate the merger by this date is due to the breach by the party seeking to terminate the merger agreement of any of its obligations under the merger agreement. See Conditions to the Merger above.

Under the terms of the merger agreement, the certificate of incorporation and bylaws of The Provident Bank will be the certificate of incorporation and bylaws of the combined entity which will retain the name of The Provident Bank. Provident Financial, as the resulting entity, will continue to operate under the policies, practices and procedures currently in place. All assets and property owned by Team Capital Bank shall immediately become the property of Provident Financial. Provident Financial does not currently anticipate closing any branches of either bank relating to the merger. The net result of the merger will be a greater number of branches and a stronger presence in existing markets. Provident Financial will also recognize cost savings through consolidation of back office functions.

Public Trading Markets

Provident Financial common stock is listed on the New York Stock Exchange under the symbol PFS. Team Capital Bank common stock is not traded on any established market. The shares of Provident Financial common stock issued pursuant to the merger agreement will be traded on the New York Stock Exchange.

The shares of Provident Financial common stock to be issued in connection with the merger will be freely transferable under the Securities Act of 1933, except for shares issued to any stockholder who may be deemed to be an affiliate of Team Capital Bank, as discussed in Resale of Provident Financial Common Stock on page 70.

Provident Financial may from time to time repurchase shares of Provident Financial common stock and purchase shares of Team Capital Bank common stock, and, if consented to by Provident Financial, Team Capital Bank may from time to time repurchase shares of Team Capital Bank common stock and purchase shares of Provident Financial common stock.

Provident Financial and Team Capital Bank Dividend Policies

Provident Financial currently pays a quarterly cash dividend of $0.15 per share, which is expected to continue, although the Provident Financial board of directors may change this dividend policy at any time. Team Capital Bank does not currently pay a quarterly cash dividend. During 2013, Provident Financial paid cash dividends totaling $0.56 per share and Team Capital Bank paid no cash dividends.

Provident Financial stockholders will be entitled to receive dividends when and if declared by the Provident Financial board of directors out of funds legally available for dividends. The Provident Financial board of directors will periodically consider the payment of dividends, taking into account Provident Financial s financial condition and level of net income, Provident Financial s future prospects, economic conditions, industry practices and other factors, including applicable banking laws and regulations.

Fees and Expenses

Provident Financial and Team Capital Bank will each pay its own costs and expenses in connection with the merger agreement and the transactions contemplated thereby except for the payment by Team Capital Bank to Provident Financial of a termination fee in certain circumstances, as described above.

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In addition, if either party willfully breaches the merger agreement, such party will be liable for all damages, costs and expenses sustained by the other party as a result of such breach.

Material United States Federal Income Tax Consequences of the Merger

General. The following discussion sets forth the material United States federal income tax consequences of the merger to U.S. holders (as defined below) of Team Capital Bank common stock. This discussion does not address any tax consequences arising under the laws of any state, locality or foreign jurisdiction. This discussion is based upon the Internal Revenue Code, the regulations of the United States Department of the Treasury and court and administrative rulings and decisions in effect on the date of this document. These laws may change, possibly retroactively, and any change could affect the continuing validity of this discussion.

For purposes of this discussion, the term U.S. holder means:

- a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States or any of its political subdivisions;
- a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person; or
- an estate that is subject to United States federal income tax on its income regardless of its source.

This discussion assumes that you hold your shares of Team Capital Bank common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code. Further, the discussion does not address all aspects of United States federal income taxation that may be relevant to you in light of your particular circumstances or that may be applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a financial institution;
- a tax-exempt organization;
- an S corporation or other pass-through entity;
- an insurance company;

a mutual fund;

a dealer in securities or foreign currencies;

a trader in securities who elects the mark-to-market method of accounting for your securities;

a Team Capital Bank stockholder whose shares are qualified small business stock for purposes of Section 1202 of the Internal Revenue Code or who may otherwise be subject to the alternative minimum tax provisions of the Internal Revenue Code;

a Team Capital Bank stockholder who received Team Capital Bank common stock through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan;

a person who has a functional currency other than the U.S. dollar; or

a Team Capital Bank stockholder who holds Team Capital Bank common stock as part of a hedge, straddle or a constructive sale or conversion transaction.

If a partnership (including an entity treated as a partnership for United States federal income tax purposes) holds Team Capital Bank common stock, the tax treatment of a partner in the partnership will generally depend on the status of such partner and the activities of the partnership.

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Opinion Conditions. It is a condition to the obligations of Provident Financial and Team Capital Bank that they each receive an opinion, dated as of the effective time of the merger, from Luse Gorman Pomerenk & Schick, P.C., legal counsel to Provident Financial, that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code based upon customary representations made by Provident Financial and Team Capital Bank. This opinion is not binding on the Internal Revenue Service or any court. Accordingly, each Team Capital Bank stockholder should consult its tax advisor with respect to the particular tax consequences of the merger to such holder. In addition, because a Team Capital Bank stockholder may receive a mix of cash and stock despite having made a cash election or stock election, it will not be possible for holders of Team Capital Bank common stock to determine the specific tax consequences of the merger to them at the time of making the election.

Tax Treatment of the Entities. Provident Financial and Team Capital Bank have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code such that no gain or loss will be recognized by Provident Financial or Team Capital Bank as a result of the merger.

Tax Consequences of the Merger Generally to the Holders of Team Capital Bank Common Stock. If the merger is treated as a reorganization under Section 368(a) of the Internal Revenue Code, the U.S. federal income tax consequences are as follows:

Exchange Solely for Provident Financial Common Stock. No gain or loss will be recognized by a Team Capital Bank stockholder receiving solely shares of Provident Financial common stock in exchange for shares of Team Capital Bank common stock pursuant to the merger (except for cash received in lieu of fractional shares, as discussed below);

Exchange Solely for Cash. Gain or loss will be recognized by a Team Capital Bank stockholder receiving solely cash in exchange for shares of Team Capital Bank common stock equal to the difference between the amount of cash received and such stockholder s tax basis in the Team Capital Bank surrendered in the exchange for the cash;

Exchange for Provident Financial Common Stock and Cash. Gain (but no loss) will be recognized by a Team Capital Bank stockholder who receives shares of Provident Financial common stock and cash in exchange for shares of Team Capital Bank common stock pursuant to the merger, in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the Provident Financial common stock and cash received exceeds such stock holder s cost basis in the Team Capital Bank common stock surrendered, or (2) the amount of cash received in the merger (except with respect to any cash received in lieu of fractional shares, as discussed below);

The aggregate basis of the Provident Financial common stock received in the merger will be the same as the aggregate basis of the Team Capital Bank common stock for which it is exchanged, decreased by the amount of cash received in the merger (except with respect to any cash received in lieu of fractional shares, as discussed below), decreased by any basis attributable to cash received in lieu of fractional shares of Provident Financial common stock, and increased by the amount of gain recognized on the exchange; and

The holding period of Provident Financial common stock received in exchange for shares of Team Capital Bank common stock will include the holding period of the Team Capital Bank common stock for which it is exchanged.

If a Team Capital Bank stockholder acquired different blocks of Team Capital Bank common stock at different times or at different prices, any gain or loss will be determined separately with respect to each block of Team Capital Bank common stock, and the cash and Provident Financial common stock received will be allocated pro rata to each such block of common stock. In addition, such stockholder s basis and holding period in its shares of Provident Financial common stock may be determined with reference to each block of Team Capital Bank common stock exchanged.

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Gain that a Team Capital Bank stockholder recognizes in connection with the merger generally will constitute capital gain and will constitute long-term capital gain if such stockholder has held (or is treated as having held) its Team Capital Bank common stock for more than one year as of the date of the merger. Long-term capital gain of non-corporate holders of Team Capital Bank common stock is generally taxed at preferential rates.

Additional Considerations Recharacterization of Gain as a Dividend. If a holder of Team Capital Bank common stock receives Provident common stock and cash pursuant to the merger, the gain recognized may be treated as having the effect of a distribution of a dividend under 302 of the Internal Revenue Code, in which case such gain would be treated as dividend income instead of a capital gain. For purposes of this determination, a Team Capital Bank stockholder will be treated as if the stockholder first exchanged all of its Team Capital Bank common stock solely for Provident Financial common stock (instead of cash or a combination of Provident Bank common stock and cash actually received) and then Provident Financial immediately redeemed a portion of that Provident Financial common stock in the exchange for the cash the stockholder received in the merger. The gain recognized in the exchange followed by the deemed redemption will be treated as a capital gain (and not dividend income), if with respect to the Team Capital Bank stockholder, the deemed redemption is substantially disproportionate or not essentially equivalent to a dividend.

In general, the deemed redemption will be substantially disproportionate with respect to a Team Capital Bank stockholder if (1) the Team Capital Bank stockholder owns less than 50% of the total combined voting power of all classes of stock of Provident Financial entitled to vote; and (2) if taking into account constructive ownership rules, the Team Capital Bank stockholder s percentage ownership in Provident Financial after the merger is less than 80% of what the holder s percentage ownership would have been if the holder received Provident Financial common stock rather than cash in the merger (i.e., stock ownership in Provident Financial decreases by more than 20% following the merger). Whether the deemed redemption is not essentially equivalent to a dividend with respect to a Team Capital Bank stockholder will depend on the stockholder s particular circumstances. In order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the Team Capital Bank stockholder s deemed percentage ownership of Provident Financial common stock after the merger (which also takes into account the constructive ownership rules). The IRS has indicated that a minority stockholder whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is considered to have a meaningful reduction if the stockholder has any reduction in its percentage stock ownership under the foregoing analysis.

Because the possibility of dividend treatment depends primarily upon holder s particular circumstances, including the application of the constructive ownership rules, holders of Team Capital Bank common stock should consult their tax advisors regarding the application of the foregoing rules to their particular circumstances.

Cash Received Instead of a Fractional Share of Provident Financial Common Stock. A Team Capital Bank stockholder who receives cash instead of a fractional share of Provident Financial common stock will generally be treated as having received the fractional share pursuant to the merger and then having sold that fractional share of Provident Financial common stock for cash. As a result, a Team Capital Bank stockholder will generally recognize gain or loss equal to the difference between the amount of cash received and the basis in its fractional share interest as set forth above, notwithstanding the dividend rules discussed above.

Information Reporting and Backup Withholding. Unless an exemption applies, the exchange agent will be required to withhold, and will withhold, 28% of any cash payments to which a holder of Team Capital Bank common stock or other payee is entitled pursuant to the merger, unless the stockholder or other payee provides its tax identification number (social security number or employer identification number) and certifies that the number is correct. Each Team Capital Bank stockholder and, if applicable, each other payee, is required to complete and sign the Form W-9

that will be included as part of the election form transmittal letter to avoid being subject to backup withholding, unless an applicable exemption exists and is proved in a manner satisfactory to Provident Financial and the exchange agent.

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The preceding discussion is intended only as a summary of material United States federal income tax consequences of the merger. It is not a complete analysis or discussion of all potential tax effects that may be important to you. Thus, we urge Team Capital Bank stockholders to consult their own tax advisors as to the specific tax consequences to them resulting from the merger, including tax return reporting requirements, the applicability and effect of federal, state, local, and other applicable tax laws and the effect of any proposed changes in the tax laws.

Resale of Provident Financial Common Stock

Shares of Provident Financial common stock received by Team Capital Bank stockholders in the merger will be registered under the Securities Act of 1933 and will be freely transferable.

This Proxy Statement/Prospectus does not cover resales of Provident Financial common stock received by any person who may be deemed to be an affiliate of Team Capital Bank or Provident Financial.

Accounting Treatment

The accounting principles to this transaction as described in Financial Accounting Standards Board Accounting Standards Codification 805 (ASC 805) provide transactions that represent business combinations are to be accounted for under the acquisition method. The acquisition method requires all of the following steps: a) identifying the acquirer; b) determining the acquisition date, c) recognizing and measuring the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquire; and d) recognizing and measuring goodwill or a gain from a bargain purchase.

The appropriate accounting treatment for this transaction is as a business combination under the acquisition method. On the acquisition date, as defined by ASC 805, Provident Financial will record at fair value the identifiable assets acquired and the liabilities assumed, any noncontrolling interest, and goodwill (or a gain from a bargain purchase). The results of operations for the combined company will be reported prospectively subsequent to the acquisition date.

Rights of Dissenting Stockholders

Under Pennsylvania Banking Code of 1965, stockholders of Team Capital Bank have the right to dissent from the merger and to receive payment in cash for the fair value of their shares of Team Capital Bank common stock instead of the merger consideration. Because the surviving bank, The Provident Bank, will be an interstate bank organized under New Jersey law, Pennsylvania requires Team Capital Bank, its stockholders and The Provident Bank to comply with the dissenters rights provisions of the New Jersey Banking Act of 1948, as amended. Team Capital Bank stockholders electing to do so must comply with the statutory provisions relating to dissenters rights in order to perfect their dissenters rights. A copy of the applicable statutory provisions are attached as *Appendix D* of this document.

Ensuring perfection of dissenters rights can be complicated. The procedural rules are specific and must be followed precisely. A Team Capital Bank stockholder s failure to comply with these procedural rules may result in his or her becoming ineligible to pursue dissenters rights.

The following is intended as a brief summary of the material provisions of the New Jersey banking law procedures that a Team Capital Bank stockholder must follow in order to dissent from the merger and obtain payment of the fair value of his or her shares of Team Capital Bank common stock instead of the merger consideration. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to the statutory provisions relating to dissenters rights, the full text of which appears in *Appendix D* of this Proxy

Statement/Prospectus. Team Capital Bank is notifying each of the holders of record of its capital stock as of
that dissenters rights are available and intends that this Proxy Statement/Prospectus constitutes this notice.

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If you are a Team Capital Bank stockholder and you wish to exercise your dissenters rights, you must satisfy the following:

You must serve a written notice of dissent: You must serve a written notice of dissent from the merger agreement at the principal office of Team Capital Bank no later than the third day prior to the Team Capital Bank special meeting of stockholders. Delivery of the notice of dissent may be made by registered mail or in person by you or your agent.

You must not vote for approval of the merger agreement: You must not vote for approval of the merger agreement. If you vote, by proxy or in person, in favor of the merger agreement, this will terminate your dissenters rights.

You must make a written demand for dissenters rights: You must deliver a written demand for dissenters rights to the principal office of Team Capital Bank within 30 days after the filing of the merger agreement with the New Jersey Department of Banking and Insurance following the Team Capital Bank special meeting of stockholders where the merger agreement was approved by stockholders. This written demand for dissenters rights must be separate from your proxy card. A vote against the merger agreement alone will not constitute a demand for dissenters rights. Delivery of the demand for payment may be made by registered mail or in person by you or your agent.

If you are a Team Capital Bank stockholder who elects to exercise dissenters rights, you may mail or deliver a written demand to: Team Capital Bank, 3001 Emrick Boulevard, Bethlehem, Pennsylvania 18020, Attention: Fredric B. Cort, Corporate Secretary.

The written demand for dissenters rights should state that the stockholder is demanding payment of the value of the stockholder s shares and may specify the stockholder s name, mailing address and the number of shares of common stock owned. Provident Financial may within ten days of receipt of the demand for dissenters rights offer to pay the stockholder an amount for his shares that in the opinion of Provident Financial does not exceed the amount which would be paid if Team Capital Bank liquidated as of the filing of the merger agreement with the New Jersey Department of Banking and Insurance following the special meeting of stockholders.

If a stockholder fails to accept the offer from Provident Financial or if no offer is made, the stockholder must within three weeks after the receipt of the offer from Provident Financial or within three weeks after the demand was made if no offer was made by Provident Financial, initiate an action in New Jersey Superior Court. Provident Financial has no obligation to file this action, and if you do not file this action within the above time frame, you will lose your dissenters rights.

The court will appoint a board of three appraisers to determine the value of the shares of all stockholders who are party to the action. In determining such fair value, the appraisers may take into account all relevant factors, including hearing evidence from the parties and upon such determination will file a report in the Superior Court where the determination of any two of the appraisers will control. Either party may appeal the ruling to the Superior Court within ten days of the filing of the appraisers report and the Superior Court will issue a final ruling. Provident Financial will then pay the dissenting stockholders of Team Capital Bank the judicially determined value of the Team Capital Bank shares plus a judicially determined interest rate. Provident Financial will be responsible for paying the fees of the appraisers.

Stockholders considering seeking dissenters rights for their shares should note that the fair value of their shares determined under New Jersey banking law could be more, the same, or less than the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares.

IF YOU FAIL TO STRICTLY COMPLY WITH THE PROCEDURES DESCRIBED ABOVE YOU WILL LOSE YOUR DISSENTERS RIGHTS. CONSEQUENTLY, IF YOU WISH TO EXERCISE YOUR DISSENTERS RIGHTS, WE STRONGLY URGE YOU TO CONSULT A LEGAL ADVISOR BEFORE ATTEMPTING TO DO SO.

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Team Capital Bank Stock Trading and Dividend Information

The common stock of Team Capital Bank is not traded on any established market. There were approximately [ ] stockholders of record on [ ], the most recent practicable date before the printing of this document.

Provident Financial Stock Trading and Dividend Information

Provident Financial common stock is listed on the New York Stock Exchange under the symbol PFS. The following table sets forth the high and low closing prices for a share of Provident Financial common stock and cash dividends paid per share for the periods indicated. As of , 2014 there were shares of Provident Financial common stock issued and outstanding, and approximately stockholders of record.

Year Ended December 31, 2014	High	Low	Cash Dividends Paid Per Share
Second quarter (through , 2014)	$	$	$
First quarter	$ 19.11	$ 16.38	$ 0.15

Year Ended December 31, 2013	High	Low	Dividend Paid Per Share
Fourth quarter	$ 19.93	$ 16.04	$ 0.15
Third quarter	$ 18.31	$ 15.64	$ 0.14
Second quarter	$ 15.98	$ 14.41	$ 0.14
First quarter	$ 15.63	$ 14.65	$ 0.13

Year Ended December 31, 2012	High	Low	Dividend Paid Per Share
Fourth quarter	$ 16.25	$ 13.13	$ 0.13[(1)]
Third quarter	$ 16.24	$ 14.76	$ 0.13
Second quarter	$ 15.36	$ 13.35	$ 0.13
First quarter	$ 15.00	$ 13.22	$ 0.12

(1) Does not include the payment of a special dividend of $0.20 per share paid on December 21, 2012.

On December 19, 2013 the business day immediately preceding the public announcement of the merger, the closing price of Provident Financial common stock as reported on the New York Stock Exchange was $18.61 per share. On , 2014 the closing price was $ per share.

Payment of dividends by Provident Financial on its common stock is subject to various regulatory restrictions and guidelines. Because substantially all of the funds available for the payment of dividends are derived from The Provident Bank, future dividends will depend on the earnings of The Provident Bank, its financial condition, its need for funds, applicable governmental policies and regulations, and other such matters as the board of directors deems appropriate. A discussion of the restrictions on Provident Financial s dividend payments is included in Part I, *Item 1 Business, Regulation* of Provident Financial s Annual Report on Form 10-K for the fiscal year ended December 31,

2013; see Where You Can Find More Information on page 78 of this Proxy Statement/Prospectus.

Comparison Of Stockholders Rights

Provident Financial is incorporated under the laws of the State of Delaware and Team Capital Bank is incorporated under the banking laws of the Commonwealth of Pennsylvania. Accordingly, Delaware law governs the rights of Provident Financial stockholders and Pennsylvania banking law governs the rights of Team Capital Bank stockholders. As a result of the merger, Team Capital Bank stockholders who receive shares of common stock will become stockholders of Provident Financial. Thus, following the merger, the rights of Team Capital

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Bank stockholders who become Provident Financial stockholders in the merger will be governed by the laws of the State of Delaware and will also then be governed by the Provident Financial certificate of incorporation and the Provident Financial bylaws. The Provident Financial certificate of incorporation and bylaws will be unaltered by the merger.

The following is a summary comparison of certain rights of a Provident Financial stockholder under the Provident Financial certificate of incorporation and the Provident Financial bylaws (left column) and the rights of a Team Capital Bank stockholder under the Team Capital Bank certificate of incorporation and Team Capital Bank bylaws (right column). The summary set forth below is not intended to provide a comprehensive summary of each company s governing documents. This summary is qualified in its entirety by reference to the full text of the Provident Financial certificate of incorporation and Provident Financial bylaws, and the Team Capital Bank certificate of incorporation and Team Capital Bank bylaws. Please see Where You Can Find More Information on page 78.

PROVIDENT FINANCIAL	TEAM CAPITAL BANK
CAPITAL STOCK	
Authorized Capital	
200 million shares of common stock par value $0.01 per share, and 50 million shares of preferred stock, par value $0.01 per share. As of , 2014, there were shares of Provident Financial common stock issued and outstanding and no shares of preferred stock issued and outstanding.	20 million shares of common stock, par value $0.01 per share, and 5 million shares of one or more classes or series of preferred stock. As of , 2014, there were shares of Team Capital Bank common stock issued and outstanding and no shares of preferred stock issued and outstanding.
BOARD OF DIRECTORS	
Number of Directors	
The number of directors of Provident Financial shall be such number as designated by the board of directors from time to time, except in the absence of such designation the number shall be eleven.	The number of directors of Team Capital Bank shall be thirteen.
Vacancies and Newly Created Directorships	

Unless the board of directors determines otherwise, vacancies are filled by a majority vote of the directors then in office, even if less than a quorum. The person who fills any such vacancy holds office for the unexpired term of the director to whom such person succeeds.

Any vacancy occurring on the board of directors may be filled by the affirmative vote of a majority of the remaining directors although less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected to serve only until the next election of directors by the stockholders. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the board of directors for a term of office continuing only until the next election of directors by the stockholders

Special Meeting of the Board of Directors

Special meetings of the board of directors may be called by one-third of the directors then in office, the chairman of the board or the chief executive officer.

Special meetings of the board of directors may be called by or at the request of the chairman of the board, the president, or one-third of the directors.

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Special Meeting of Stockholders

Special meetings of the stockholders may be called by a resolution adopted by a majority of the total number of directors (whether or not there are vacancies on the board of directors).

Special meetings of the stockholders may be called at any time by the chairman of the board, the president, or a majority of the board of directors, and shall be called by the chairman of the board, the president, or the secretary upon the written request of the holders of not less than one-fifth of all of the outstanding capital stock of Team Capital Bank entitled to vote at the meeting

Description of Capital Stock of Provident Financial

Provident Financial is authorized to issue 200,000,000 shares of common stock, par value $0.01 per share, and 50,000,000 shares of preferred stock, par value $0.01 per share. At , 2014, there were shares of Provident Financial common stock issued and outstanding. Provident Financial has no outstanding shares of preferred stock. Each share of Provident Financial common stock has the same relative rights as, and is identical in all respects with, each other share of common stock.

The common stock of Provident Financial represents nonwithdrawable capital, is not an account of an insurable type, and is not insured by the Federal Deposit Insurance Corporation or any other government agency.

Common Stock

Dividends. Provident Financial may pay dividends out of statutory surplus or from net earnings if, as and when declared by its board of directors. The payment of dividends by Provident Financial is subject to limitations that are imposed by law and applicable regulations. The holders of common stock of Provident Financial will be entitled to receive and share equally in dividends as may be declared by the board of directors of Provident Financial out of funds legally available for the payment of dividends. If Provident Financial issues shares of preferred stock, the holders thereof may have a priority over the holders of the common stock with respect to dividends.

Voting Rights. The holders of common stock of Provident Financial have exclusive voting rights in Provident Financial. They elect Provident Financial s board of directors and act on other matters as are required to be presented to them under Delaware law or as are otherwise presented to them by the board of directors. Generally, each holder of common stock is entitled to one vote per share and will not have any right to cumulate votes in the election of directors. The Certificate of Incorporation provides that stockholders who beneficially own in excess of 10% of the then outstanding shares of common stock of Provident Financial are not entitled to any vote with respect to the shares held in excess of the 10% limit. A person or entity is deemed to beneficially own shares that are owned by an affiliate as well as persons acting in concert with such person or entity. If Provident Financial issues shares of preferred stock, holders of the preferred stock may also possess voting rights. Certain matters require an 80% stockholder vote, which is calculated after giving effect to a provision in Provident Financial s certificate of incorporation limiting voting rights.

Liquidation. In the event of any liquidation, dissolution or winding up of The Provident Bank, Provident Financial, as the holder of 100% of The Provident Bank s capital stock, would be entitled to receive, after payment or provision for payment of all debts and liabilities of The Provident Bank, including all deposit accounts and accrued interest thereon, and after distribution of the balance in the special liquidation account to eligible account holders and supplemental eligible account holders, all assets of The Provident Bank available for distribution. In the event of liquidation, dissolution or winding up of Provident Financial, the holders of its common stock would be entitled to receive, after payment or provision for payment of all its debts and liabilities, all of the assets of Provident Financial available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the common stock in the event of liquidation or dissolution.

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Preemptive Rights. Holders of the common stock of Provident Financial are not entitled to preemptive rights with respect to any additional shares that may be issued. The common stock is not subject to redemption.

Preferred Stock

None of the shares of Provident Financial s authorized preferred stock are outstanding. Preferred stock may be issued with preferences and designations as the board of directors may from time to time determine. Provident Financial s board of directors may, without stockholder approval, issue shares of preferred stock with voting, dividend, liquidation and conversion rights that could dilute the voting strength of the holders of the common stock and may assist management in impeding an unfriendly takeover or attempted change in control.

Certain Provisions of the Provident Financial Certificate of Incorporation and Bylaws

The following discussion is a general summary of the material provisions of Provident Financial s certificate of incorporation and bylaws and certain other regulatory provisions that may be deemed to have an anti-takeover effect, thereby possibly discouraging a third party from seeking control of Provident Financial. The following description of certain of these provisions is necessarily general and, with respect to provisions contained in Provident Financial s certificate of incorporation and bylaws, reference should be made in each case to the document in question.

Provident Financial s certificate of incorporation and bylaws contain a number of provisions relating to corporate governance and rights of stockholders that might discourage future takeover attempts. As a result, stockholders who might desire to participate in such transactions may not have an opportunity to do so. In addition, these provisions will also render the removal of the board of directors or management of Provident Financial more difficult.

The following description is a summary of the provisions of the certificate of incorporation and bylaws. See Where You Can Find More Information on page 78 as to how to review a copy of these documents.

Directors. The board of directors is divided into three classes. The members of each class will be elected for a term of three years and only one class of directors will be elected each year. Thus, it would take at least two special elections to replace a majority of Provident Financial s board of directors. Further, the bylaws impose notice and information requirements in connection with the nomination by stockholders of candidates for election to the board of directors or the proposal by stockholders of business to be acted upon at a special meeting of stockholders.

Restrictions on Call of Special Meetings. The certificate of incorporation and bylaws provide that special meetings of stockholders can be called only by the board of directors pursuant to a resolution adopted by a majority of the total number of authorized directorships. Stockholders are not authorized to call a special meeting of stockholders.

Prohibition of Cumulative Voting. The certificate of incorporation prohibits cumulative voting for the election of directors.

Limitation of Voting Rights. The certificate of incorporation provides that in no event will any record owner of any outstanding common stock which is beneficially owned, directly or indirectly, by a person who beneficially owns more than 10% of the then outstanding shares of common stock, be entitled or permitted to vote any of the shares held in excess of the 10% limit.

Restrictions on Removing Directors from Office. The certificate of incorporation provides that directors may only be removed for cause, and only by the affirmative vote of the holders of at least 80% of the voting power of all of Provident Financial s then outstanding common stock entitled to vote (after giving effect to the limitation on voting

rights discussed above in Limitation of Voting Rights).

Authorized but Unissued Shares. Provident Financial has authorized but unissued shares of common and preferred stock. See Description Of Capital Stock Of Provident Financial. The certificate of incorporation

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authorizes 50,000,000 shares of serial preferred stock. Provident Financial is authorized to issue preferred stock from time to time in one or more series subject to applicable provisions of law, and the board of directors is authorized to fix the designations, and relative preferences, limitations, voting rights, if any, including without limitation, offering rights of such shares (which could be multiple or as a separate class). In the event of a proposed merger, tender offer or other attempt to gain control of Provident Financial that the board of directors does not approve, it might be possible for the board of directors to authorize the issuance of a series of preferred stock with rights and preferences that would impede the completion of the transaction. An effect of the possible issuance of preferred stock therefore may be to deter a future attempt to gain control of Provident Financial. The board of directors has no present plan or understanding to issue any preferred stock.

Amendments to Certificate of Incorporation and Bylaws. Amendments to the certificate of incorporation must be approved by Provident Financial s board of directors and also by a majority of the outstanding shares of Provident Financial s voting stock; provided, however, that approval by at least 80% of the outstanding voting stock is generally required to amend the following provisions:

(i) The limitation on voting rights of persons who directly or indirectly offer to acquire or acquire the beneficial ownership of more than 10% of any class of equity security of Provident Financial;

(ii) The inability of stockholders to act by written consent;

(iii) The inability of stockholders to call special meetings of stockholders;

(iv) The division of the board of directors into three staggered classes;

(v) The ability of the board of directors to fill vacancies on the board of directors;

(vi) The inability to deviate from the manner prescribed in the bylaws by which stockholders nominate directors and bring other business before meetings of stockholders;

(vii) The requirement that at least 80% of stockholders must vote to remove directors, and can only remove directors for cause;

(viii) The ability of the board of directors to amend and repeal the bylaws; and

(ix) The ability of the board of directors to evaluate a variety of factors in evaluating offers to purchase or otherwise acquire Provident Financial.

The bylaws may be amended by the affirmative vote of a majority of the total number of directors which Provident Financial would have if there were no vacancies on the board of directors of Provident Financial or the affirmative

vote of at least 80% of the total votes eligible to be voted at a duly constituted meeting of stockholders (after giving effect to the limitation on voting rights discussed under the caption Limitation of Voting Rights).

Business Combinations with Interested Stockholders

Provident Financial s certificate of incorporation provides that any business combination (as defined below) involving Provident Financial and an interested stockholder must be approved by the holders of at least 80% of the voting power of the outstanding shares of stock entitled to vote, unless either a majority of the disinterested directors (as defined in the certificate) of Provident Financial has approved the business combination or the terms of the proposed business combination satisfy certain minimum price and other standards. For purposes of these provisions, an interested stockholder includes:

- any person (with certain exceptions) who is the beneficial owner (as defined in the certificate) of more than 10% of Provident Financial outstanding common stock;

- any affiliate of Provident Financial which is the beneficial owner of more than 10% of Provident Financial outstanding common stock during the prior two years; or

- any transferee of any shares of Provident Financial common stock that were beneficially owned by an interested stockholder during the prior two years.

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For purposes of these provisions, a business combination is defined to include:

- any merger or consolidation of Provident Financial or any subsidiary with or into an interested stockholder or affiliate of an interested stockholder;
- the disposition of the assets of Provident Financial or any subsidiary having an aggregate value of 25% or more of the combined assets of Provident Financial and its subsidiaries to or with any interested stockholder of affiliate of an interested stockholder;
- the issuance or transfer by Provident Financial or any subsidiary of any of its securities to any Interested Stockholder or affiliate of an interested stockholder in exchange for cash, securities or other property having an aggregate value of 25% or more of the outstanding common stock of Provident Financial and its subsidiaries;
- any reclassification of securities or recapitalization that would increase the proportionate share of any class of equity or convertible securities owned by an Interested Stockholder or affiliate of an interested stockholder; and
- the approval of any plan for the liquidation or dissolution of Provident Financial proposed by, or on behalf of, an interested stockholder or an affiliate of an interested stockholder.

This provision is intended to deter an acquiring party from utilizing two-tier pricing and similar coercive tactics in an attempt to acquire control of Provident Financial. However, it is not intended to, and will not, prevent or deter all tender offers for shares of Provident Financial.

Business Combination Statutes and Provisions

Section 203 of the Delaware General Corporation Law prohibits business combinations, including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary, with an interested stockholder, which is someone who beneficially owns 15% or more of a corporation s voting stock, within three years after the person or entity becomes an interested stockholder, unless:

- the transaction that caused the person to become an interested stockholder was approved by the board of directors of the target prior to the transaction;
- after the completion of the transaction in which the person becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including (a) shares held by persons who are both officers and directors of the issuing corporation and (b) shares held by specified employee benefit plans;

the business combination is approved by the board of directors and holders of at least 66 2/3% of the outstanding voting stock, excluding shares held by the interested stockholder; or

the transaction is one of certain business combinations that are proposed after the corporation had received other acquisition proposals and that are approved or not opposed by a majority of certain continuing members of the board of directors, as specified in the Delaware General Corporation Law.

Neither of Provident Financial s certificate of incorporation or bylaws contains an election, as permitted by Delaware law, to be exempt from the requirements of Section 203.

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PROPOSAL II: ADJOURNMENT OF THE SPECIAL MEETING

In the event that there are not sufficient votes to constitute a quorum or approve the approval of the merger agreement at the time of the Team Capital Bank special meeting, the merger agreement may not be approved unless the special meeting is adjourned to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by Team Capital Bank at the time of the special meeting to be voted for an adjournment, if necessary, Team Capital Bank has submitted the question of adjournment to its stockholders as a separate matter for their consideration. The board of directors of Team Capital Bank unanimously recommends that its stockholders vote **FOR** the adjournment proposal. If it is necessary to adjourn the special meeting, no notice of the adjourned special meeting is required to be given to stockholders (unless the adjournment is for more than 30 days or if a new record date is fixed), other than an announcement at the special meeting of the hour, date and place to which the special meeting is adjourned.

EXPERTS

The consolidated financial statements of Provident Financial Services, Inc., as of December 31, 2013 and 2012 and for each of the years in the three-year period ended December 31, 2013, and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2013, have been incorporated by reference herein in reliance upon the reports of KPMG, LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Team Capital Bank and subsidiary as of December 31, 2013 and 2012, and for each of the years in the two-year period ended December 31, 2013, have been included herein, in reliance upon the report of ParenteBeard, LLC, independent auditor appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

LEGAL OPINIONS

Luse Gorman Pomerenk & Schick, P.C., counsel to Provident Financial, will pass upon the validity of the common stock to be issued in the merger. Luse Gorman Pomerenk & Schick, P.C. will deliver its opinion to Provident Financial and Team Capital Bank, respectively as to the United States federal income tax consequences of the merger.

OTHER MATTERS

As of the date of this document, the Team Capital Bank board of directors knows of no other matters that will be presented for consideration at the special meeting other than as described in this document. However, if any other matter shall properly come before the special meeting or any adjournment or postponement thereof and shall be voted upon, the proposed proxy will be deemed to confer authority to the individuals named as authorized therein to vote the shares represented by the proxy as to any matters that fall within the purposes set forth in the notice of special meeting. However, no proxy that is voted against the merger agreement will be voted in favor of any adjournment or postponement.

WHERE YOU CAN FIND MORE INFORMATION

Provident Financial has filed with the Securities and Exchange Commission a registration statement under the Securities Act that registers the distribution to Team Capital Bank stockholders of the shares of Provident Financial common stock to be issued in connection with the merger. The registration statement, including the attached exhibits and schedules, contains additional relevant information about Provident Financial and Provident Financial s common

stock. The rules and regulations of the Securities and Exchange Commission allow us to omit certain information included in the registration statement from this document.

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In addition, Provident Financial files reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the Securities and Exchange Commission at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Securities and Exchange Commission s Public Reference Room by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission also maintains an internet worldwide website that contains reports, proxy and information statements and other information about issuers, like Provident Financial, that file electronically with the Securities and Exchange Commission. The address of the site is http://www.sec.gov. The reports and other information filed by Provident Financial with the Securities and Exchange Commission are also available at Provident Financial s internet worldwide web site. The address is http://www.providentnj.com.

You should also be able to inspect reports, proxy statements and other information about Provident Financial at the offices of the New York Stock Exchange at 20 Broad Street, 17th Floor, New York, New York 10004.

The Securities and Exchange Commission allows Provident Financial to incorporate certain information into this document by reference to other information that has been filed with the Securities and Exchange Commission. The information incorporated by reference is deemed to be part of this document, except for any information that is superseded by information in this document. The documents that are incorporated by reference contain important information about Provident Financial and you should read this document together with any other documents incorporated by reference in this document.

This document incorporates by reference the following documents that have previously been filed with the Securities and Exchange Commission by Provident Financial (File No. 1-31566):

- Annual Report on Form 10-K for the year ended December 31, 2013;
- Current Reports on Form 8-K dated January 31, 2014, February 3, 2014 and February 26, 2014;
- The description of Provident Financial common stock set forth in the registration statement on Form 8-A, as amended, filed on December 12, 2009 pursuant to Section 12 of the Securities Exchange Act, including any amendment or report filed with the Securities and Exchange Commission for the purpose of updating this description.

In addition, Provident Financial is incorporating by reference any documents it may file under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, after the date of this document and prior to the date of the Team Capital Bank special meeting of stockholders.

Neither Provident Financial nor Team Capital Bank has authorized anyone to give any information or make any representation about the merger or our companies that is different from, or in addition to, that contained in this document or in any of the materials that have been incorporated into this document. Therefore, if anyone does give you information of this sort, you should not rely on it. If you are in a jurisdiction where offers to exchange or sell, or solicitations of offers to exchange or purchase, the securities offered by this document or the solicitation of proxies is unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document unless the information specifically indicates that another

date applies.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Jersey City, State of New Jersey, on April 9, 2014.

PROVIDENT FINANCIAL SERVICES, INC.

By: /s/ Christopher Martin
Christopher Martin
President, Chief Executive Officer and Chairman of the Board
(Duly Authorized Representative)

POWER OF ATTORNEY

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Christopher Martin Christopher Martin	President, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)	April 9, 2014
/s/ Thomas M. Lyons Thomas M. Lyons	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	April 9, 2014
* Frank S. Muzio	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	April 9, 2014
* Thomas Berry	Director	April 9, 2014
* Laura L. Brooks	Director	April 9, 2014
* Geoffrey M. Connor	Director	April 9, 2014

*	Director	April 9, 2014
Frank L. Fekete		
*	Director	April 9, 2014
Terence Gallagher		
*	Director	April 9, 2014
Matthew K. Harding		
*	Director	April 9, 2014
Carlos Hernandez		

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Signatures	Title	Date
*	Director	April 9, 2014
Thomas B. Hogan Jr.		
*	Director	April 9, 2014
Edward O Donnell		
*	Director	April 9, 2014
Jeffries Shein		
/s/ Christopher Martin		April 9, 2014
Christopher Martin		

* Pursuant to Power of Attorney contained in the signature page to the Registration Statement on Form S-4 filed by Provident Financial Services, Inc. on February 24, 2014.

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APPENDIX A

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

PROVIDENT FINANCIAL SERVICES, INC.

THE PROVIDENT BANK

AND

TEAM CAPITAL BANK

DECEMBER 19, 2013

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this Agreement) is dated as of December 19, 2013, by and among Provident Financial Services, Inc., a Delaware corporation (PFS), The Provident Bank, a New Jersey chartered savings bank (Provident Bank), and Team Capital Bank, a Pennsylvania chartered savings bank (TCB). Each of PFS, Provident Bank and TCB is sometimes individually referred to herein as a party, and PFS, Provident Bank and TCB are collectively sometimes referred to as the parties.

WHEREAS, the Board of Directors of each of PFS, Provident Bank and TCB (i) has determined that this Agreement and the business combination and related transactions contemplated hereby are in the best interests of their respective companies and stockholders and (ii) has determined that this Agreement and the transactions contemplated hereby are consistent with and in furtherance of their respective business strategies, and (iii) has approved this Agreement at meetings of each of such Boards of Directors; and

WHEREAS, in accordance with the terms of this Agreement, TCB will merge with and into Provident Bank, a wholly owned subsidiary of PFS (the Merger); and

WHEREAS, as a condition to the willingness of PFS and Provident Bank to enter into this Agreement, each of the directors and executive officers of TCB have entered into a Voting Agreement, substantially in the form of Exhibit A hereto, dated as of the date hereof, with PFS (the Voting Agreement), pursuant to which each such director and executive officer has agreed, among other things, to vote all shares of common stock of TCB owned by such person in favor of the approval of this Agreement and the transactions contemplated hereby, upon the terms and subject to the conditions set forth in such Voting Agreements; and

WHEREAS, the parties intend the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code); and

WHEREAS, in connection with the Merger and in accordance with the terms hereof, the parties will use their reasonable best efforts to enable each share of TCB Series A Preferred Stock to be redeemed at or promptly following Closing (such redemption, the SBLF Redemption), or to take such other action with respect to such securities as the parties may mutually agree upon; and

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the business transactions described in this Agreement and to prescribe certain conditions thereto.

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NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements herein contained, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1. *Certain Definitions.*

As used in this Agreement, the following terms have the following meanings (unless the context otherwise requires, references to Articles and Sections refer to Articles and Sections of this Agreement).

2015 Annual Meeting shall have the meaning set forth in Section 2.5.

Advisory Board shall have the meaning set forth in Section 7.7.7.

Affiliate means any Person who directly, or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person and, without limiting the generality of the foregoing, includes any executive officer or director of such Person and any Affiliate of such executive officer or director.

Agreement means this agreement, and any amendment hereto.

Bank Regulator shall mean any Federal or state banking regulator, including but not limited to the FDIC, the NJ Department, the PA Department and the FRB, which regulates PFS, Provident Bank or TCB, or any of their respective holding companies or subsidiaries, as the case may be.

Banking Code shall mean the Pennsylvania Banking Code of 1965.

Benefits Schedule shall have the meaning set forth in Section 4.13.12.

Burdensome Condition shall have the meaning set forth in Section 8.2.

Cash Consideration shall have the meaning set forth in Section 3.1.3.

Cash Election shall have the meaning set forth in Section 3.2.2.

Cash Election Shares shall have the meaning set forth in Section 3.2.1.

Certificate shall mean a certificate evidencing shares of TCB Common Stock.

COBRA shall mean the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

Code shall mean the Internal Revenue Code of 1986, as amended.

Confidentiality Agreement shall mean the confidentiality agreements referred to in Section 12.1 of this Agreement.

Continuing Employees shall have the meaning set forth in Section 7.7.1.

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Dissenting Shares shall have the meaning set forth in Section 3.1.4.

Dissenting Stockholder shall have the meaning set forth in Section 3.1.4.

Effective Time shall mean the date and time specified pursuant to Section 2.2 hereof as the effective time of the Merger.

Election Deadline shall have the meaning set forth in Section 3.2.3.

Election Form shall have the meaning set forth in Section 3.2.2.

Election Form Record Date shall have the meaning set forth in Section 3.2.2.

Environmental Laws means any applicable Federal, state or local law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent, order, judgment, decree, injunction or agreement with any governmental entity relating to (1) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource), and/or (2) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of Materials of Environmental Concern. The term Environmental Law includes without limitation (a) the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 U.S.C. §9601, et seq; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, et seq; the Clean Air Act, as amended, 42 U.S.C. §7401, et seq; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §1251, et seq; the Toxic Substances Control Act, as amended, 15 U.S.C. §2601, et seq; the Emergency Planning and Community Right to Know Act, 42 U.S.C. §11001, et seq; the Safe Drinking Water Act, 42 U.S.C. §300f, et seq; and all comparable state and local laws, and (b) any common law (including without limitation common law that may impose strict liability) that may impose liability or obligations for injuries or damages due to the presence of or exposure to any Materials of Environmental Concern.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate shall have the meaning set forth in Section 5.12.3.

ERISA Affiliate Plan shall have the meaning set forth in Section 5.12.3.

Exchange Act shall mean the Securities Exchange Act of 1934, as amended.

Exchange Agent shall mean Registrar & Transfer Company, or such other bank or trust company or other agent designated by PFS, and reasonably acceptable to TCB, which shall act as agent for PFS in connection with the exchange procedures for exchanging Certificates for the Merger Consideration.

Exchange Fund shall have the meaning set forth in Section 3.3.1.

Exchange Ratio shall have the meaning set forth in Section 3.1.3.

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FDIC shall mean the Federal Deposit Insurance Corporation or any successor thereto.

FHLB shall mean the Federal Home Loan Bank.

FRB shall mean the Board of Governors of the Federal Reserve System or any successor thereto.

GAAP shall mean accounting principles generally accepted in the United States of America.

Governmental Entity shall mean any Federal or state court, administrative agency or commission or other governmental authority or instrumentality.

HIPAA shall mean the Health Insurance Portability and Accountability Act.

IRS shall mean the United States Internal Revenue Service.

Knowledge as used with respect to a Person (including references to such Person being aware of a particular matter) means those facts that are known or should have known by the executive officers of such Person, and includes any facts, matters or circumstances set forth in any written notice from any Bank Regulator or any other material written notice received by an executive officer of that Person. For purposes of this Agreement, references to the Knowledge of PFS shall include the Knowledge of Provident Bank and with regard to TCB, the executive officers shall mean the following persons: Robert Rupel, Howard Hall, Fred Cort, Joanne O Donnell, A. Bruce Dansbury and Ghan Desai.

Mailing Date shall have the meaning set forth in Section 3.2.2.

Material Adverse Effect shall mean, with respect to PFS or TCB, respectively, any effect that (i) is material and adverse to the financial condition, results of operations or business of PFS and its Subsidiaries tak-RIGHT: 0pt" align="left"> The Fund may invest in securities of MLP entities and other issuers that have comparatively smaller capitalizations relative to issuers whose securities are included in major benchmark indices, which present unique investment risks. These companies often have limited product lines, markets, distribution channels or financial resources; and the management of such companies may be dependent upon one or a few key people. The market movements of equity securities issued by MLP entities with smaller capitalizations may be more abrupt or erratic than the market movements of equity securities of larger, more established companies or the stock market in general. Historically, smaller capitalization companies have sometimes gone through extended periods when they did not perform as well as larger companies. In addition, equity securities of smaller capitalization companies generally are less liquid than those of larger companies. This means that the Fund could have greater difficulty selling such securities at the time and price that the Fund would like.

Restricted Securities Risk

The Fund may invest in unregistered or otherwise restricted securities. The term “restricted securities” refers to securities that are unregistered, held by control persons of the issuer or are subject to contractual restrictions on their resale. Restricted securities are often purchased at a discount from the market price of unrestricted securities of the same issuer reflecting the fact that such securities may not be readily marketable without some time delay. Such securities are often more difficult to value and the sale of such securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of liquid securities trading on national securities exchanges or in the over-the-counter markets. Contractual restrictions on the resale of securities result from negotiations between the issuer and purchaser of such securities and therefore vary substantially in length

and scope. To dispose of a restricted security that the Fund has a contractual right to sell, the Fund may first be required to cause the security to be registered. A considerable period may elapse between a decision to sell the securities and the time when the Fund would be permitted to sell, during which time the Fund would bear market risks.

Risks Associated with an Investment in Initial Public Offerings.

Securities purchased in initial public offerings ("IPOs") are often subject to the general risks associated with investments in companies with small market capitalizations, and typically to a heightened degree. Securities issued in IPOs have no trading history, and information about the companies may be available for very limited periods. In addition, the prices of securities sold in an IPO may be highly volatile. At any particular time or from time to time, the Fund may not be able to invest in IPOs, or to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO may be available to the Fund. In addition, under certain market conditions, a relatively small number of companies may issue securities in IPOs. The Fund's investment performance during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when it is able to do so. IPO securities may be volatile, and the Fund cannot predict whether investments in IPOs will be successful.

Risks Associated with a Private Investment in Public Equity Transactions.

Investors in private investment in public equity ("PIPE") transactions purchase securities directly from a publicly traded company in a private placement transaction, typically at a discount to the market price of the company's common stock. Because the sale of the securities is not registered under the Securities Act of 1933, as amended (the "Securities Act"), the securities are "restricted" and cannot be immediately resold by the investors into the public markets. Until the Fund can sell such securities into the public markets, its holdings will be less liquid and any sales will need to be made pursuant to an exemption under the Securities Act.

Cash Flow Risk

The Fund expects that a substantial portion of the cash flow it receives will be derived from its investments in equity securities of MLP entities. The amount and tax characterization of cash available for distribution by an MLP entity depends upon the amount of cash generated by such entity's operations. Cash available for distribution by MLP entities will vary widely from quarter to quarter and is affected by various factors affecting the entity's operations. In addition to the risks described herein, operating costs, capital expenditures, acquisition costs, construction costs,

exploration costs and borrowing costs may reduce the amount of cash that an MLP entity has available for distribution in a given period.

Distribution Risk

The Fund will seek to maximize the portion of the Fund's distributions to Common Shareholders that will consist of return of capital. To the extent that the Fund's cash flow is derived primarily from MLP distributions that consist of return of capital, the Fund anticipates that a significant portion of the Fund's distributions to Common Shareholders will consist of return of capital. However, to the extent that the Fund's cash flow is derived from distributions of the Fund's share of an MLP's taxable income, or from other amounts that are attributable to taxable income, such as income or gain on the sale of portfolio securities or in connection with derivatives transactions, the portion of the Fund's distributions to Common Shareholders treated as taxable dividend income could be increased. In addition, if the Fund generates current earnings and profits (as determined for U.S. federal income tax purposes) in a particular taxable year, a distribution by the Fund to its shareholders in that year will be wholly or partially taxable even if the Fund has an overall deficit in its accumulated earnings and profits and/or net operating loss or capital loss carryforwards that reduce or eliminate corporate income taxes in that taxable year. There can be no assurance as to what portion of any future distribution will consist of return of capital or taxable dividend income. For example, for the taxable year ended November 30, 2012, 59% of the distributions made by the Fund to the holders of Common Shares constituted taxable dividend income and 41% constituted return of capital.

Risks Associated with Options on Securities

There are several risks associated with transactions in options on securities. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If trading were suspended in an option purchased by the Fund, the Fund would not be able to close out the option. If the Fund were unable to close out a covered call option that it had written on a security, it would not be able to sell the underlying security unless the option expired without exercise.

Liquidity Risk

MLP common units, and equity securities of MLP Affiliates, including I-Shares, and other issuers often trade on national securities exchanges, including the NYSE, the AMEX and the NASDAQ. However, certain securities, including those of issuers with smaller capitalizations, may trade less frequently. The market movements of such securities with limited trading volumes may be more abrupt or erratic. As a result of the limited liquidity of such securities, the Fund could have greater difficulty selling such securities at the time and price that the Fund would like and may be limited in its ability to make alternative investments.

Valuation Risk

Market prices generally will be unavailable for some of the Fund's investments, including MLP subordinated units, direct ownership of general partner interests and restricted or unregistered securities of certain MLP entities and private companies. The value of such securities will be determined by fair valuations determined by the Board of Trustees or its designee in accordance with procedures governing the valuation of portfolio securities adopted by the

Board of Trustees. Proper valuation of such securities may require more reliance on the judgment of the Sub-Adviser than for valuation of securities for which an active trading market exists.

Interest Rate Risk

Interest rate risk is the risk that fixed income securities, such as preferred and debt securities, and certain equity securities will decline in value because of a rise in market interest rates. When market interest rates rise, the market value of such securities generally will fall. The net asset value and market price of the Common Shares will tend to decline as a result of the Fund's investment in such securities if market interest rates rise.

During periods of declining interest rates, the issuer of a fixed-income security may exercise its option to prepay principal earlier than scheduled, forcing the Fund to reinvest in lower yielding securities. This is known as call or prepayment risk. Preferred and debt securities frequently have call features that allow the issuer to repurchase the security prior to its stated maturity. An issuer may redeem such a security if the issuer can refinance it at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. During periods of rising interest rates, the average life of certain types of securities may be extended because of a lower likelihood of prepayments. This may lock in a below market interest rate, increase the security's duration and reduce the value of the security. This is known as extension risk.

In typical interest rate environments, prices of fixed income securities with longer maturities generally fluctuate more in response to changes in interest rates than do the prices of fixed income securities with shorter-term maturities. Because the Fund may invest a portion of its assets in fixed-income securities without regard to their maturities, to the extent the Fund invests in fixed income securities with longer maturities, the net asset value and market price of the Common Shares would fluctuate more in response to changes in interest rates than if the Fund were to invest such portion of its assets in shorter-term fixed income securities.

Market interest rates for investment grade fixed income securities in which the Fund may invest are significantly below historical average rates for such securities. Interest rates below historical average rates may result in increased risk that these rates will rise in the future (which would cause the value of the Fund's net assets to decline) and may increase the degree to which asset values may decline in such events.

Lower Grade Securities Risk

The Fund may invest in fixed-income securities rated below investment grade (that is, rated Ba or lower by Moody's; BB or lower by S&P; comparably rated by another statistical rating organization; or, if unrated, as determined by the Sub-Adviser to be of comparable credit quality), which are commonly referred to as "junk bonds." Investment in securities of below-investment grade quality involves substantial risk of loss. Securities of below investment grade quality are predominantly speculative with respect to the issuer's capacity to pay interest and repay principal when due and therefore involve a greater risk of default or decline in market value due to adverse economic and issuer-specific developments. Securities of below investment grade quality display increased price sensitivity to changing interest rates and to a deteriorating economic environment. The market values for debt securities of below-investment grade quality tend to be more volatile and such securities tend to be less liquid than investment grade debt securities.

Portfolio Turnover Risk

The Fund's portfolio turnover rate may vary greatly from year to year. The Fund cannot predict its annual portfolio turnover rate with accuracy; however, under normal market conditions it is not expected to exceed 30%. Portfolio turnover rate will not be considered as a limiting factor in the execution of the Fund's investment decisions. High portfolio turnover may result in the Fund's recognition of gains that will be taxable at the Fund level and may increase the Fund's current and accumulated earnings and profits, which will result in a greater portion of distributions to Common Shareholders being treated as dividends. Additionally, high portfolio turnover results in correspondingly higher brokerage commissions and transaction costs borne by the Fund.

Foreign Securities Risk

Investments in the securities of foreign issuers involve certain considerations and risks not ordinarily associated with investments in securities of domestic issuers. Foreign companies are not generally subject to uniform accounting, auditing and financial standards and requirements comparable to those applicable to U.S. companies. Foreign securities exchanges, brokers and listed companies may be subject to less government supervision and regulation than

exists in the United States. Dividend and interest income may be subject to withholding and other foreign taxes, which may adversely affect the net return on such investments. There may be difficulty in obtaining or enforcing a court judgment abroad. In addition, it may be difficult to effect repatriation of capital invested in certain countries. In addition, with respect to certain countries, there are risks of expropriation, confiscatory taxation, political or social instability or diplomatic developments that could affect assets of the Fund held in foreign countries.

There may be less publicly available information about a foreign company than a U.S. company. Foreign securities markets may have substantially less volume than U.S. securities markets and some foreign company

securities are less liquid than securities of otherwise comparable U.S. companies. Foreign markets also have different clearance and settlement procedures that could cause the Fund to encounter difficulties in purchasing and selling securities on such markets and may result in the Fund missing attractive investment opportunities or experiencing a loss. In addition, a portfolio that includes foreign securities can expect to have a higher expense ratio because of the increased transaction costs on non-U.S. securities markets and the increased costs of maintaining the custody of foreign securities.

ADRs are receipts issued by United States banks or trust companies in respect of securities of foreign issuers held on deposit for use in the United States securities markets. While ADRs may not necessarily be denominated in the same currency as the securities into which they may be converted, many of the risks associated with foreign securities may also apply to ADRs. In addition, the underlying issuers of certain depositary receipts, particularly unsponsored or unregistered depositary receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities.

Derivatives Risk

In addition to the covered call option strategy described above, the risks of which are described above, the Fund may, but is not required to, utilize futures contracts, options and over-the-counter derivatives contracts, among other Strategic Transactions, for purposes such as to seek to earn income, facilitate portfolio management and mitigate risks. Participation in options or futures markets transactions involves investment risks and transaction costs to which the Fund would not be subject absent the use of these strategies (other than its covered call writing strategy). If the Sub-Adviser's prediction of movements in the direction of the securities and interest rate markets is inaccurate, the consequences to the Fund may leave the Fund in a worse position than if it had not used such strategies. Risks inherent in the use of options, futures contracts and options on futures contracts and securities indices include:

- dependence on the Sub-Adviser's ability to predict correctly movements in the direction of interest rates and securities prices;
- imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities being hedged;
- the fact that skills needed to use these strategies are different from those needed to select portfolio securities;
- the possible absence of a liquid secondary market for any particular instrument at any time;
- the possible need to defer closing out certain hedged positions to avoid adverse tax consequences;
- the possible inability of the Fund to purchase or sell a security at a time that otherwise would be favorable for it to do so, or the possible need for the Fund to sell a security at a disadvantageous time due to a need for the Fund to maintain "cover" or to segregate securities in connection with the hedging techniques; and
- the creditworthiness of counterparties.

Futures Transactions. The Fund may invest in futures contracts. Futures and options on futures entail certain risks, including but not limited to the following:

- no assurance that futures contracts or options on futures can be offset at favorable prices;
- possible reduction of the return of the Fund due to their use for hedging;

- possible reduction in value of both the securities hedged and the hedging instrument;
- possible lack of liquidity due to daily limits on price fluctuations;
- imperfect correlation between the contracts and the securities being hedged; and
- losses from investing in futures transactions that are potentially unlimited and the segregation requirements for such transactions.

Counterparty Risk. The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts purchased by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any

recovery under the derivative contract in bankruptcy or other reorganization proceedings. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.

Market Discount Risk

The Fund's Common Shares have a limited trading history and have traded both at a premium and at a discount in relation to NAV. The Fund cannot predict whether the Common Shares will trade in the future at a premium or discount to NAV. The Fund's Common Shares have recently traded at a substantial premium to NAV per share, which may not be sustainable. If the Common Shares are trading at a premium to net asset value at the time you purchase Common Shares, the NAV per share of the Common Shares purchased will be less than the purchase price paid. Shares of closed-end investment companies frequently trade at a discount from NAV, but in some cases have traded above NAV. Continued development of alternative vehicles for investment in securities of MLP entities may contribute to reducing or eliminating any premium or may result in the Common Shares trading at a discount. The risk of the Common Shares trading at a discount is a risk separate from the risk of a decline in the Fund's NAV as a result of the Fund's investment activities. The Fund's NAV will be reduced immediately following an offering of the Common Shares due to the costs of such offering, which will be borne entirely by the Fund. The sale of Common Shares by the Fund (or the perception that such sales may occur) may have an adverse effect on prices of Common Shares in the secondary market. An increase in the number of Common Shares available may put downward pressure on the market price for Common Shares. The Fund may, from time to time, seek the consent of holders of Common Shares to permit the issuance and sale by the Fund of Common Shares at a price below the Fund's then-current NAV, subject to certain conditions, and such sales of Common Shares at price below NAV, if any, may increase downward pressure on the market price for Common Shares. These sales, if any, also might make it more difficult for the Fund to sell additional Common Shares in the future at a time and price it deems appropriate.

Whether Common Shareholder will realize a gain or loss upon the sale of Common Shares depends upon whether the market value of the Common Shares at the time of sale is above or below the price the Common Shareholder paid, taking into account transaction costs for the Common Shares, and is not directly dependent upon the Fund's NAV. Because the market value of the Common Shares will be determined by factors such as the relative demand for and supply of the shares in the market, general market conditions and other factors outside the Fund's control, the Fund cannot predict whether the Common Shares will trade at, below or above NAV, or at, below or above the public offering price for the Common Shares.

Dilution Risk

The voting power of current Common Shareholders will be diluted to the extent that current Common Shareholders do not purchase Common Shares in any future offerings of Common Shares or do not purchase sufficient Common Shares to maintain their percentage interest. If the Fund is unable to invest the proceeds of such offering as intended, the Fund's per Common Share distribution may decrease and the Fund may not participate in market advances to the same extent as if such proceeds were fully invested as planned. If the Fund sells Common Shares at a price below NAV pursuant to the consent of holders of Common Shares, shareholders will experience dilution of the aggregate NAV per Common Share because the sale price will be less than the Fund's then-current NAV per Common Share. This dilution will be experienced by all shareholders, irrespective of whether they purchase Common Shares in any such offering. See "Description of Capital Structure—Common Shares—Issuance of Additional Common Shares."

Other Investment Companies Risk

The Fund may invest in securities of other open- or closed-end investment companies, including exchange traded funds. As a stockholder in an investment company, the Fund would bear its ratable share of that investment company's expenses, and would remain subject to payment of the Fund's investment management fees with respect to the assets so invested. Common Shareholders would therefore be subject to duplicative expenses to the extent the Fund invests

in other investment companies. In addition, the securities of other investment companies may also be leveraged and will therefore be subject to the same leverage risks described in this Prospectus.

Royalty Trust Risk

Royalty trusts are, in some respects, similar to certain MLPs and include risks similar to those MLPs, including commodity price volatility risk, cash flow risk and depletion risk.

Financial Leverage Risk

Although the use of Financial Leverage by the Fund may create an opportunity for increased after-tax total return for the Common Shares, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on securities purchased with Financial Leverage proceeds are greater than the cost of Financial Leverage, the Fund's return will be greater than if Financial Leverage had not been used. Conversely, if the income or gains from the securities purchased with such proceeds does not cover the cost of Financial Leverage, the return to the Fund will be less than if Financial Leverage had not been used.

Financial Leverage involves risks and special considerations for shareholders, including the likelihood of greater volatility of net asset value, market price and dividends on the Common Shares than a comparable portfolio without leverage; the risk that fluctuations in interest rates on borrowings and short-term debt or in the dividend rates on any Financial Leverage that the Fund must pay will reduce the return to the Common Shareholders; and the effect of Financial Leverage in a declining market, which is likely to cause a greater decline in the net asset value of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares.

It is also possible that the Fund will be required to sell assets, possibly at a loss (or at a gain which could give rise to corporate level tax), in order to redeem or meet payment obligations on any leverage. Such a sale would reduce the Fund's net asset value and also make it difficult for the net asset value to recover. The Fund in its best judgment nevertheless may determine to continue to use Financial Leverage if it expects that the benefits to the Fund's shareholders of maintaining the leveraged position will outweigh the current reduced return.

Because the fees received by the Adviser and Sub-Adviser are based on the Managed Assets of the Fund (including the proceeds of any Financial Leverage), the Adviser and Sub-Adviser have a financial incentive for the Fund to utilize Financial Leverage, which may create a conflict of interest between the Adviser and the Sub-Adviser and the Common Shareholders. There can be no assurance that a leveraging strategy will be successful during any period during which it is employed.

Recent economic and market event have contributed to severe market volatility and caused severe liquidity strains in the credit markets. If dislocations in the credit markets continue, the Fund's leverage costs may increase and there is a risk that the Fund may not be able to renew or replace existing leverage on favorable terms or at all.

If the cost of leverage is no longer favorable, or if the Fund is otherwise required to reduce its leverage, the Fund may not be able to maintain distributions on common shares at historical levels and common shareholders will bear any costs associated with selling portfolio securities.

Competition Risk

Since the time of the Fund's initial public offering a number of alternative vehicles for investment in a portfolio of MLPs and their affiliates, including other publicly traded investment companies and private funds, have emerged. In addition, recent tax law changes have increased the ability of regulated investment companies or other institutions to invest in MLPs. These competitive conditions may adversely impact the Fund's ability to meet its investment objective, which in turn could adversely impact its ability to make dividend payments.

Legislation Risk

At any time after the date of this Prospectus, legislation may be enacted that could negatively affect the assets of the Fund or the issuers of such assets. Changing approaches to regulation may have a negative impact on entities in which the Fund invests. There can be no assurance that future legislation, regulation or deregulation will not have a

material adverse effect on the Fund or will not impair the ability of the issuers of the assets held in the Fund to achieve their business goals, and hence, for the Fund to achieve its investment objective.

Affiliated Transaction Restrictions

From time to time, the Fund may “control” or may be an “affiliate”, each as defined in the 1940 Act, of one or more portfolio companies. In general, under the 1940 Act, the Fund would “control” a portfolio company if it owned 25% or more of its outstanding voting securities and would be an “affiliate” of a portfolio company if it owned 5% or more of its outstanding voting securities. The 1940 Act contains prohibitions and restrictions relating to transactions between investment companies and their affiliates (including the Adviser and Sub-Adviser), principal underwriters

and affiliates of those affiliates or underwriters. Under these restrictions, the Fund and any portfolio company that the Fund controls are generally prohibited from knowingly participating in a joint transaction, including co-investments in a portfolio company, with an affiliated person, including any trustees or officers of the Fund, the Adviser or Sub-Adviser or any entity controlled or advised by any of them. These restrictions also generally prohibit the Fund's affiliates, principal underwriters and affiliates of those affiliates or underwriters from knowingly purchasing from or selling to the Fund or any portfolio company controlled by the Fund certain securities or other property and from lending to and borrowing from the Fund or any portfolio company controlled by the Fund monies or other properties. The Fund and its affiliates may be precluded from co-investing in private placements of securities, including in any portfolio companies controlled by the Fund. The Fund, its affiliates and portfolio companies controlled by the Fund may from time to time engage in certain joint transactions, purchases, sales and loans in reliance upon and in compliance with the conditions of certain positions promulgated by the SEC. There can be no assurance that the Fund would be able to satisfy these conditions with respect to any particular transaction. As a result of these prohibitions, restrictions may be imposed on the size of positions or the type of investments that the Fund could make.

Potential Conflicts of Interest of the Adviser and Sub-Adviser

The Adviser and Sub-Adviser provide a wide array of portfolio management and other asset management services to a mix of clients and may engage in ordinary course activities in which their respective interests or those of their clients may compete or conflict with those of the Fund. For example, the Sub-Adviser may provide investment management services to other funds and accounts that follow investment objectives similar to that of the Fund. In certain circumstances, and subject to its fiduciary obligations under the Investment Advisers Act of 1940, the Sub-Adviser may have to allocate a limited investment opportunity among its clients, which include closed-end funds, open-end funds, other commingled funds and other accounts. The Adviser and Sub-Adviser have adopted policies and procedures designed to address such situations and other potential conflicts of interests.

Delay in Investing the Proceeds of this Offering

Although the Fund currently intends to invest the proceeds from any sale of the Common Shares offered hereby as soon as practicable following the completion of such offering, such investments may be delayed if suitable investments are unavailable at the time. The trading market and volumes for MLP entities and energy company shares may at times be less liquid than the market for other securities. Prior to the time the proceeds of this offering are invested, such proceeds may be invested in cash, cash equivalents or other securities, pending investment in MLP entities or energy company securities. Income received by the Fund from these securities would subject the Fund to corporate tax before any payment of distributions to Common Shareholders. As a result, the return and yield on the Common Shares following any offering pursuant to this Prospectus may be lower than when the Fund is fully invested in accordance with its objective and policies. See "Use of Proceeds."

Non-Diversified Status

The Fund is a non-diversified investment company under the 1940 Act and will not elect to be treated as a regulated investment company under the Code. As a result, there are no regulatory requirements under the 1940 Act or the Code that limit the proportion of the Fund's assets that may be invested in securities of a single issue. Accordingly, the Fund may invest a greater portion of its assets in a more limited number of issuers than a diversified fund. There are a limited number of publicly traded MLPs. The fund will select its investments in MLPs from this small pool of issuers together with securities issued by any newly public MLPs, and will invest in securities of other MLP entities and securities of issuers other than MLP entities, consistent with its investment objective and policies. An investment in the Fund may present greater risk to an investor than an investment in a diversified portfolio because changes in the financial condition or market assessment of a single issuer may cause greater fluctuations in the value of the Fund's Common Shares.

Management Risk

The Fund is subject to management risk because it is an actively managed portfolio. In acting as the Fund's sub-adviser, responsible for management of the Fund's portfolio securities, the Sub-Adviser will apply investment techniques and risk analyses in making investment decisions for the Fund, but there can be no guarantee that these will produce the desired results.

Market Disruption and Geopolitical Risk

Continuing U.S. military operations in Iraq and Afganistan, instability in the Middle East and terrorist attacks in the United States and around the world have contributed to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets and may cause further economic uncertainties or deterioration in the United States and worldwide. The Adviser and Sub-Adviser do not know how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the U.S. and global economies and securities markets.

Global political and economic instability could affect the operations of MLP entities and other companies in the energy and natural resources sectors in unpredictable ways, including through disruptions of natural resources supplies and markets and the resulting volatility in commodity prices. Recent political and military instability in a variety of countries throughout the Middle East and North Africa has heightened these risks.

Recent Market and Economic Developments

Global financial markets have experienced periods of unprecedented turmoil. The debt and equity capital markets in the United States were negatively impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Fund to greater market and liquidity risk and potential difficulty in valuing portfolio instruments held by the Fund.

Recently markets have witnessed more stabilized economic activity as expectations for an economic recovery increased. However, risks to a robust resumption of growth persist. Several European Union (“EU”) countries, including Greece, Ireland, Italy, Spain, and Portugal, have faced budget issues, some of which will likely have negative long-term effects for the economies of those countries and other EU countries. There is continued concern about national-level support for the Euro and the accompanying coordination of fiscal and wage policy among European Economic and Monetary Union member countries. A return to unfavorable economic conditions or sustained economic slowdown may place downward pressure on oil and natural gas prices and may adversely affect the ability of MLPs to sustain their historical distribution levels, which in turn, may adversely affect the Fund. MLPs that have historically relied heavily on outside capital to fund their growth have been impacted by the contraction in the capital markets. The continued recovery of the MLP sector is dependent on several factors, including the recovery of the financial sector, the general economy and the commodity markets.

The current financial market situation, as well as various social, political, and psychological tensions in the United States and around the world, may continue to contribute to increased market volatility, may have long-term effects on the U.S. and worldwide financial markets; and may cause further economic uncertainties or deterioration in the United States and worldwide. The prolonged continuation or further deterioration of the current U.S. and global economic downturn could adversely impact the Fund’s portfolio. Neither the Adviser nor the Sub-Adviser knows how long the financial markets will continue to be affected by these events and cannot predict the effects of these or similar events in the future on the U.S. economy and securities markets in the Fund’s portfolio. The Adviser and the Sub-Adviser intend to monitor developments and seek to manage the Fund’s portfolio in a manner consistent with achieving the Fund’s investment objective, but there can be no assurance that they will be successful in doing so. Given the risks described above, an investment in Common Shares may not be appropriate for all prospective investors. A prospective investor should carefully consider his or her ability to assume these risks before making an investment in the Fund.

Legal and Regulatory Risks; Government Intervention

The instability in the financial markets discussed above has led the U.S. Government to take a number of unprecedented actions designed to support certain financial institutions and segments of the financial markets that have experienced extreme volatility, and in some cases a lack of liquidity. Federal, state, and other governments, their regulatory agencies, or self regulatory organizations may take actions that affect the regulation of the instruments in which the Fund invests, or the issuers of such instruments. Governments or their agencies may continue to acquire

distressed assets from financial institutions and acquire ownership interests in those institutions. The long-term implications of government ownership and disposition of these assets are unclear, and may have positive or negative effects on the liquidity, valuation and performance of the Fund's portfolio holdings.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), which was signed into law in July 2010, has resulted in significant revisions to the U.S. financial regulatory framework. The Dodd-Frank Act covers a broad range of topics, including, among many others, a reorganization of federal financial regulators; a process designed to ensure financial system stability and the resolution of potentially insolvent financial firms; new rules for derivatives trading; the creation of a consumer financial protection watchdog; the registration and regulation of managers of private funds; the regulation of credit rating agencies; and new federal requirements for residential mortgage loans. The regulation of various types of derivative instruments pursuant to the Dodd-Frank Act may adversely affect MLPs and other issuers in which the Fund invests that utilize derivatives strategies for hedging or other purposes. The ultimate impact of the Dodd-Frank Act, and resulting regulation, is not yet certain and issuers in which the Fund invests may also be affected by the new legislation and regulation in ways that are currently unforeseeable.

In connection with an ongoing review by the SEC and its staff of the regulation of investment companies' use of derivatives, on August 31, 2011, the SEC issued a concept release to seek public comment on a wide range of issues raised by the use of derivatives by investment companies. The SEC noted that it intends to consider the comments to help determine whether regulatory initiatives or guidance are needed to improve the current regulatory regime for investment companies and, if so, the nature of any such initiatives or guidance. While the nature of any such regulations is uncertain at this time, it is possible that such regulations could limit the implementation of the Fund's use of derivatives, which could have an adverse impact on the Fund. Neither the Adviser nor the Sub-Adviser can predict the effects of these regulations on the Fund's portfolio. The Adviser and the Sub-Adviser intend to monitor developments and seek to manage the Fund's portfolio in a manner consistent with achieving the Fund's investment objective, but there can be no assurance that they will be successful in doing so.

Certain lawmakers support an increase in federal revenue as a component of a plan to address the growing federal budget deficit. Also, comprehensive federal tax reform is the subject of political attention. There can be no assurance that any change in federal tax law will not adversely affect MLPs and other issuers in which the Fund invests or the Fund itself.

At any time after the date of this Prospectus, legislation may be enacted that could negatively affect the assets of the Fund. Legislation or regulation may change the way in which the Fund itself is regulated. The Adviser and the Sub-Adviser cannot predict the effects of any new governmental regulation that may be implemented, and there can be no assurance that any new governmental regulation will not adversely affect the Fund's ability to achieve its investment objective.

Anti-Takeover Provisions

The Fund's Governing Documents include provisions that could limit the ability of other entities or persons to acquire control of the Fund or convert the Fund to an open-end fund. See "Anti-Takeover and Other Provisions in the Fund's Governing Documents."

MANAGEMENT OF THE FUND

Trustees and Officers

The Board of Trustees is broadly responsible for the management of the Fund, including general supervision of the duties performed by the Adviser and the Sub-Adviser. The names and business addresses of the Trustees and officers of the Fund and their principal occupations and other affiliations during the past five years are set forth under

"Management of the Fund" in the Statement of Additional Information.

The Adviser

Guggenheim Funds Investment Advisors, LLC, a subsidiary of Guggenheim Funds Services, LLC, an indirect subsidiary of Guggenheim Partners, LLC ("Guggenheim Partners"), acts as the Fund's investment adviser pursuant to an investment advisory agreement between the Fund and the Adviser (the "Advisory Agreement"). The Adviser is a

registered investment adviser and acts as investment adviser to a number of closed-end and open-end investment companies. The Adviser is a Delaware limited liability company, with its principal offices located at 2455 Corporate West Drive, Lisle, Illinois 60532.

Guggenheim Partners is a diversified financial services firm with wealth management, capital markets, investment management and proprietary investing businesses, whose clients are a mix of individuals, family offices, endowments, foundations, insurance companies and other institutions that have entrusted Guggenheim Partners with the supervision of more than $180 billion of assets as of March 31, 2013. Guggenheim Partners is headquartered in Chicago and New York with a global network of offices throughout the United States, Europe and Asia.

Pursuant to the Advisory Agreement, the Fund pays to the Adviser a fee, payable monthly, in an annual amount equal to 1.00% of the Fund's average Managed Assets (from which the Adviser pays the Sub-Adviser a fee, payable monthly, in an annual amount equal to 0.50% of the Fund's average Managed Assets).

The Adviser furnishes offices, necessary facilities and equipment, provides administrative services to the Fund, oversees the activities of the Fund's Sub-Adviser, provides personnel, including certain officers required for its administrative management and pays the compensation of all officers and Trustees of the Fund who are its affiliates.

In addition to the fees of the Adviser, the Fund pays all other costs and expenses of its operations, including compensation of its Trustees (other than those affiliated with the Adviser), custodial expenses, transfer agency and dividend disbursing expenses, legal fees, expenses of the Fund's independent registered public accounting firm, expenses of repurchasing shares, listing expenses, expenses of preparing, printing and distributing prospectuses, stockholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any.

A discussion regarding the basis for the approval of the Advisory Agreement by the Board of Trustees is available in the Fund's annual report to shareholders for the period ended November 30, 2012.

The Sub-Adviser

Advisory Research, Inc. acts as the Fund's sub-adviser pursuant to an investment sub-advisory agreement among the Fund, the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement"). The Sub-Adviser is a Delaware corporation, located at 180 N. Stetson Avenue, Suite 5500, Chicago, Illinois 60601, and is a registered investment advisor to investment portfolios with approximately $10 billion in assets as of May 31, 2013.

The FAMCO MLP team, a division of the Sub-Adviser, is responsible for the management of the Fund's portfolio of securities. The FAMCO MLP team is dedicated to managing MLPs and energy infrastructure strategies for open and closed-end mutual funds, public and corporate pension plans, endowments and foundations and private wealth individuals. FAMCO MLP's core philosophy is that investment decisions should always be guided by a disciplined, risk-aware strategy that seeks to add value in all market environments. This philosophy has served the FAMCO MLP team well as it has navigated through MLP cycles since 1995. In March 2012, the FAMCO MLP team and its business was transferred from Fiduciary Asset Management Inc. (the "Predecessor Sub-Adviser") to the Sub-Adviser. Each of the Sub-Adviser and the Predecessor Sub-Adviser is a wholly-owned subsidiary of Piper Jaffray Companies.

Pursuant to the Sub-Advisory Agreement, the Adviser pays to the Sub-Adviser a fee, payable monthly, in an annual amount equal to 0.50% of the Fund's average Managed Assets.

The Sub-Adviser, under the supervision of the Fund's Board of Trustees, provides a continuous investment program for the Fund's portfolio; provides investment research and makes and executes recommendations for the purchase and sale of securities; and provides certain facilities and personnel, including certain officers required for its

administrative management and pays the compensation of all officers and Trustees of the Fund who are its affiliates.

A discussion regarding the basis for the approval of the Sub-Advisory Agreement by the Board of Trustees is available in the Fund's annual report to shareholders for the period ending November 30, 2012.

Fee Waiver

Each of the Adviser and the Sub-Adviser has agreed to waive the advisory fees and sub-advisory fees, respectively, payable with respect to the assets attributable to Common Shares issued pursuant to the Fund's shelf

registration statement (including Common Shares issued pursuant to this Prospectus), for the first three months after such Common Shares were issued and to waive half of such advisory fees and sub-advisory fees payable with respect to assets attributable to such Common Shares for the subsequent three months. All outstanding Common Shares will share pro rata in the reduced advisory fees with respect to the assets attributable to Common Shares issued pursuant to the Fund's shelf registration statement.

Portfolio Management

James J. Cunnane, Jr. and Quinn T. Kiley are primarily responsible for the day-to-day management of the registrant's portfolio.

Mr. Cunnane has served as portfolio manager of the Fund since the Fund's inception. Mr. Cunnane is a Managing Director and the Chief Investment Officer of FAMCO MLP. He oversees the firm's MLP and energy infrastructure product lines and chairs the Risk Management Committee. He has been a Master Limited Partnership portfolio manager since joining the FAMCO MLP team in 1996. Mr. Cunnane has 20 years of portfolio management and securities research experience. Prior to joining the Sub-Adviser, Mr. Cunnane worked as a research analyst with A.G. Edwards & Sons. Mr. Cunnane also worked as an analyst for Maguire Investment Advisors, where he gained extensive experience in the development of master limited partnership and small- and mid-cap stock portfolios. Mr. Cunnane, holds a B.S. in finance from Indiana University, is a Chartered Financial Analyst (CFA) charterholder, and serves on the investment committee of the Archdiocese of St. Louis and on the Board of St. Patrick's Center.

Mr. Kiley has served as portfolio manager of the Fund since 2008. Mr. Kiley is a Managing Director and the Senior Portfolio Manager of FAMCO MLP and his responsibilities include portfolio management of various energy infrastructure assets and oversight of the energy infrastructure research process. Prior to joining the FAMCO MLP team in 2005, Mr. Kiley was Vice President of Corporate & Investment Banking at Banc of America Securities in New York. He was responsible for executing strategic advisory and financing transactions for clients in the Energy & Power sectors. Mr. Kiley holds a B.S. with Honors in Geology from Washington & Lee University, a M.S. in Geology from the University of Montana, a Juris Doctorate from Indiana University School of Law, and a M.B.A. from the Kelley School of Business at Indiana University. Mr. Kiley has been admitted to the New York State Bar.

The SAI provides additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers and the portfolio managers' ownership of securities of the Fund.

NET ASSET VALUE

The net asset value of the Common Shares is calculated by subtracting the Fund's total liabilities (including from current and deferred incomes taxes and from Borrowings) and the liquidation preference of any outstanding Preferred Shares from total assets (the market value of the securities the Fund holds plus cash and other assets, including any deferred income tax asset, less any applicable valuation allowance). The per share net asset value is calculated by dividing its net asset value by the number of Common Shares outstanding and rounding the result to the nearest full cent. Information that becomes known to the Fund or its agent after the Fund's net asset value has been calculated on a particular day will not be used to retroactively adjust the price of a security or the Fund's net asset value determined earlier that day. These procedures will be used in determining the value of the portfolio of securities held by the Fund on each Thursday that the NYSE is open for business, on the last business day of the month and on any other day on which the net asset value per Common Share of the Fund is determined (each, a "Valuation Date"). On each Valuation Date, the Fund's investments are valued after the close of regular trading on the NYSE, usually 4:00 p.m. Eastern time, using available market quotations or at fair value, each as described below.

The Fund values readily marketable securities at the last reported sale price on the principal exchange or in the principal OTC market in which such securities are traded, as of the close of regular trading on the NYSE on the day the securities are being valued or, if there are no sales, at the mean between the last available bid and asked prices on that day. Securities traded primarily on the NASDAQ are normally valued by the Fund at the NASDAQ Official Closing Price ("NOCP") provided by the NASDAQ each business day. The NOCP is the most recently reported price as of 4:00 p.m., Eastern time, unless that price is outside the range of the "inside" bid and asked prices (i.e., the bid and asked prices that dealers quote to each other when trading for their own accounts); in that case, the NASDAQ will

adjust the price to equal the inside bid or asked price, whichever is closer. Because of delays in reporting trades, the NOCP may not be based on the price of the last trade to occur before the market closes. Debt securities are valued at the last available bid price for such securities or, if such prices are not available, at prices for securities of comparable maturity, quality, and type. The Fund values exchange-traded options and other derivative contracts at the mean of the best bid and ask prices at the close on those exchanges on which they are traded. The Fund values all other types of securities and assets, including restricted securities and securities for which market quotations are not readily available, by a method that the Trustees of the Fund believe accurately reflects fair value.

When the Fund writes a call or put option, it records the premium received as an asset and equivalent liability and, thereafter, adjusts the liability to the market value of the option determined in accordance with the preceding paragraph. Any option transaction that the Fund enters into may, depending on the applicable market environment, have no value or a positive value.

The Fund's securities traded primarily in foreign markets may be traded in such markets on days that the NYSE is closed. As a result, the net asset value of the Fund may be significantly affected on days when Common Shareholders have no ability to trade the Common Shares on the NYSE.

The Fund values certain of its securities on the basis of bid quotations from independent pricing services or principal market makers, or, if quotations are not available, by a method that the Board of Trustees believes accurately reflects fair value. The Fund periodically verifies valuations provided by the pricing services. Short-term securities with remaining maturities of less than 60 days may be valued at cost which, when combined with interest earned, approximates market value.

The Fund values securities for which market quotations are not readily available, including restricted securities, in accordance with valuation guidelines that the Trustees of the Fund believe accurately reflect fair value. In addition, the Adviser or Sub-Adviser believes that the price of a security obtained under the Fund's valuation procedures (as described above) does not represent the amount that the Fund reasonably expects to receive on a current sale of the security, the Fund will value the security based upon such valuation guidelines.

Any derivative transaction that the Fund enters into may, depending on the applicable market environment, have a positive or negative value for purposes of calculating net asset value. In addition, accrued payments to the Fund under such transactions will be assets of the Fund and accrued payments by the Fund will be liabilities of the Fund.

As a limited partner in the MLPs, the Fund includes its allocable share of the MLP's taxable income in computing its own taxable income. Because the Fund is treated as a regular corporation, or "C" corporation, for U.S. federal income tax purposes, the Fund will incur tax expenses. In calculating the Fund's net asset value, the Fund will account for it deferred tax liability and/or asset.

The Fund will accrue a deferred income tax liability, at an assumed federal, state and local income tax rate, for its future tax liability associated with the capital appreciation of its investments and the distributions received by the Fund on equity securities of MLPs considered to be return of capital. Any deferred tax liability will reduce the Fund's net asset value.

The Fund will accrue a deferred tax asset which reflects an estimate of the Fund's future tax benefit associated with realized and unrealized net operating losses and capital losses. Any deferred tax asset will increase the Fund's net asset value. To the extent the Fund has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required, which would offset the value of some or all of the deferred tax asset. The need to establish a valuation allowance for a deferred tax asset is assessed periodically by the Fund based on the criterion established by

the Financial Accounting Standards Board, Accounting Standards Codification 740 (ASC 740, formerly SFAS No. 109) that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused.

The Fund's deferred tax liability and/or asset is estimated using estimates of effective tax rates expected to apply to taxable income in the years such taxes are realized. For purposes of estimating the Fund's deferred tax liability and/or asset for financial statement reporting and determining its net asset value, the Fund will be required to rely, to some extent, on information provided by the MLPs in which it invests. Such information may not be received in a timely manner, with the result that the Fund's estimates regarding its deferred tax liability and/or asset could vary dramatically from the Fund's actual tax liability and, as a result, the determination of the Fund's actual tax liability may have a material impact on the Fund's net asset value. From time to time, the Fund may modify its estimates or assumptions regarding its deferred tax liability and/or asset as new information becomes available. Modifications of such estimates or assumptions or changes in applicable tax law could result in increases or decreases in the Fund's net asset value per share, which could be material.

DISTRIBUTIONS

The Fund intends to pay substantially all of its net investment income to Common Shareholders through quarterly distributions. Net investment income of the Fund will consist of cash and paid-in-kind distributions from MLP entities, dividends from common stocks, interest from debt securities, gains from options transactions and income from other investments of the Fund; less operating expenses, taxes on the Fund's taxable income, and the costs of any Financial Leverage utilized by the Fund. Expenses of the Fund will be accrued each day. The Fund anticipates that a significant portion of the distributions received by the Fund from the MLPs in which it invests will consist of return of capital. While the Fund will generally seek to maximize the portion of the Fund's distributions to Common Shareholders that will consist of return of capital, no assurance can be given in this regard. The Fund cannot assure you, therefore, as to what percentage of the dividends paid on the Common Shares will consist of return of capital. All realized capital gains, if any, net of applicable taxes, will be retained by the Fund.

Distributions by the Fund, whether paid in cash or in additional Common Shares, will be taken into account in measuring the performance of the Fund with respect to its investment objective.

Pursuant to the requirements of the 1940 Act, in the event the Fund makes distributions from sources other than income, a notice will accompany each quarterly distribution with respect to the estimated source of the distribution made. Such notices will describe the portion, if any, of the quarterly dividend which, in the Fund's good faith judgment, constitutes long-term capital gain, short-term capital gain, investment income or a return of capital. The actual character of such dividend distributions for U.S. federal income tax purposes, however, will only be determined finally by the Fund at the close of its fiscal year, based on the Fund's full year performance and its actual net income and net capital gains for the year, which may result in a recharacterization of amounts distributed during such fiscal year from the characterization in the quarterly estimates.

To permit the Fund to maintain more stable quarterly distributions, the Fund may initially distribute less than the entire amount of the net investment income earned in a particular period. The undistributed net investment income may be available to supplement future distributions. As a result, the distributions paid by the Fund for any particular quarterly period may be more or less than the amount of net investment income actually earned by the Fund during the period and the Fund may have to sell a portion of its investment portfolio to make a distribution at a time when independent investment judgment might not dictate such action. Over time, all the net investment income of the Fund will be distributed. Undistributed net investment income is included in the Common Shares' net asset value, and, correspondingly, distributions from net investment income will reduce the Common Shares' net asset value.

AUTOMATIC DIVIDEND REINVESTMENT PLAN

Under the Fund's Automatic Dividend Reinvestment Plan (the "Plan"), a Common Shareholder whose Common Shares are registered in his or her own name will have all distributions reinvested automatically by Computershare Shareowner Services LLC, which is agent under the Plan (the "Plan Agent"), unless the Common Shareholder elects to receive cash. A participant in the Plan who wishes to opt out of the Plan and elect to receive distributions in cash should contact the Plan Agent in writing at the address specified below or calling (866) 488-3559.

Distributions with respect to Common Shares registered in the name of a broker-dealer or other nominee (that is, in "street name") will be reinvested by the broker or nominee in additional Common Shares under the Plan, unless the

service is not provided by the broker or nominee or the Common Shareholder elects to receive distributions in cash. Common Shareholders who own Common Shares registered in street name should consult their broker-dealers for details regarding reinvestment. All distributions to Common Shareholders who do not participate in the Plan will be paid by check mailed directly to the record holder by Computershare Shareowner Services LLC as dividend disbursing agent.

Under the Plan, whenever the market price of the Common Shares is equal to or exceeds net asset value at the time Common Shares are valued for purposes of determining the number of Common Shares equivalent to the cash distribution, participants in the Plan are issued new Common Shares from the Fund, valued at the greater of (i) the net asset value as most recently determined or (ii) 95% of the then-current market price of the Common Shares. The valuation date is the dividend or distribution payment date or, if that date is not an NYSE trading day, the next preceding trading day. If the net asset value of the Common Shares at the time of valuation exceeds the market price of the Common Shares, the Plan Agent will buy the Common Shares for such Plan in the open market, on the NYSE or elsewhere, for the participants' accounts, except that the Plan Agent will endeavor to terminate purchases in the open market and cause the Fund to issue Common Shares at the greater of net asset value or 95% of market value if, following the commencement of such purchases, the market value of the Common Shares exceeds net asset value. If the Fund should declare a distribution payable only in cash, the Plan Agent will buy the Common Shares for such Plan in the open market, on the NYSE or elsewhere, for the participants' accounts. There is no charge from the Fund for reinvestment of dividends or distributions in Common Shares pursuant to the Plan; however, all participants will pay a pro rata share of brokerage commissions incurred by the Plan Agent when it makes open-market purchases.

The Plan Agent maintains all shareholder accounts in the Plan and furnishes written confirmations of all transactions in the account, including information needed by shareholders for personal and tax records. Common Shares in the account of each Plan participant will be held by the Plan Agent in non-certificated form in the name of the participant.

In the case of shareholders such as banks, brokers or nominees, which hold Common Shares for others who are the beneficial owners, the Plan Agent will administer the Plan on the basis of the number of Common Shares certified from time to time by the shareholder as representing the total amount registered in the shareholder's name and held for the account of beneficial owners who participate in the Plan.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate its Plan as applied to any voluntary cash payments made and any dividend or distribution paid subsequent to written notice of the change sent to the members of such Plan at least 90 days before the record date for such dividend or distribution. The Plan also may be amended or terminated by the Plan Agent on at least 90 days written notice to the participants in such Plan. The automatic reinvestment of dividends will not relieve participants of any U.S. federal, state or local income tax that may be payable (or required to be withheld) on such dividends. All correspondence concerning the Plan should be directed to Computershare Shareowner Services LLC, P.O. Box 358015, Pittsburgh, Pennsylvania 15252, Attention: Shareholder Services Department.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a brief description of the terms of the Common Shares, the Borrowings and the Preferred Shares which may be issued by the Fund. This description does not purport to be complete and is qualified by reference to the Fund's Agreement and Declaration of Trust and By-Laws (together, its "Governing Documents").

Common Shares

The Fund is an unincorporated statutory trust organized under the laws of Delaware pursuant to an Agreement and Declaration of Trust dated as of October 4, 2004. The Fund is authorized to issue an unlimited number of common shares of beneficial interest, par value $0.01 per share. Each Common Share has one vote and, when issued and paid for in accordance with the terms of this offering, will be fully paid and non-assessable, except that the Board of Trustees shall have the power to cause shareholders to pay expenses of the Fund by setting off charges due from shareholders from declared but unpaid dividends or distributions owed the shareholders and/or by reducing the number of Common Shares owned by each respective shareholder. If the Fund issues and has Preferred Shares outstanding, the Common Shareholders will not be entitled to receive any distributions from the Fund unless all accrued dividends on Preferred Shares have been paid, unless asset coverage (as defined in the 1940 Act) with respect to Preferred Shares would be at least 200% after giving effect to the distributions and unless certain other requirements imposed by any rating agencies rating the Preferred Shares have been met. See "—Preferred Shares"

below. In addition, if the Fund has Borrowings outstanding, the Fund is not permitted to declare any cash dividend or other distribution on the Common Shares unless, at the time of such declaration, the value of the Fund's total assets less liabilities other than the principal amount represented by Borrowings is at least 300% of such principal amount after deducting the amount of such dividend or other distribution. See "—Borrowings" below. All Common Shares are equal as to dividends, assets and voting privileges and have no conversion, preemptive or other subscription rights. The Fund sends annual and semi-annual reports, including financial statements, to all holders of its shares.

Listing and Symbol. The Fund's currently outstanding Common Shares are, and the Common Shares offered by this Prospectus, will be, subject to notice of issuance, listed on the NYSE under the symbol "FMO."

Voting Rights. Until any Preferred Shares are issued, holders of the Common Shares will vote as a single class to elect the Fund's Board of Trustees and on additional matters with respect to which the 1940 Act mandates a vote by the Fund's shareholders. If Preferred Shares are issued, holders of Preferred Shares will have a right to elect two of the Fund's Trustees, and will have certain other voting rights. See "Anti-Takeover Provisions in the Fund's Governing Documents."

Issuance of Additional Common Shares. The provisions of the 1940 Act generally require that the public offering price (less underwriting commissions and discounts) of common shares sold by a closed-end investment company must equal or exceed the NAV of such company's common shares (calculated within 48 hours of the pricing of such offering), unless such sale is made with the consent of a majority of its common shareholders. The Fund may, from time to time, seek the consent of holders of Common Shares to permit the issuance and sale by the Fund of Common Shares at a price below the Fund's then-current NAV, subject to certain conditions. If such consent is obtained, the Fund may, contemporaneous with and in no event more than one year following the receipt of such consent, sell Common Shares at price below NAV in accordance with any conditions adopted in connection with the giving of such consent. Additional information regarding any consent of Common Shareholders obtained by the Fund and the applicable conditions imposed on the issuance and sale by the Fund of Common Shares at a price below NAV will be disclosed in the Prospectus Supplement relating to any such offering of Common Shares at a price below NAV. Until such consent of holders of Common Shares, if any, is obtained, the Fund may not sell Common Shares at a price below NAV.

Because the Fund's advisory fee and sub-advisory fee are based upon average Managed Assets, the Adviser's and the Sub-Adviser's interests in recommending the issuance and sale of Common Shares at a price below NAV may conflict with the interests of the Fund and its shareholders.

Borrowings

The Fund is permitted, without prior approval of the Common Shareholders, to borrow money. The Fund may issue notes or other evidence of indebtedness (including bank borrowings or commercial paper) and may secure any such Borrowings by mortgaging, pledging or otherwise subjecting the Fund's assets as security. In connection with such Borrowings, the Fund may be required to maintain minimum average balances with the lender or to pay a commitment or other fee to maintain a line of credit. Any such requirements will increase the cost of borrowing over the stated interest rate. The Fund has entered into a committed facility agreement with BNP Paribas Prime Brokerage, Inc. dated as of September 26, 2008, as amended through the date hereof, pursuant to which the Fund may borrow up to $225 million. Interest payable by the Fund on borrowings under the committed facility agreement is based on 3-month LIBOR plus 0.95%. The committed facility agreement requires that the Fund deposit portfolio securities in a collateral account pursuant to a Special Custody and Pledge Agreement among the Fund, its custodian and BNP Paribas Prime Brokerage, Inc. Securities deposited in the collateral account may not be rehypothecated by BNP Paribas Prime Brokerage, Inc. In the event of a default by the Fund under the committed facility, the lender has the

right to sell the assets maintained in the collateral account to satisfy the Fund's obligation to the lender. The amounts drawn under such facility may vary over time and such amounts will be reported in the Fund's audited and unaudited financial statements contained in the Fund's annual and semi-annual reports to shareholders. On November 30, 2012, outstanding Borrowings under the committed facility agreement were approximately $190 million, which represented 25% of the Fund's Managed Assets as of such date. As of November 30, 2012, the interest rate payable by the Fund on Borrowings under the committed facility agreement was 1.26%.

Limitations. Borrowings by the Fund are subject to certain limitations under the 1940 Act, including the amount of asset coverage required. In addition, agreements related to the Borrowings may also impose certain requirements, which may be more stringent than those imposed by the 1940 Act. See "Use of Financial Leverage" and "Risks—Financial Leverage Risk."

Distribution Preference. The rights of lenders to the Fund to receive interest on, and repayment of, principal of any such Borrowings will be senior to those of the Common Shareholders, and the terms of any such Borrowings may contain provisions which limit certain activities of the Fund, including the payment of dividends to Common Shareholders in certain circumstances.

Voting Rights. The 1940 Act does (in certain circumstances) grant to the lenders to the Fund certain voting rights in the event of default in the payment of interest on, or repayment of, principal. Any Borrowings will likely be ranked senior or equal to all other existing and future borrowings of the Fund.

Preferred Shares

The Fund's Governing Document provide that the Fund's Board of Trustees may authorize and issue Preferred Shares with rights as determined by the Board of Trustees, by action of the Board of Trustees without the approval of the holders of the Common Shares. Common Shareholders have no preemptive right to purchase any Preferred Shares that might be issued.

The Fund has no present intention to issue Preferred Shares; however, the Board of Trustees reserves the right to issue Preferred Shares to the extent permitted by the 1940 Act, which currently limits the aggregate liquidation preference of all outstanding preferred shares to 50% of the value of the Fund's total assets less liabilities and indebtedness of the Fund. Any offering of Preferred Shares is conditioned upon favorable market conditions, a credit rating of AAA/Aaa from the NRSRO rating such Preferred Shares, and the Board's continuing belief that leveraging the Fund's capital structure through the issuance of Preferred Shares is likely to achieve the benefits to the Common Shareholders described in this Prospectus. Although the terms of any Preferred Shares, including dividend rate, liquidation preference and redemption provisions, will be determined by the Board of Trustees, subject to applicable law and the Governing Documents, it is likely that any Preferred Shares issued by the Fund will be structured to carry a relatively short-term dividend rate reflecting interest rates on short-term bonds, by providing for the periodic redetermination of the dividend rate at relatively short intervals through an auction, remarketing or other procedure.

Distribution Preference. The Preferred Shares, if issued, would have complete priority over the Common Shares as to distributions of assets.

Liquidation Preference. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Fund, holders of Preferred Shares will be entitled to receive a preferential liquidating distribution (expected to equal the original purchase price per share plus accumulated and unpaid dividends thereon, whether or not earned or declared) before any distribution of assets is made to Common Shareholders.

Voting Rights. Preferred Shares are required to be voting shares and to have equal voting rights with Common Shares. Except as otherwise indicated in this Prospectus, the Statement of Additional Information or the Governing Documents and except as otherwise required by applicable law, holders of Preferred Shares will vote together with Common Shareholders as a single class.

If Preferred Shares are issued, holders of Preferred Shares, voting as a separate class, will be entitled to elect two of the Fund's Trustees. The remaining Trustees will be elected by Common Shareholders and holders of Preferred Shares, voting together as a single class. In the unlikely event that two full years of accrued dividends are unpaid on the Preferred Shares, the holders of all outstanding Preferred Shares, voting as a separate class, will be entitled to elect a majority of the Fund's Board of Trustees until all dividends in arrears have been paid or declared and set apart for payment. In order for the Fund to take certain actions or enter into certain transactions, a separate class vote of holders

of Preferred Shares will be required, in addition to the combined class vote of the holders of Preferred Shares and Common Shares. See “Anti-Takeover and Other Provisions in the Fund’s Governing Documents.”

Redemption, Repurchase and Sale of Preferred Shares. The terms of the Preferred Shares may provide that they are redeemable at certain times, in whole or in part, at the original purchase price per share plus accumulated dividends. The terms may also state that the Fund may tender for or repurchase Preferred Shares. Any redemption or repurchase of Preferred Shares by the Fund will reduce the leverage applicable to Common Shares. See “Use of Financial Leverage.”

The discussion above describes the Board of Trustees’ present intention with respect to a possible offering of Preferred Shares or Borrowings. If the Board of Trustees determines to authorize any of the foregoing, the terms

may be the same as, or different from, the terms described above, subject to applicable law and the Fund's Governing Documents.

Capitalization

The following table provides information about the outstanding securities of the Fund as of June 27, 2013:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common shares of beneficial interest, par value $0.01 per share	Unlimited	0	29,102,333

ANTI-TAKEOVER AND OTHER PROVISIONS IN THE FUND'S GOVERNING DOCUMENTS

The Fund presently has provisions in its Governing Documents which could have the effect of limiting, in each case, (i) the ability of other entities or persons to acquire control of the Fund, (ii) the Fund's freedom to engage in certain transactions or (iii) the ability of the Fund's Trustees or shareholders to amend the Governing Documents or effectuate changes in the Fund's management. These provisions of the Governing Documents of the Fund may be regarded as "anti-takeover" provisions. The Board of Trustees is divided into three classes, with the terms of one class expiring at each annual meeting of shareholders. At each annual meeting, one class of Trustees is elected to a three-year term. This provision could delay for up to two years the replacement of a majority of the Board of Trustees. A trustee may be removed from office by the action of a majority of the remaining Trustees followed by a vote of the holders of at least 75% of the shares then entitled to vote for the election of the respective Trustee.

In addition, the Fund's Agreement and Declaration of Trust requires the favorable vote of a majority of the Fund's Board of Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each affected class or series of the Fund, voting separately as a class or series, to approve, adopt or authorize certain transactions with 5% or greater holders of a class or series of shares and their associates, unless the transaction has been approved by at least 80% of the Trustees, in which case "a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Fund shall be required. For purposes of these provisions, a 5% or greater holder of a class or series of shares (a "Principal Shareholder") refers to any person who, whether directly or indirectly and whether alone or together with its affiliates and associates, beneficially owns 5% or more of the outstanding shares of any class or series of shares of beneficial interest of the Fund.

The 5% holder transactions subject to these special approval requirements are:

- the merger or consolidation of the Fund or any subsidiary of the Fund with or into any Principal Shareholder;
- the issuance of any securities of the Fund to any Principal Shareholder for cash (other than pursuant of any automatic dividend reinvestment plan);
- the sale, lease or exchange of all or any substantial part of the assets of the Fund to any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for the purpose of such

computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period; or

- the sale, lease or exchange to the Fund or any subsidiary of the Fund, in exchange for securities of the Fund, of any assets of any Principal Shareholder, except assets having an aggregate fair market value of less than $1,000,000, aggregating for purposes of such computation all assets sold, leased or exchanged in any series of similar transactions within a twelve-month period.

To convert the Fund to an open-end investment company, the Fund's Agreement and Declaration of Trust requires the favorable vote of a majority of the Board of the Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each affected class or series of shares of the Fund, voting separately as a class or series, unless such amendment has been approved by at least 80% of the Trustees, in which case "a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Fund shall be required. The foregoing vote would

satisfy a separate requirement in the 1940 Act that any conversion of the Fund to an open-end investment company be approved by the shareholders. If approved in the foregoing manner, conversion of the Fund to an open-end investment company could not occur until 90 days after the shareholders' meeting at which such conversion was approved and would also require at least 30 days' prior notice to all shareholders.

To liquidate the Fund, the Fund's Agreement and Declaration of Trust requires the favorable vote of a majority of the Board of Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each affected class or series of the Fund, voting separately as a class or series, unless such liquidation has been approved by at least 80% of Trustees, in which case "a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Fund shall be required.

For the purposes of calculating "a majority of the outstanding voting securities" under the Fund's Agreement and Declaration of Trust, each class and series of the Fund shall vote together as a single class, except to the extent required by the 1940 Act or the Fund's Agreement and Declaration of Trust with respect to any class or series of shares. If a separate vote is required, the applicable proportion of shares of the class or series, voting as a separate class or series, also will be required.

The Board of Trustees has determined that provisions with respect to the Board of Trustees and the shareholder voting requirements described above, which voting requirements are greater than the minimum requirements under Delaware law or the 1940 Act, are in the best interest of shareholders generally. Reference should be made to the Agreement and Declaration of Trust on file with the Securities and Exchange Commission for the full text of these provisions.

CLOSED-END FUND STRUCTURE

Closed-end funds differ from open-end management investment companies (commonly referred to as mutual funds) in that closed-end funds generally list their shares for trading on a securities exchange and do not redeem their shares at the option of the shareholder. This means that if you wish to sell your shares of a closed-end fund, you must trade them on the open market like any other stock at the prevailing market price at that time. By comparison, mutual funds issue securities redeemable at net asset value at the option of the shareholder and typically engage in a continuous offering of their shares. Mutual funds are subject to continuous asset in-flows and out-flows that can complicate portfolio management, whereas closed-end funds generally can stay more fully invested in securities consistent with the closed-end fund's investment objective and policies. In addition, in comparison to open-end funds, closed-end funds have greater flexibility in their ability to make certain types of investments and use certain investment strategies to a greater extent than open-end funds, including financial leverage and investments in illiquid securities.

However, shares of closed-end investment companies listed for trading on a securities exchange frequently trade at a discount from net asset value, but in some cases trade at a premium. The market price may be affected by trading volume of the shares, general market and economic conditions and other factors beyond the control of the closed-end fund. The foregoing factors may result in the market price of the Common Shares being greater than, less than or equal to net asset value. The Board of Trustees will review periodically the trading range and activity of the Fund's shares with respect to its net asset value and the Board may take certain actions to seek to reduce or eliminate any such discount. Such actions may include open market repurchases or tender offers for the Common Shares at net asset value. There can be no assurance that the Board will decide to undertake any of these actions or that, if undertaken, such actions would result in the Common Shares trading at a price equal to or close to net asset value per Common Share.

To convert the Fund to an open-end investment company, the Declaration of Trust requires the favorable vote of a majority of the Board of Trustees followed by the favorable vote of the holders of at least 75% of the outstanding shares of each affected class or series of shares of the Fund, voting separately as a class or series, unless such amendment has been approved by at least 80% of the Trustees, in which case "a majority of the outstanding voting securities" (as defined in the 1940 Act) of the Fund shall be required. The foregoing vote would satisfy a separate requirement in the 1940 Act that any conversion of the Fund to an open-end investment company be approved by the shareholders. If approved in the foregoing manner, conversion of the Fund to an open-end investment company could not occur until 90 days after the shareholders' meeting at which such conversion was approved and would also require

at least 30 days' prior notice to all shareholders.

In the event of conversion, the Common Shares would cease to be listed on the NYSE or other national securities exchange or market system. The Board of Trustees believes, however, that the closed-end structure is desirable, given the Fund's investment objectives and policies. Investors should assume, therefore, that it is unlikely that the Board of Trustees would vote to convert the Fund to an open-end investment company. Shareholders of an open-end investment company may require the company to redeem their shares at any time (except in certain circumstances as authorized by or under the 1940 Act) at their net asset value, less such redemption charge, if any, as might be in effect at the time of a redemption. The Fund would expect to pay all such redemption requests in cash, but intends to reserve the right to pay redemption requests in a combination of cash or securities. If such partial payment in securities were made, investors may incur brokerage costs in converting such securities to cash. If the Fund were converted to an open-end fund, it is likely that new Common Shares would be sold at net asset value plus a sales load.

The Board of Trustees has reviewed the structure of the Fund in light of its investment objective and policies and has determined that the closed-end structure is in the best interests of the shareholders. Investors should assume, therefore, that it is highly unlikely that the Board would vote to convert the Fund to an open-end investment company.

U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax considerations generally applicable to U.S. Shareholders (as defined below) that acquire Common Shares pursuant to this offering and that hold such Common Shares as capital assets (generally, for investment). The discussion is based upon the Code, Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This summary does not address all of the potential U.S. federal income tax consequences that may be applicable to the Fund or to all categories of investors (for example, non-U.S. investors), some of which may be subject to special tax rules. No ruling has been or will be sought from the IRS regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. This summary of U.S. federal income tax consequences is for general information only. Prospective investors must consult their own tax advisors as to the U.S. federal income tax consequences of acquiring, holding and disposing of Common Shares, as well as the effects of state, local and non-U.S. tax laws.

For purposes of this summary, the term "U.S. Shareholder" means a beneficial owner of Common Shares that, for U.S. federal income tax purposes, is one of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation created in or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) if a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of such trust or (ii) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any other entity treated as a partnership for U.S. federal income tax purposes) holds Common Shares, the U.S. federal income tax treatment of a partner in such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold Common Shares should

consult their tax advisors.

The Fund

The Fund is treated as a regular corporation, or "C" corporation, for U.S. federal income tax purposes. Accordingly, the Fund generally is subject to U.S. federal income tax on its taxable income at the graduated rates applicable to corporations (currently at a maximum rate of 35%). In addition, as a regular corporation, the Fund is subject to state and local income tax by reason of its investments in equity securities of MLPs. Therefore, the Fund

may have state and local income tax liabilities (or benefits) in multiple states. The Fund may be subject to a 20% alternative minimum tax on its alternative minimum taxable income to the extent that the alternative minimum tax exceeds the Fund's regular income tax liability. The extent to which the Fund is required to pay U.S. corporate income tax or alternative minimum tax could materially reduce the Fund's cash available to make distributions on the Common Shares.

The Fund invests and intends to invest a significant portion of its assets in MLPs, which are generally treated as partnerships for U.S. federal income tax purposes. To the extent that the Fund invests in the equity securities of an MLP, the Fund will be a partner in such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund's allocable share of the income, gains, losses, deductions and expenses recognized by each such MLP, regardless of whether the MLP distributes cash to the Fund. Based upon a review of the historic results of the type of MLPs in which the Fund has invested and in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect to its investments in equity securities of MLPs will exceed the taxable income allocated to the Fund from such MLPs. No assurance, however, can be given in this regard. If this expectation is not realized, the Fund will have a larger corporate income tax expense sooner than expected, which will result in less cash available to distribute to shareholders in such taxable years.

The Fund will recognize gain or loss on the sale, exchange or other taxable disposition of an equity security of an MLP equal to the difference between the amount realized by the Fund on the sale, exchange or other taxable disposition and the Fund's adjusted tax basis in such equity security. Any such gain will be subject to U.S. Federal income tax at the regular graduated corporate rates (currently at a maximum rate of 35%), regardless of how long the Fund has held such equity security. The amount realized by the Fund generally will be the amount paid by the purchaser of the equity security plus the Fund's allocable share, if any, of the MLP's debt that will be allocated to the purchaser as a result of the sale, exchange or other taxable disposition. The Fund's tax basis in its equity securities in an MLP is generally equal to the amount the Fund paid for the equity securities, (i) increased by the Fund's allocable share of the MLP's net taxable income and certain MLP debt, if any, and (ii) decreased by the Fund's allocable share of the MLP's net losses and any distributions received by the Fund from the MLP. Although any distribution by an MLP to the Fund in excess of the Fund's allocable share of such MLP's net taxable income may create a temporary economic benefit to the Fund, such distribution will increase the amount of gain (or decrease the amount of loss) that will be recognized on the sale of an equity security in the MLP by the Fund. To the extent that the Fund has a net capital loss in any tax year, the net capital loss can be carried back three years and forward five years to reduce the Fund's current taxes payable, subject to certain limitations. In the event a capital loss carryover cannot be utilized in the carryover periods, the Fund's federal income tax liability may be higher than expected which will result in less cash available to distribute to shareholders.

The Fund's allocable share of certain percentage depletion deductions and intangible drilling costs of the MLPs in which the Fund invests may be treated as items of tax preference for purposes of calculating the Fund's alternative minimum taxable income. Such items will increase the Fund's alternative minimum taxable income and increase the likelihood that the Fund may be subject to the alternative minimum tax.

The Fund's transactions in foreign currencies, forward contracts, options and futures contracts (including options and futures contracts on foreign currencies) and certain other investments, to the extent permitted, will be subject to special provisions of the Code (including provisions relating to "hedging transactions" and "straddles") that, among other things, may affect the character of gains and losses recognized by the Fund (i.e., may affect whether gains or losses are ordinary versus capital or short-term versus long-term), accelerate recognition of income to the Fund and defer Fund losses. These provisions also (i) will require the Fund to mark-to-market certain types of the positions in its portfolio (i.e., treat them as if they were closed out at the end of each year) and (ii) may cause the Fund to recognize income without receiving the corresponding amount cash.

Given that at least 65% of the Fund's Managed Assets are invested in equity securities of MLPs that are treated as qualified publicly traded partnerships (as defined in Section 851(h) of the Code), the Fund is not and will not be eligible to elect to be treated as a regulated investment company under the Code because a regulated investment company cannot invest more than 25% of its assets in qualified publicly traded partnerships.

U.S. Shareholders

Distributions. Distributions by the Fund of cash or property in respect of the Common Shares will be treated as dividends for U.S. federal income tax purposes to the extent paid from the Fund's current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in gross income by a U.S. Shareholder upon receipt. Any such dividend will be eligible for the dividends received deduction if received by an otherwise qualifying corporate U.S. Shareholder that meets the holding period and other requirements for the dividends received deduction. Dividends paid by the Fund to certain non-corporate U.S. Shareholders (including individuals) are eligible for U.S. federal income taxation at the rates generally applicable to long-term capital gains for individuals, provided that the U.S. Shareholder receiving the dividend satisfies applicable holding period and other requirements.

If the amount of a Fund distribution exceeds the Fund's current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of the U.S. Shareholder's tax basis in the Common Shares (reducing that basis accordingly), and thereafter as capital gain. Any such capital gain will be long-term capital gain if such U.S. Shareholder has held the applicable Common Shares for more than one year. A distribution will be wholly or partially taxable to a shareholder if the Fund has current earnings and profits (as determined for U.S. federal income tax purposes) in the taxable year of the distribution, even if the Fund has an overall deficit in the Fund's accumulated earnings and profits and/or net operating loss or capital loss carryforwards that reduce or eliminate corporate income taxes in that taxable year.

The Fund's earnings and profits are generally calculated by making certain adjustments to the Fund's taxable income. Based upon the Fund's review of the historic results of the type of MLPs in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect to its investments in equity securities of MLPs will exceed the Fund's current and accumulated earnings and profits. Accordingly, the Fund expects that only a portion of its distributions to its shareholders with respect to the Common Shares will be treated as dividends for U.S. federal income tax purposes. No assurance, however, can be given in this regard.

Because the Fund will invest a substantial portion of its Managed Assets in energy-related MLPs, special rules will apply to the calculation of the Fund's earnings and profits. For example, the Fund's earnings and profits may be subject to certain adjustments applicable to energy-related MLPs, such as adjustments for percentage depletion or intangible drilling costs, and will be calculated using the straight-line depreciation method rather than the accelerated depreciation method. This difference in treatment may, for example, result in the Fund's earnings and profits being higher than the Fund's taxable income in a particular year if the MLPs in which the Fund invests calculate their income using accelerated depreciation. In addition, loss carryovers from prior years may reduce taxable income but will not reduce current earnings and profits. Because of these differences, the Fund may make distributions in a particular year out of earnings and profits (treated as dividends) in excess of the amount of the Fund's taxable income for such year.

U.S. Shareholders that participate in the Fund's Plan will be treated for U.S. federal income tax purposes as having (i) received a cash distribution equal to the reinvested amount and (ii) reinvested such amount in Common Shares.

Sales of Common Shares. Upon the sale, exchange or other taxable disposition of Common Shares, a U.S. Shareholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Shareholder's adjusted tax basis in the Common Shares. Any such capital gain or loss will be a long-term capital gain or loss if the U.S. Shareholder has held the Common Shares for more than one year at the time of disposition. Long-term capital gains of certain non-corporate U.S. Shareholders (including individuals) are currently subject to reduced U.S. federal income tax rates. The deductibility of capital

losses is subject to limitations under the Code.

A U.S. Shareholder's adjusted tax basis in its Common Shares may be less than the price paid for the Common Shares as a result of distributions by the Fund in excess of the Fund's earnings and profits (i.e., returns of capital).

Information Reporting and Backup Withholding Requirements. In general, distributions on the Common Shares, and payments of the proceeds from a sale, exchange or other disposition of the Common Shares paid to a U.S. Shareholder are subject to information reporting and may be subject to backup withholding unless the U.S.

Shareholder (i) is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Shareholder will be refunded or credited against the U.S. Shareholder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Each shareholder will receive, if appropriate, various written notices after the close of the Fund's taxable year describing the amount and the U.S. federal income tax status of distributions that were paid (or that are treated as having been paid) by the Fund to the shareholder, and the amount of any U.S. federal taxes withheld, during the preceding taxable year.

PLAN OF DISTRIBUTION

The Fund may sell up to $268,593,405 in aggregate initial offering price of Common Shares from time to time under this Prospectus and any related Prospectus Supplement (1) directly to one or more purchases; (2) through agents; (3) through underwriters; (4) through dealers; or (5) pursuant to the Plan. Each Prospectus Supplement relating to an offering of Common Shares will state the terms of the offering, including:

- the names of any agents, underwriters or dealers
- any sales loads or other items constituting underwriters' compensation;
- any discounts, commissions, or fees allowed or paid to dealers or agents;
- the public offering or purchase price of the offered Common Shares and the net proceeds the Fund will receive from the sale; and
- any securities exchange on which the offered Common Shares may be listed.

Direct Sales

The Fund may sell Common Shares directly to, and solicit offers from, institutional investors or others who may be deemed to be underwriters as defined in the 1933 Act for any resales of the securities. In this case, no underwriters or agents would be involved. The Fund may use electronic media, including the internet, to sell offered securities directly. The Fund will describe the terms of any of those sales in a Prospectus Supplement.

By Agents

The Fund may offer Common Shares through agents that the Fund may designate. The Fund will name any agent involved in the offer and sale and describe any commissions payable by the Fund in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, the agents will be acting on a best efforts basis for the period of their appointment.

By Underwriters

The Fund may offer and sell Common Shares from time to time to one or more underwriters who would purchase the Common Shares as principal for resale to the public, either on a firm commitment or best efforts basis. If the Fund sells Common Shares to underwriters, the Fund will execute an underwriting agreement with them at the time of the sale and will name them in the Prospectus Supplement. In connection with these sales, the underwriters may be deemed to have received compensation from the Fund in the form of underwriting discounts and commissions. The underwriters also may receive commissions from purchasers of Common Shares for whom they may act as agent. Unless otherwise stated in the Prospectus Supplement, the underwriters will not be obligated to purchase the Common Shares unless the conditions set forth in the underwriting agreement are satisfied, and if the underwriters purchase any of the Common Shares, they will be required to purchase all of the offered Common Shares. The underwriters may sell the offered Common Shares to or through dealers, and those dealers may receive discounts, concessions or commissions from the underwriters as well as from the purchasers for whom they may act as agent. Any public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

If a Prospectus Supplement so indicates, the Fund may grant the underwriters an option to purchase additional Common Shares at the public offering price, less the underwriting discounts and commissions, within 45 days from the date of the Prospectus Supplement, to cover any overallotments.

By Dealers

The Fund may offer and sell Common Shares from time to time to one or more dealers who would purchase the securities as principal. The dealers then may resell the offered Common Shares to the public at fixed or varying prices to be determined by those dealers at the time of resale. The Fund will set forth the names of the dealers and the terms of the transaction in the Prospectus Supplement.

General Information

Agents, underwriters, or dealers participating in an offering of Common Shares may be deemed to be underwriters, and any discounts and commission received by them and any profit realized by them on resale of the offered Common Shares for whom they act as agent, may be deemed to be underwriting discounts and commissions under the 1933 Act.

The Fund may offer to sell securities either at a fixed price or at prices that may vary, at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices.

To facilitate an offering of Common Shares in an underwritten transaction and in accordance with industry practice, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the market price of the Common Shares or any other security. Those transactions may include overallotment, entering stabilizing bids, effecting syndicate covering transactions, and reclaiming selling concessions allowed to an underwriter or a dealer.

· An overallotment in connection with an offering creates a short position in the common stock for the underwriter's own account.

· An underwriter may place a stabilizing bid to purchase the Common Shares for the purpose of pegging, fixing, or maintaining the price of the Common Shares.

· Underwriters may engage in syndicate covering transactions to cover overallotments or to stabilize the price of the Common Shares by bidding for, and purchasing, the Common Shares or any other securities in the open market in order to reduce a short position created in connection with the offering.

· The managing underwriter may impose a penalty bid on a syndicate member to reclaim a selling concession in connection with an offering when the Common Shares originally sold by the syndicate member is purchased in syndicate covering transactions or otherwise.

Any of these activities may stabilize or maintain the market price of the Common Shares above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Any underwriters to whom the offered Common Shares are sold for offering and sale may make a market in the offered Common Shares, but the underwriters will not be obligated to do so and may discontinue any market-making at any time without notice. There can be no assurance that there will be a liquid trading market for the offered Common Shares.

Under agreements entered into with the Fund, underwriters and agents may be entitled to indemnification by us against certain civil liabilities, including liabilities under the 1933 Act, or to contribution for payments the underwriters or agents may be required to make.

The underwriters, agents, and their affiliates may engage in financial or other business transactions with the Fund in the ordinary course of business.

Pursuant to a requirement of the Financial Industry Regulatory Authority, or FINRA, the maximum compensation to be received by any FINRA member or independent broker-dealer may not be greater than eight percent (8%) of the gross proceeds received by the Fund for the sale of any securities being registered pursuant to SEC Rule 415 under the Securities Act of 1933, as amended.

The aggregate offering price specified on the cover of this Prospectus relates to the offering of the Common Shares not yet issued as of the date of this Prospectus.

To the extent permitted under the 1940 Act and the rules and regulations promulgated thereunder, the underwriters may from time to time act as a broker or dealer and receive fees in connection with the execution of portfolio transactions on behalf of the Fund after the underwriters have ceased to be underwriters and, subject to certain restrictions, each may act as a broker while it is an underwriter.

A Prospectus and accompanying Prospectus Supplement in electronic form may be made available on the websites maintained by underwriters. The underwriters may agree to allocate a number of Common Shares for sale to their online brokerage account holders. Such allocations of Common Shares for internet distributions will be made on

the same basis as other allocations. In addition, Common Shares may be sold by the underwriters to securities dealers who resell Common Shares to online brokerage account holders.

Automatic Dividend Reinvestment Plan

The Fund may issue and sell Common Shares pursuant to the Plan.

CUSTODIAN, ADMINISTRATOR AND TRANSFER AGENT

The Bank of New York Mellon serves as the custodian of the Fund's assets pursuant to a custody agreement. Under the custody agreement, the Custodian holds the Fund's assets in compliance with the 1940 Act. For its services, the Custodian will receive a monthly fee based upon, among other things, the average value of the total assets of the Fund, plus certain charges for securities transactions. The Bank of New York Mellon is located at 101 Barclay Street, New York, New York 10216.

Computershare Shareowner Services LLC serves as the Fund's dividend disbursing agent, Plan Agent under the Fund's Automatic Dividend Reinvestment Plan, transfer agent and registrar for the Common Shares of the Fund. Computershare Shareowner Services LLC is located at 480 Washington Boulevard, Jersey City, New Jersey 07310.

Rydex Fund Services, LLC, an affiliate of Guggenheim Funds Investment Advisors, LLC, serves as administrator to the Fund. Pursuant to an administration agreement, dated May 13, 2013 (the "Administration Agreement"), Rydex Fund Services, LLC is responsible for: (1) coordinating with the custodian and transfer agent and monitoring the services they provide to the Fund, (2) coordinating with and monitoring any other third parties furnishing services to the Fund, (3) supervising the maintenance by third parties of such books and records of the Fund as may be required by applicable federal or state law, (4) preparing or supervising the preparation by third parties of all federal, state and local tax returns and reports of the Fund required by applicable law, (5) preparing and, after approval by the Fund, filing and arranging for the distribution of proxy materials and periodic reports to shareholders of the Fund as required by applicable law, (6) preparing and, after approval by the Fund, arranging for the filing of such registration statements and other documents with the SEC and other federal and state regulatory authorities as may be required by applicable law, (7) reviewing and submitting to the officers of the Fund for their approval invoices or other requests for payment of the Fund's expenses and instructing the custodian to issue checks in payment thereof and (8) taking such other action with respect to the Fund as may be necessary in the opinion of the administrator to perform its duties under the administration agreement. Pursuant to the Administration Agreement, the Fund pays Rydex Fund Services, LLC a fee, accrued daily and paid monthly, at the annualized rate of 0.0275% for the first $200 million of Managed Assets, 0.0200% for the next $300 million of Managed Assets, 0.0150 for the next $500 million of Managed Assets and 0.0100% for Managed Assets in excess of $1 billion. Rydex Fund Services, LLC is located at 805 King Farm Boulevard, Rockville, Maryland 20850.

LEGAL MATTERS

Certain legal matters will be passed on by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, as special counsel to the Fund in connection with the offering of the Common Shares. If certain legal matters in connection with an offering of Common Shares are passed upon by counsel for the underwriters of such offering, that counsel will be named in the Prospectus Supplement related to that offering.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, 155 North Wacker Drive, Chicago, Illinois 60606, serves as the independent registered public accounting firm of the Fund and will annually render an opinion on the financial statements of the Fund.

ADDITIONAL INFORMATION

This Prospectus constitutes part of a Registration Statement filed by the Fund with the SEC under the Securities Act of 1933, as amended, and the 1940 Act. This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement and related exhibits for further information with respect to the Fund and the Common Shares offered hereby. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to

the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference. The complete Registration Statement may be obtained from the SEC upon payment of the fee prescribed by its rules and regulations or free of charge through the SEC's website (http://www.sec.gov).

PRIVACY PRINCIPLES OF THE FUND

The Fund is committed to maintaining the privacy of its shareholders and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information the Fund collects, how the Fund protects that information and why, in certain cases, the Fund may share information with select other parties.

Generally, the Fund does not receive any non-public personal information relating to its shareholders, although certain non-public personal information of its shareholders may become available to the Fund. The Fund does not disclose any non-public personal information about its shareholders or former shareholders to anyone, except as permitted by law or as is necessary in order to service shareholder accounts (for example, to a transfer agent or third party administrator).

The Fund restricts access to non-public personal information about its shareholders to employees of the Fund's Adviser, Sub-Adviser and their delegates and affiliates with a legitimate business need for the information. The Fund maintains physical, electronic and procedural safeguards designed to protect the non-public personal information of its shareholders.

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STATEMENT OF ADDITIONAL INFORMATION

A Statement of Additional Information dated as of June 20, 2013, has been filed with the Securities and Exchange Commission and is incorporated by reference in this Prospectus. A Statement of Additional Information may be obtained without charge by writing to the Fund at its address at 2455 Corporate West Drive, Lisle, Illinois 60532 or by calling the Fund toll-free at (888) 991-0091. The Table of Contents of the Statement of Additional Information is as follows:

$268,593,405

Fiduciary/Claymore MLP Opportunity Fund

Common Shares

PROSPECTUS

June 20, 2013

Fiduciary/Claymore MLP Opportunity Fund

STATEMENT OF ADDITIONAL INFORMATION

Fiduciary/Claymore MLP Opportunity Fund (the "Fund") is a non-diversified, closed-end management investment company that commenced investment operations on December 28, 2004. The Fund's investment objective is to seek a high level of after-tax total return with an emphasis on current distributions paid to shareholders. There can be no assurance that the Fund will achieve its investment objective.

This Statement of Additional Information relates to the offering, from time to time, of up to $268,593,405 aggregate initial offering price of the Fund's common shares of beneficial interest, par value $0.01 per share ("Common Shares") in one or more offerings. This Statement of Additional Information ("SAI") is not a prospectus, but should be read in conjunction with the prospectus for the Fund, dated June 20, 2013 (the "Prospectus"), and any related supplement to the Prospectus (each a "Prospectus Supplement"). Investors should obtain and read the Prospectus and any related Prospectus Supplement prior to purchasing Common Shares. A copy of the Prospectus and any related Prospectus Supplement may be obtained without charge, by calling the Fund at (888) 991-0091.

The Prospectus and this SAI omit certain of the information contained in the registration statement filed with the Securities and Exchange Commission, Washington, D.C. The registration statement may be obtained from the Securities and Exchange Commission upon payment of the fee prescribed, or inspected at the Securities and Exchange Commission's office or via its website (www.sec.gov) at no charge. Capitalized terms used but not defined herein have the meanings ascribed to them in the Prospectus.

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Statement of Additional Information dated June 20, 2013

THE FUND

The Fund is a non-diversified, closed-end management investment company organized under the laws of the State of Delaware that commenced investment operations on December 28, 2004. The Fund's currently outstanding Common Shares are, and the Common Shares offered by this Prospectus, will be, subject to notice of issuance, listed on the New York Stock Exchange (the "NYSE") under the symbol "FMO."

INVESTMENT OBJECTIVE AND POLICIES

The following information supplements the discussion of the Fund's investment objective and policies set forth in the Prospectus. The Fund may make the following investments, among others, some of which are part of its principal investment strategies and some of which are not. The principal risks of the Fund's principal investment strategies are discussed in the prospectus. The Fund may not buy all of the types of securities or use all of the investment techniques that are described herein.

Additional Information About MLPs

The discussion that follows is intended to provide investors with a general overview of the structure and operations of MLPs. Each MLP is governed by its own partnership agreement. As a result, each MLP may be structured differently and aspects currently common to MLPs may vary significantly in the future. The market for MLPs has changed over time. The following discussion should be read only as a summary of current MLP characteristics. It is not, nor is it intended to be, a complete discussion of all aspects of MLPs.

An MLP is an entity receiving partnership taxation treatment under the U.S. Internal Revenue Code of 1986, as amended (the "Code"), and whose partnership interests or "units" are traded on securities exchanges. MLPs are typically structured as limited partnerships or limited liability companies. As a result of being treated as a partnership, MLPs do not pay income taxes at the entity level.

An MLP has one or more general partners, who can be individuals, corporations, partnerships or other entities. The general partners control the operations of and manage the partnership. Typically the general partner is, or is controlled by, the sponsoring corporation of the MLP. Limited partners in an MLP provide capital in the partnership but have little (if any) role in the management of the MLP. When an investor buys units of an MLP, that investor becomes a limited partner in the MLP.

MLPs are founded in several ways. A non-traded partnership could offer its securities to the public. Several non-traded partnerships may roll up into a single MLP and offer securities to the public. A corporation may spin-off a segment of its business or a set of assets into an MLP of which it is the general partner, and use the cash proceeds received by selling those assets in the marketplace to fulfill debt obligations or invest in higher growth opportunities, while retaining operating control of the MLP. A newly formed company may operate as an MLP from its inception.

MLPs may purchase assets from its sponsor or general partner. Such transactions are intended to be based on terms comparable to those of market acquisitions of similar sets of assets. To insure that appropriate protections are in place, the board of the MLP generally establishes an independent committee that is responsible for reviewing and approving the terms of the transaction. The committee often obtains a fairness opinion and may retain counsel or other experts to assist in its evaluation. Since the sponsor or general partner normally has a significant equity stake in the MLP, it generally has an incentive to ensure that the transaction is fair to the MLP.

MLPs typically provide for an incentive distribution to the general partner. An incentive distribution structure provides that the general partner receives a larger proportionate share of the total distribution as distributions meet higher target levels. As cash flow grows, the general partner receives a greater interest in the incremental income compared to the interests of the limited partners. While percentages vary among MLPs, the general partner's marginal share in distributions generally increases from 2% to 15% at the first designated distribution target threshold, moving up to 25% and 50% as higher thresholds are met. The aggregate amount distributed to limited partners will continue to increase as MLP distributions reach higher target thresholds. Given this incentive structure, the general partner has an incentive to streamline operations and undertake acquisitions and growth projects in order to increase distributions to all partners. Such an incentive structure may, however, result in

divergent and potentially conflicting interests of limited partners and the general partner, as the general partner may have more motivation to pursue projects with high risk and high potential reward.

The table below summarizes the features of common units, subordinated units, I-Shares and general partner interests of MLPs and I-Shares:

	Common Units	Subordinated Units	I-Shares	General Partner Interests
Conversion Rights	Not applicable	One-to-one ratio into common units	None	None
Distribution Priority	First right to minimum quarterly distribution specified in partnership agreement; arrearage rights	Second right to minimum quarterly distribution; no arrearage rights	Equal in amount and priority to common units but paid in additional I-Shares at current market value of I-Shares	Same as common units; entitled to incentive distribution rights
Distribution Rate	Minimum as specified in partnership agreement; after minimum quarterly distributions are met, participate pro rata with subordinated units	Equal in amount to common units; participate pro rata with common units above the minimum quarterly distribution	Equal in amount to common units	Participate pro rata with common units and with subordinated units up to minimum quarterly distribution; entitled to incentive distribution at target levels above minimum quarterly distribution
Investors	Primarily retail	Founders and sponsoring parent entities, corporate general partners of MLPs, entities that sell assets to MLPs, and investors such as the fund	Primarily institutional	Founders and sponsoring parent entities, corporate general partners of MLPs, entities that sell assets to MLPs, and investors such as the Fund
Liquidation Priority	Intended to receive return of all capital first	Second right to return of capital; pro rata with common units thereafter	Same as common units (indirect right through I-Share issuer)	After payment of required amounts to limited partners
Taxes	Ordinary income to the	Same as common units	Full distribution	Ordinary income to

	extent of taxable income allocated to holder; return of capital thereafter to extent of holder's basis; remainder as capital gain		treated as return of capital; since distribution is in shares, total basis is not reduced	extent that (1) taxable income is allocated to holder (including all incentive distributions) and (2) tax depreciation is insufficient to cover fair market value depreciation owed to limited partners
Trading	Listed on New York Stock Exchange, American Stock Exchange and NASDAQ Stock Market	Typically not publicly traded	Listed on New York Stock Exchange or the American Stock Exchange	Not publicly traded; can be owned by publicly traded entity

	Common Units	Subordinated Units	I-Shares	General Partner Interests
Voting Rights	Limited to certain significant decisions; no annual election of directors	Same as common units	No direct MLP voting rights	Typically Board participation; votes on MLP operating strategy and direction

Additional Investment Policies

The following information supplements the discussion of the Fund's investment objective, policies and techniques that are described in the Prospectus. The Fund may make the following investments, among others, some of which are part of its principal investment strategies and some of which are not. The principal risks of the Fund's principal strategies are discussed in the Prospectus. The Fund may not buy all of the types of securities or use all of the investment techniques that are described.

Preferred Stocks. Preferred stock has a preference over common stock in liquidation (and generally as to dividends as well) but is subordinated to the liabilities of the issuer in all respects. As a general rule, the market value of preferred stock with a fixed dividend rate and no conversion element varies inversely with interest rates and perceived credit risk, while the market price of convertible preferred stock generally also reflects some element of conversion value. Because preferred stock is junior to debt securities and other obligations of the issuer, deterioration in the credit quality of the issuer will cause greater changes in the value of a preferred stock than in a more senior debt security with similarly stated yield characteristics. The market value of preferred stock will also generally reflect whether (and if so when) the issuer may force holders to sell their preferred shares back to the issuer and whether (and if so when) the holders may force the issuer to buy back their preferred shares. Generally, the right of the issuer to repurchase the preferred stock tends to reduce any premium that the preferred stock might otherwise trade at due to interest rate or credit factors, while the right of the holders to require the issuer to repurchase the preferred stock tends to reduce any discount that the preferred stock might otherwise trade at due to interest rate or credit factors. In addition, some preferred stocks are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid. A portion of the portfolio may include investments in non-cumulative preferred securities, whereby the issuer does not have an obligation to make up any arrearages to its shareholders. There is no assurance that dividends or distributions on non-cumulative preferred stocks in which the Fund invests will be declared or otherwise paid. Preferred stock of certain companies offers the opportunity for capital appreciation as well as periodic income. This may be particularly true in the case of companies that have performed below expectations. If a company's performance has been poor enough, its preferred stock may trade more like common stock than like other fixed income securities, which may result in above average appreciation if the company's performance improves.

Convertible Securities. A convertible security is a preferred stock, warrant or other security that may be converted into or exchanged for a prescribed amount of common stock or other security of the same or a different issuer or into cash within a particular period of time at a specified price or formula. A convertible security generally entitles the holder to receive the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities generally have characteristics similar to both fixed income and equity securities. The value of convertible securities tends to decline as interest rates rise and, because of the conversion feature, tends to vary with fluctuations in the market value of the underlying securities. Convertible securities ordinarily provide a stream of income with generally higher yields than those of common stock of the same or similar issuers. Convertible securities generally rank senior to common stock in a corporation's capital structure but are usually subordinated to comparable non-convertible securities. Convertible securities generally do not participate directly in any dividend increases or decreases of the underlying securities although the market prices of convertible

securities may be affected by any dividend changes or other changes in the underlying securities.

Securities Subject to Reorganization. The Fund may invest in securities of companies for which a tender or exchange offer has been made or announced and in securities of companies for which a merger, consolidation, liquidation or reorganization proposal has been announced if, in the judgment of the Sub-Adviser, there is a reasonable prospect of high total return significantly greater than the brokerage and other transaction expenses involved.

In general, securities which are the subject of such an offer or proposal sell at a premium to their historic market price immediately prior to the announcement of the offer or may also discount what the stated or appraised value of the security would be if the contemplated transaction were approved or consummated. Such investments may be advantageous when the discount significantly overstates the risk of the contingencies involved; significantly undervalues the securities, assets or cash to be received by shareholders of the prospective portfolio company as a result of the contemplated transaction; or fails adequately to recognize the possibility that the offer or proposal may be replaced or superseded by an offer or proposal of greater value. The evaluation of such contingencies requires unusually broad knowledge and experience on the part of the Sub-Adviser which must appraise not only the value of the issuer and its component businesses as well as the assets or securities to be received as a result of the contemplated transaction but also the financial resources and business motivation of the offer and/or the dynamics and business climate when the offer or proposal is in process. Since such investments are ordinarily short-term in nature, they will tend to increase the turnover ratio of the Fund, thereby increasing its brokerage and other transaction expenses. The Sub-Adviser intends to select investments of the type described which, in its view, have a reasonable prospect of capital appreciation which is significant in relation to both risk involved and the potential of available alternative investments.

Warrants and Rights. The Fund may invest in warrants or rights (including those acquired in units or attached to other securities) that entitle the holder to buy equity securities at a specific price for a specific period of time but will do so only if such equity securities are deemed appropriate by the Sub-Adviser for inclusion in the Fund's portfolio.

Asset-Backed and Mortgage-Backed Securities. The Fund may invest in asset-backed and mortgage-backed securities. Mortgage-backed securities represents ownership of an undivided interest in a pool of mortgages. Aggregate principal and interest payments received from the pool are used to pay principal and interest on a mortgage-backed security. Asset-backed securities are similar to mortgage-backed securities except they represent ownership in a pool of notes or receivables on assets other than real estate, such as loans, leases, credit card receivables or royalties. The Fund does not currently anticipate investments in mortgages constituting a substantial part of its investment portfolio, but the Fund may invest in such securities if deemed appropriate by the Sub-Adviser.

Additional Information Regarding Options

Options Generally. The Fund may purchase or sell, i.e., write, options on securities (including those of MLP entities) and securities indices that are listed on a national securities exchange or in the over-the-counter market, as a means of achieving additional return or of hedging the value of the Fund's portfolio among other purposes.

A call option is a contract that gives the holder of the option the right to buy from the writer of the call option, in return for a premium, the security underlying the option at a specified exercise price at any time during the term of the option or a specified time (depending on the type of option). The writer of the call option has the obligation, upon exercise of the option, to deliver the underlying security upon payment of the exercise price at the time called for by the option.

A put option is a contract that gives the holder of the option the right, in return for a premium, to sell to the seller the underlying security at a specified price. The seller of the put option has the obligation to buy the underlying security upon exercise at the exercise price. A put option is "covered" if the Fund maintains cash or other liquid securities with a value equal to the exercise price in a segregated account with its custodian, or else holds a put on the same instrument as the put written where the exercise price of the put held is equal to or greater than the exercise price of the put written.

If the Fund has written an option, it may terminate its obligation by effecting a closing purchase transaction. This is accomplished by purchasing an option of the same series as the option previously written. However, once the Fund has been assigned an exercise notice, the Fund will be unable to effect a closing purchase transaction.

Similarly, if the Fund is the holder of an option it may liquidate its position by effecting a closing sale transaction. This is accomplished by selling an option of the same series as the option previously purchased. There can be no assurance that either a closing purchase or sale transaction can be effected when the Fund so desires.

The Fund will realize a profit from a closing transaction if the price of the transaction is less than the premium received from writing the option or is more than the premium paid to purchase the option; the Fund will realize a loss from a closing transaction if the price of the transaction is more than the premium received from writing the option or is less than the premium paid to purchase the option. Since call option prices generally reflect increases in the price of the underlying security, any loss resulting from the repurchase of a call option may also be wholly or partially offset by unrealized appreciation of the underlying security. Other principal factors affecting the market value of a put or a call option include supply and demand, interest rates, the current market price and price volatility of the underlying security and the time remaining until the expiration date. Gains and losses on investments in options depend, in part, on the ability of the Sub-Adviser to predict correctly the effect of these factors. The use of options cannot serve as a complete hedge since the price movement of securities underlying the options will not necessarily follow the price movements of the portfolio securities subject to the hedge.

An option position may be closed out only on an exchange that provides a secondary market for an option of the same series or in a private transaction. There is no assurance that a liquid secondary market on an exchange will exist for any particular option. In such event it might not be possible to effect closing transactions in particular options, so that the Fund would have to exercise its options in order to realize any profit and would incur brokerage commissions upon the exercise of call options and upon the subsequent disposition of underlying securities for the exercise of put options. If the Fund, as a covered call option writer, is unable to effect a closing purchase transaction in a secondary market, it will not be able to sell the underlying security until the option expires or it delivers the underlying security upon exercise or otherwise covers the position.

Writing Options. The following information supplements the discussion of the Fund's options strategies that are described in the Prospectus under "The Fund's Investments—Portfolio Contents—Covered Call Option Strategy."

The Fund will write call options and put options only if they are "covered." In the case of a call option on a common stock, MLP unit or other security, the option is "covered" if the Fund owns the security underlying the call or has an absolute and immediate right to acquire that security without additional cash consideration (or, if additional cash consideration is required, cash or other assets determined to be liquid by the Sub-Adviser (in accordance with procedures established by the Board of Trustees) in such amount are segregated by the Fund's custodian) upon conversion or exchange of other securities held by the Fund. A call option is also covered if the Fund holds a call on the same security as the call written where the exercise price of the call held is (i) equal to or less than the exercise price of the call written, or (ii) greater than the exercise price of the call written, provided the difference is maintained by the Fund in segregated assets determined to be liquid by the Sub-Adviser as described above. A put option on a security is "covered" if the Fund segregates assets determined to be liquid by the Sub-Adviser as described above equal to the exercise price. A put option is also covered if the Fund holds a put on the same security as the put written where the exercise price of the put held is (i) equal to or greater than the exercise price of the put written, or (ii) less than the exercise price of the put written, provided the difference is maintained by the Fund in segregated assets determined to be liquid by the Sub-Adviser as described above.

The standard contract size for a single option is 100 shares of the common stock. A call option whose strike price is above the current price of the underlying stock is called "out-of-the-money," an option whose strike price is below the current price of the underlying stock is called "in-the-money," and an option whose strike price equals the current price of the underlying stock is called "at-the-money."

The writer of an option on a security has the obligation upon exercise of the option to deliver the underlying security upon payment of the exercise price or to pay the exercise price upon delivery of the underlying security. Certain options, known as "American style" options may be exercised at any time during the term of the option.

Other options, known as “European style” options, may be exercised only on the expiration date of the option. For conventional listed call options, the option’s expiration date can be up to nine months from the date the call options are first listed for trading. Longer-term call options can have expiration dates up to three years from the date of listing. It is anticipated that most options that are written against Fund stock holdings as part of the Fund’s covered call writing strategy will be repurchased prior to the option’s expiration date, generating a gain or loss in the options. If the options were not to be repurchased, the option holder would exercise their rights and buy the stock from the Fund at the strike price if the stock traded at a higher price than the strike price.

Option contracts are originated and standardized by an independent entity called the Options Clearing Corporation (the "OCC"). The Fund will write (sell) call options that are generally issued, guaranteed and cleared by the OCC. Listed call options are traded on the American Stock Exchange, Chicago Board Options Exchange, International Securities Exchange, New York Stock Exchange, Pacific Stock Exchange, Philadelphia Stock Exchange or various other U.S. options exchanges.

Additional Risks Relating to Writing Covered Call Options. In addition to the risks listed in the Prospectus under "Risks—Risks Associated with Options on Securities," the following risks are associated with transactions in options on securities.

There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. Reasons for the absence of a liquid secondary market on an exchange include the following: (i) there may be insufficient trading interest in certain options; (ii) restrictions may be imposed by an exchange on opening transactions or closing transactions or both; (iii) trading halts, suspensions or other restrictions may be imposed with respect to particular classes or series of options; (iv) unusual or unforeseen circumstances may interrupt normal operations on an exchange; (v) the facilities of an exchange or the OCC may not at all times be adequate to handle current trading volume; or (vi) one or more exchanges could, for economic or other reasons, decide or be compelled at some future date to discontinue the trading of options (or a particular class or series of options). If trading were discontinued, the secondary market on that exchange (or in that class or series of options) would cease to exist. However, outstanding options on that exchange that had been issued by the OCC as a result of trades on that exchange would continue to be exercisable in accordance with their terms. The Fund's ability to terminate over-the-counter options is more limited than with exchange-traded options and may involve the risk that broker-dealers participating in such transactions will not fulfill their obligations. If the Fund were unable to close out a covered call option that it had written on a security, it would not be able to sell the underlying security unless the option expired without exercise.

The hours of trading for options may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the underlying securities, significant price and rate movements can take place in the underlying markets that cannot be reflected in the options markets. Call options are marked to market daily and their value will be affected by changes in the value of and dividend rates of the underlying common stocks, an increase in interest rates, changes in the actual or perceived volatility of the stock market and the underlying common stocks and the remaining time to the options' expiration. Additionally, the exercise price of an option may be adjusted downward before the option's expiration as a result of the occurrence of certain corporate events affecting the underlying equity security, such as extraordinary dividends, stock splits, merger or other extraordinary distributions or events. A reduction in the exercise price of an option would reduce the Fund's capital appreciation potential on the underlying security.

The number of call options the Fund can write is limited by the number of shares of common stock the Fund holds, and further limited by the fact that call options generally represent 100 share lots of the underlying common stock. The Fund will not write "naked" or uncovered call options. Furthermore, the Fund's options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded. These limitations govern the maximum number of options in each class which may be written or purchased by a single investor or group of investors acting in concert, regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facilities or are held or written in one or more accounts or through one or more brokers. Thus, the number of options which the Fund may write or purchase may be affected by options written or purchased by other investment advisory clients of the Sub-Adviser. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions.

Other Derivative Instruments

Options on Securities Indices. The Fund may purchase and sell securities index options. One effect of such transactions may be to hedge all or part of the Fund's securities holdings against a general decline in the securities market or a segment of the securities market. Options on securities indices are similar to options on stocks except that, rather than the right to take or make delivery of stock at a specified price, an option on a securities index gives the holder the right to receive, upon exercise of the option, an amount of cash if the closing level of the securities

index upon which the option is based is greater than, in the case of a call, or less than, in the case of a put, the exercise price of the option.

The Fund's successful use of options on indices depends upon its ability to predict the direction of the market and is subject to various additional risks. The correlation between movements in the index and the price of the securities being hedged against is imperfect and the risk from imperfect correlation increases as the composition of the Fund diverges from the composition of the relevant index. Accordingly, a decrease in the value of the securities being hedged against may not be wholly offset by a gain on the exercise or sale of a securities index put option held by the Fund.

Futures Contracts and Options on Futures. The Fund may, without limit, enter into futures contracts or options on futures contracts. It is anticipated that these investments, if any, will be made by the Fund primarily for the purpose of hedging against changes in the value of its portfolio securities and in the value of securities it intends to purchase. Such investments will only be made if they are economically appropriate to the reduction of risks involved in the management of the Fund. In this regard, the Fund may enter into futures contracts or options on futures for the purchase or sale of securities indices or other financial instruments including but not limited to U.S. government securities.

A "sale" of a futures contract (or a "short" futures position) means the assumption of a contractual obligation to deliver the securities underlying the contract at a specified price at a specified future time. A "purchase" of a futures contract (or a "long" futures position) means the assumption of a contractual obligation to acquire the securities underlying the contract at a specified price at a specified future time. Certain futures contracts, including stock and bond index futures, are settled on a net cash payment basis rather than by the sale and delivery of the securities underlying the futures contracts.

No consideration will be paid or received by the Fund upon the purchase or sale of a futures contract. Initially, the Fund will be required to deposit with the broker an amount of cash or cash equivalents equal to approximately 1% to 10% of the contract amount (this amount is subject to change by the exchange or board of trade on which the contract is traded and brokers or members of such board of trade may charge a higher amount). This amount is known as the "initial margin" and is in the nature of a performance bond or good faith deposit on the contract. Subsequent payments, known as "variation margin," to and from the broker will be made daily as the price of the index or security underlying the futures contract fluctuates. At any time prior to the expiration of the futures contract, the Fund may elect to close the position by taking an opposite position, which will operate to terminate its existing position in the contract.

An option on a futures contract gives the purchaser the right, in return for the premium paid, to assume a position in a futures contract at a specified exercise price at any time prior to the expiration of the option. Upon exercise of an option, the delivery of the futures position by the writer of the option to the holder of the option will be accompanied by delivery of the accumulated balance in the writer's futures margin account attributable to that contract, which represents the amount by which the market price of the futures contract exceeds, in the case of a call, or is less than, in the case of a put, the exercise price of the option on the futures contract. The potential loss related to the purchase of an option on futures contracts is limited to the premium paid for the option (plus transaction costs). Because the value of the option purchased is fixed at the point of sale, there are no daily cash payments by the purchaser to reflect changes in the value of the underlying contract; however, the value of the option does change daily and that change would be reflected in the net assets of the Fund.

Futures and options on futures entail certain risks, including but not limited to the following: no assurance that futures contracts or options on futures can be offset at favorable prices, possible reduction of the yield of the Fund due to the use of hedging, possible reduction in value of both the securities hedged and the hedging instrument, possible

lack of liquidity due to daily limits on price fluctuations, imperfect correlation between the contracts and the securities being hedged, losses from investing in futures transactions that are potentially unlimited and the segregation requirements described below.

In the event the Fund sells a put option or enters into long futures contracts, under current interpretations of the Investment Company Act of 1940, as amended (the "1940 Act"), an amount of cash or liquid securities equal to the market value of the contract must be deposited and maintained in a segregated account with the custodian of the

Fund to collateralize the positions, in order for the Fund to avoid being treated as having issued a senior security in the amount of its obligations. For short positions in futures contracts and sales of call options, the Fund may establish a segregated account (not with a futures commission merchant or broker) with cash or liquid securities that, when added to amounts deposited with a futures commission merchant or a broker as margin, equal the market value of the instruments or currency underlying the futures contracts or call options, respectively (but are no less than the stock price of the call option or the market price at which the short positions were established).

The purchase of a call option on a futures contract is similar in some respects to the purchase of a call option on an individual security. Depending on the pricing of the option compared to either the price of the futures contract upon which it is based or the price of the underlying debt securities, it may or may not be less risky than ownership of the futures contract or underlying debt securities. As with the purchase of futures contracts, when the Fund is not fully invested it may purchase a call option on a futures contract to hedge against a market advance due to declining interest rates.

The purchase of a put option on a futures contract is similar to the purchase of protective put options on portfolio securities. The Fund will purchase a put option on a futures contract to hedge the Fund's portfolio against the risk of rising interest rates and consequent reduction in the value of portfolio securities.

The writing of a call option on a futures contract constitutes a partial hedge against declining prices of the securities which are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is below the exercise price, the Fund will retain the full amount of the option premium which provides a partial hedge against any decline that may have occurred in the Fund's portfolio holdings. The writing of a put option on a futures contract constitutes a partial hedge against increasing prices of the securities that are deliverable upon exercise of the futures contract. If the futures price at expiration of the option is higher than the exercise price, the Fund will retain the full amount of the option premium, which provides a partial hedge against any increase in the price of debt securities that the Fund intends to purchase. If a put or call option the Fund has written is exercised, the Fund will incur a loss, which will be reduced by the amount of the premium it received. Depending on the degree of correlation between changes in the value of its portfolio securities and changes in the value of its futures positions, the Fund's losses from options on futures it has written may to some extent be reduced or increased by changes in the value of its portfolio securities.

Interest Rate Futures Contracts and Options Thereon. The Fund may purchase or sell interest rate futures contracts to take advantage of or to protect the Fund against fluctuations in interest rates affecting the value of debt securities that the Fund holds or intends to acquire. For example, if interest rates are expected to increase, the Fund might sell futures contracts on debt securities, the values of which historically have a high degree of positive correlation to the values of the Fund's portfolio securities. Such a sale would have an effect similar to selling an equivalent value of the Fund's portfolio securities. If interest rates increase, the value of the Fund's portfolio securities will decline, but the value of the futures contracts to the Fund will increase at approximately an equivalent rate thereby keeping the net asset value of the Fund from declining as much as it otherwise would have. The Fund could accomplish similar results by selling debt securities with longer maturities and investing in debt securities with shorter maturities when interest rates are expected to increase. However, since the futures market may be more liquid than the cash market, the use of futures contracts as a risk management technique allows the Fund to maintain a defensive position without having to sell its portfolio securities.

Similarly, the Fund may purchase interest rate futures contracts when it is expected that interest rates may decline. The purchase of futures contracts for this purpose constitutes a hedge against increases in the price of debt securities (caused by declining interest rates) that the Fund intends to acquire. Since fluctuations in the value of appropriately selected futures contracts should approximate that of the debt securities that will be purchased, the Fund can take

advantage of the anticipated rise in the cost of the debt securities without actually buying them. Subsequently, the Fund can make its intended purchase of the debt securities in the cash market and currently liquidate its futures position. To the extent the Fund enters into futures contracts for this purpose, it will maintain in a segregated asset account with the Fund's custodian, assets sufficient to cover the Fund's obligations with respect to such futures contracts, which will consist of cash or liquid securities from its portfolio in an amount equal to the difference between the fluctuating market value of such futures contracts and the aggregate value of the initial margin deposited by the Fund with its custodian with respect to such futures contracts.

Securities Index Futures Contracts and Options Thereon. Purchases or sales of securities index futures contracts are used for hedging purposes to attempt to protect the Fund's current or intended investments from broad fluctuations in stock or bond prices. For example, the Fund may sell securities index futures contracts in anticipation of or during a market decline to attempt to offset the decrease in market value of the Fund's securities portfolio that might otherwise result. If such decline occurs, the loss in value of portfolio securities may be offset, in whole or part, by gains on the futures position. When the Fund is not fully invested in the securities market and anticipates a significant market advance, it may purchase securities index futures contracts in order to gain rapid market exposure that may, in part or entirely, offset increases in the cost of securities that the Fund intends to purchase. As such purchases are made, the corresponding positions in securities index futures contracts will be closed out. The Fund may write put and call options on securities index futures contracts for hedging purposes.

Swaps. A swap contract is an agreement between two parties pursuant to which the parties exchange payments at specified dates on the basis of a specified notional amount, with the payments calculated by reference to specified securities, indexes, reference rates, currencies or other instruments. Most swap agreements provide that when the period payment dates for both parties are the same, the payments are made on a net basis (i.e., the two payment streams are netted out, with only the net amount paid by one party to the other). The Fund's obligations or rights under a swap contract entered into on a net basis will generally be equal only to the net amount to be paid or received under the agreement, based on the relative values of the positions held by each counterparty. Swap agreements are not entered into or traded on exchanges and there is no central clearing or guaranty function for swaps. Therefore, swaps are subject to the risk of default or non-performance by the counterparty. Accordingly, the Sub-Adviser must assess the creditworthiness of the counterparty to determine the likelihood that the terms of the swap will be satisfied.

Swap agreements allow for a wide variety of transactions. Swap contracts are typically individually negotiated and structured to provide exposure to a variety of particular types of investments or market factors. Swap contracts can take many different forms and are known by a variety of names. To the extent consistent with the Fund's investment objectives and policies, the Fund is not limited to any particular form or variety of swap contract. The Fund may utilize swaps to increase or decrease its exposure to the underlying instrument, reference rate, foreign currency, market index or other asset. The Fund may also enter into related derivative instruments including caps, floors and collars. The Fund may be required to cover swap transactions. Obligations under swap agreements entered into on a net basis are generally accrued daily and any accrued but unpaid amounts owed by the Fund to the swap counterparty will be covered by segregating liquid assets. If the Fund enters into a swap agreement on other than a net basis, the Fund will segregate liquid assets with a value equal to the full amount of the Fund's accrued obligations under the agreement.

- Interest rate swaps. Interest rate swaps involve the exchange by the Fund with another party of respective commitments to pay or receive interest (e.g., an exchange of fixed rate payments for floating rate payments).

- Total return swaps. Total return swaps are contracts in which one party agrees to make payments of the total return from the designated underlying asset(s), which may include securities, baskets of securities, or securities indices, during the specified period, in return for receiving payments equal to a fixed or floating rate of interest or the total return from the other designated underlying asset(s).

- Currency swaps. Currency swaps involve the exchange of the two parties' respective commitments to pay or receive fluctuations with respect to a notional amount of two different currencies (e.g., an exchange of payments with respect to fluctuations in the value of the U.S. dollar relative to the Japanese yen).

- Credit default swaps. When the Fund is the buyer of a credit default swap contract, the Fund is entitled to receive the par (or other agreed-upon) value of a referenced debt obligation from the counterparty to the contract in the

event of a default by a third party, such as a U.S. or foreign corporate issuer, on the debt obligation. In return, the Fund would normally pay the counterparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund would have spent the stream of payments and received no benefit from the contract. When the Fund is the seller of a credit default swap contract, it

normally receives a stream of payments but is obligated to pay upon default of the referenced debt obligation. As the seller, the Fund would add the equivalent of leverage to its portfolio because, in addition to its total assets, the Fund would be subject to investment exposure on the notional amount of the swap. Credit default swaps involve greater risks than if the Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to illiquidity risk, counterparty risk and credit risks. The Fund may enter into credit default swap contracts and baskets thereof for investment and risk management purposes, including diversification.

The use of interest rate, total return, currency, credit default and other swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Sub-Adviser is incorrect in its forecasts of market values, interest rates and other applicable factors, the investment performance of the Fund would be unfavorably affected.

Additional Risks Relating to Derivative Instruments

Legislation and Regulation Risk. Neither the Adviser nor the Sub-Adviser is registered as a Commodity Pool Operator. The Fund has claimed an exclusion from the definition of the term “commodity pool operator” under the Commodity Exchange Act. Accordingly, the Fund’s investments in derivative instruments described in the Prospectus and this SAI are not limited by or subject to regulation under the Commodity Exchange Act or otherwise regulated by the Commodity Futures Trading Commission.

Legislation regarding regulation of the financial sector, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which was signed into law in July 2010, may continue to change the way in which derivative instruments are regulated and/or traded. Such regulation may impact the availability, liquidity and cost of derivative instruments. While many provisions of the Dodd-Frank Act must be implemented through future rulemaking, and any regulatory or legislative activity may not necessarily have a direct, immediate effect upon the Fund, it is possible that, upon implementation of these measures or any future measures, they could potentially limit or completely restrict the ability of the Fund to use certain derivative instruments as a part of its investment strategy, increase the costs of using these instruments or make them less effective. Limits or restrictions applicable to the counterparties with which a Fund engages in derivative transactions could also prevent a Fund from using these instruments or affect the pricing or other factors relating to these instruments, or may change availability of certain investments. There can be no assurance that such legislation or regulation will not have a material adverse effect on the Fund or will not impair the ability of the Fund to utilize certain derivatives transactions or achieve its investment objective.

In connection with an ongoing review by the SEC and its staff of the regulation of investment companies’ use of derivatives, on August 31, 2011, the SEC issued a concept release to seek public comment on a wide range of issues raised by the use of derivatives by investment companies. The SEC noted that it intends to consider the comments to help determine whether regulatory initiatives or guidance are needed to improve the current regulatory regime for investment companies and, if so, the nature of any such initiatives or guidance. While the nature of any such regulations is uncertain at this time, it is possible that such regulations could limit the implementation of the Fund’s use of derivatives, which could have an adverse impact on the Fund. Neither the Adviser nor the Sub-Adviser can predict the effects of these regulations on the Fund’s portfolio. The Adviser and the Sub-Adviser intend to monitor developments and seek to manage the Fund’s portfolio in a manner consistent with achieving the Fund’s investment objective, but there can be no assurance that they will be successful in doing so.

Amended Commodity Futures Trading Commission (“CFTC”) Rule 4.5 permits investment advisers to registered investment companies to claim an exclusion from the definition of “commodity pool operator” under the Commodity Exchange Act (“CEA”) with respect to a fund, provided certain requirements are met. In order for the Adviser to

continue to claim this exclusion with respect to the Fund, the Fund must limit its transactions in futures, options on futures and swaps (excluding transactions entered into for "bona fide hedging purposes," as defined under CFTC regulations) such that either: (i) the aggregate initial margin and premiums required to establish its futures, options on futures and swaps do not exceed 5% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and losses on such positions; or (ii) the aggregate net notional value of its futures, options on futures and swaps does not exceed 100% of the liquidation value of the Fund's portfolio, after taking into account unrealized profits and losses on such positions. Accordingly, the Fund is not subject to regulation under the CEA or otherwise regulated by the CFTC. If the Adviser were unable to claim the exclusion with respect to the Fund, the Adviser would become subject to registration and regulation as a commodity pool operator, which would subject the Adviser, the Sub-Adviser and the Fund to additional registration and regulatory requirements and increased operating expenses.

Special Risk Considerations Relating to Futures and Options Thereon. The Fund's ability to establish and close out positions in futures contracts and options thereon will be subject to the development and maintenance of liquid markets. Although the Fund generally will purchase or sell only those futures contracts and options thereon for which there appears to be a liquid market, there is no assurance that a liquid market on an exchange will exist for any particular futures contract or option thereon at any particular time. In the event no liquid market exists for a particular futures contract or option thereon in which the Fund maintains a position, it will not be possible to effect a closing transaction in that contract or to do so at a satisfactory price and the Fund would either have to make or take delivery under the futures contract or, in the case of a written option, wait to sell the underlying securities until the option expires or is exercised or, in the case of a purchased option, exercise the option. In the case of a futures contract or an option thereon that the Fund has written and that the Fund is unable to close, the Fund would be required to maintain margin deposits on the futures contract or option thereon and to make variation margin payments until the contract is closed.

Successful use of futures contracts and options thereon by the Fund is subject to the ability of the Sub-Adviser to predict correctly movements in the direction of interest rates. If the Sub-Adviser's expectations are not met, the Fund will be in a worse position than if a hedging strategy had not been pursued. For example, if the Fund has hedged against the possibility of an increase in interest rates that would adversely affect the price of securities in its portfolio and the price of such securities increases instead, the Fund will lose part or all of the benefit of the increased value of its securities because it will have offsetting losses in its futures positions. In addition, in such situations, if the Fund has insufficient cash to meet daily variation margin requirements, it may have to sell securities to meet the requirements. These sales may be, but will not necessarily be, at increased prices which reflect the rising market. The Fund may have to sell securities at a time when it is disadvantageous to do so.

Additional Risks of Foreign Options, Futures Contracts and Options on Futures Contracts and Forward Contracts. Options, futures contracts and options thereon and forward contracts on securities may be traded on foreign exchanges. Such transactions may not be regulated as effectively as similar transactions in the United States, may not involve a clearing mechanism and related guarantees, and are subject to the risk of governmental actions affecting trading in, or the prices of, foreign securities. The value of such positions also could be adversely affected by (i) other complex foreign political, legal and economic factors, (ii) lesser availability than in the United States of data on which to make trading decisions, (iii) delays in the Fund's ability to act upon economic events occurring in the foreign markets during non-business hours in the United States, (iv) the imposition of different exercise and settlement terms and procedures and margin requirements than in the United States and (v) lesser trading volume.

Segregation and Cover Requirements. Futures contracts, swaps, caps, floors and collars, options on securities, indices and futures contracts sold by the Fund are generally subject to earmarking and coverage requirements of either the CFTC or the SEC, with the result that, if the Fund does not hold the security or futures contract underlying the instrument, the Fund will be required to designate on its books and records on an ongoing basis, cash or liquid securities in an amount at least equal to the Fund's obligations with respect to such instruments. Such amounts fluctuate as the obligations increase or decrease. The earmarking requirement can result in the Fund maintaining securities positions it would otherwise liquidate, segregating assets at a time when it might be disadvantageous to do so or otherwise restrict portfolio management.

Loans of Portfolio Securities

Consistent with applicable regulatory requirements and the Fund's investment restrictions, the Fund may lend its portfolio securities to securities broker-dealers or financial institutions, provided that such loans are callable at any time by the Fund (subject to notice provisions described below), and are at all times secured by cash or cash equivalents, which are maintained in a segregated account pursuant to applicable regulations and that are at least equal

to the market value, determined daily, of the loaned securities. The advantage of such loans is that the Fund continues to receive the income on the loaned securities while at the same time earns interest on the cash amounts deposited as collateral, which will be invested in short-term obligations. The Fund will not lend its portfolio securities if such loans are not permitted by the laws or regulations of any state in which its shares are qualified for sale. The Fund's loans of portfolio securities will be collateralized in accordance with applicable regulatory requirements and no loan will cause the value of all loaned securities to exceed 33% of the value of the Fund's total managed assets.

A loan may generally be terminated by the borrower on one business day notice, or by the Fund on five business days notice. If the borrower fails to deliver the loaned securities within five days after receipt of notice, the Fund could use the collateral to replace the securities while holding the borrower liable for any excess of replacement cost over collateral. As with any extensions of credit, there are risks of delay in recovery and in some cases even loss of rights in the collateral should the borrower of the securities fail financially. However, these loans of portfolio securities will only be made to firms deemed by the Fund's management to be creditworthy and when the income that can be earned from such loans justifies the attendant risks. The board of trustees of the Fund (the "Board of Trustees" or the "Board") will oversee the creditworthiness of the contracting parties on an ongoing basis. Upon termination of the loan, the borrower is required to return the securities to the Fund. Any gain or loss in the market price during the loan period would inure to the Fund. The risks associated with loans of portfolio securities are substantially similar to those associated with repurchase agreements. Thus, if the counterparty to the loan petitions for bankruptcy or becomes subject to the United States Bankruptcy Code, the law regarding the rights of the Fund is unsettled. As a result, under extreme circumstances, there may be a restriction on the Fund's ability to sell the collateral and the Fund would suffer a loss. When voting or consent rights that accompany loaned securities pass to the borrower, the Fund will follow the policy of calling the loaned securities, to be delivered within one day after notice, to permit the exercise of such rights if the matters involved would have a material effect on the Fund's investment in such loaned securities. The Fund will pay reasonable finder's, administrative and custodial fees in connection with a loan of its securities.

INVESTMENT RESTRICTIONS

The Fund operates under the following restrictions that constitute fundamental policies that, except as otherwise noted, cannot be changed without the affirmative vote of the holders of a majority of the outstanding voting securities of the Fund voting together as a single class, which is defined by the 1940 Act as the lesser of (i) 67% or more of the Fund's voting securities present at a meeting, if the holders of more than 50% of the Fund's outstanding voting securities are present or represented by proxy; or (ii) more than 50% of the Fund's outstanding voting securities. Except as otherwise noted, all percentage limitations set forth below apply immediately after a purchase or initial investment and any subsequent change in any applicable percentage resulting from market fluctuations does not require any action. With respect to the limitations on the issuance of senior securities, the percentage limitations apply at the time of issuance and on an ongoing basis. These restrictions provide that the Fund shall not:

1. Issue senior securities nor borrow money, except the Fund may issue senior securities or borrow money to the extent permitted by applicable law.

2. Act as an underwriter of securities issued by others, except to the extent that, in connection with the disposition of portfolio securities, it may be deemed to be an underwriter under applicable securities laws.

3. Purchase or sell real estate except that the Fund may: (a) acquire or lease office space for its own use, (b) invest in securities of issuers that invest in real estate or interests therein or that are engaged in or operate in the real estate industry, (c) invest in securities that are secured by real estate or interests therein, (d) purchase and sell mortgage-related securities, (e) hold and sell real estate acquired by the Fund as a result of the ownership of securities and (f) as otherwise permitted by applicable law.

4. Purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments; provided that this restriction shall not prohibit the Fund from purchasing or selling options, futures contracts and related options thereon, forward contracts, swaps, caps, floors, collars and any other financial instruments or from investing in securities or other instruments backed by physical commodities or as otherwise permitted by applicable law.

5. Make loans of money or property to any person, except (a) to the extent that securities or interests in which the Fund may invest are considered to be loans, (b) through the loan of portfolio securities in an amount up to 33% of the Fund's total managed assets, (c) by engaging in repurchase agreements or (d) as may otherwise be permitted by applicable law.

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6. Concentrate our investments in a particular "industry," as that term is used in the 1940 Act and as interpreted, modified, or otherwise permitted by regulatory authority having jurisdiction, from time to time; provided, however, that this concentration limitation does not apply to (a) our investments in MLP entities, which will be concentrated in the industry or group of industries that comprise the energy sector, (b) our investments in securities issued or guaranteed by the U.S. Government or any of its agencies or instrumentalities or tax-exempt securities of state and municipal governments or their political subdivisions, (c) when the Fund has taken a temporary defensive position, or (d) as otherwise permitted by applicable law.

MANAGEMENT OF THE FUND

Board of Trustees

Overall responsibility for management and supervision of the Fund rests with its Board of Trustees. The Board of Trustees approves all significant agreements between the Fund and the companies that furnish the Fund with services, including agreements with the Adviser and with the Sub-Adviser.

The Trustees are divided into three classes. Trustees serve until their successors have been duly elected.

Following is a list of the names, business addresses, dates of birth, present positions with the Fund, length of time served with the Fund, principal occupations during the past five years and other directorships held by each Trustee.

Name, Business Address(1) and Year of Birth	Position Held with the Fund	Term of Office(2) and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex(3) Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
INDEPENDENT TRUSTEES:					
Randall C. Barnes Year of birth: 1951	Trustee	Trustee since 2004	Private Investor (2001-present). Formerly, Senior Vice President and Treasurer, PepsiCo, Inc. (1993-1997), President, Pizza Hut International (1991-1993) and Senior Vice President, Strategic Planning and New Business Development, PepsiCo, Inc. (1987-1990).	48	None.
Roman Friedrich III	Trustee	Trustee since 2011	Founder and President of Roman Friedrich &	44	Director of First

Year of Birth: 1946			Company, a U.S. and Canadian-based business, which provides investment banking to the mining industry (1998-present). Formerly, Senior Managing Director of MLV & Co., LLC, an investment bank and institutional broker-dealer specializing in capital intensive industries such as energy, metals and mining (2010-2011).		Americas Gold Corp. (2012-present), Zincore Metals Inc. (2009-present); Previously, Director of Blue Sky Uranium Corp. (formerly, Windstorm Resources Inc.) (April 2011-July 2012); Director of Axiom Gold & Silver Corp. (2011-2012), Stratagold Corp. (2003-2009), Gateway Gold Corp. (2004-2008) and GFM Resources Ltd. (2005-2010).
Robert B. Karn III	Trustee	Trustee	Consultant (1998-present).	44	Director of Peabody
Year of birth: 1942		since 2004	Formerly, Arthur Anderson (1965-1997) and Managing Partner, Financial and Economic Consulting, St. Louis office (1987-1997).		Energy Company (2003-present) and GP Natural Resource Partners LLC (2002-present).

Name, Business Address(1) and Year of Birth	Position Held with the Fund	Term of Office(2) and Length of Time Served	Principal Occupation During Past Five Years	Number of Portfolios in Fund Complex(3) Overseen by Trustee	Other Directorships Held by Trustee During the Past Five Years
Ronald A. Nyberg Year of birth: 1953	Trustee	Trustee since 2004	Partner of Nyberg & Cassioppi, LLC, a law firm specializing in corporate law, estate planning and business transactions (2000-present). Formerly, Executive Vice President, General Counsel and Corporate Secretary of Van Kampen Investments (1982-1999).	50	None.
Ronald E. Toupin, Jr. Year of birth: 1958	Trustee; Chairperson	Trustee since 2004	Portfolio Consultant (2010-present). Formerly, Vice President, Manager and Portfolio Manager of Nuveen Asset Management (1998-1999), Vice President of Nuveen Investment Advisory Corp. (1992-1999), Vice President and Manager of Nuveen Unit Investment Trusts (1991-1999) and Assistant Vice President and Portfolio Manager of Nuveen Unit Investment Trusts (1988-1999), each of John Nuveen	47	Trustee, Bennett Group of Funds (2011-present).

			& Co., Inc. (1982-1999).		
INTERESTED TRUSTEE:					
Donald C. Cacciapaglia* Year of Birth: 1951	Trustee; Chief Executive Officer	Trustee Chief Executive Officer since 2012	Senior Managing Director of Guggenheim Investments (2010-present); Chief Executive Officer of Guggenheim Funds Services, LLC (2012-present); Chief Executive Officer (2012-present) and President (2010-present) of Guggenheim Funds Distributors, LLC and Guggenheim Funds Investment Advisors, LLC; Chief Executive Officer and Trustee of certain funds in the Guggenheim Funds Fund Complex (2012-present); President and Director of SBL Fund, Security Equity Fund, Security Income Fund, Security Large Cap Value Fund and Security Mid Cap Growth Fund (2012-present); President, Chief Executive Officer and Trustee, Rydex Dynamic Funds, Rydex ETF Trust, Rydex Series Fund and Rydex Variable Trust (2012-present); Formerly, Chairman and CEO of Channel Capital Group Inc. and Channel Capital Group LLC (2002-2010).	227	Trustee, Rydex Dynamic Funds, Rydex ETF Trust, Rydex Series Fund and Rydex Variable Trust (2012-present); Independent Board Member, Equitrust Life Insurance Company, Guggenheim Life and Annuity Company and Paragon Life Insurance Company of Indiana (2011-present).

* Mr. Cacciapaglia is an interested person of the Fund because of his position as an officer of the Adviser and certain its affiliates.

(1) The business address of each Trustee of the Fund is 2455 Corporate West Drive, Lisle, Illinois 60532, unless otherwise noted.
(2) Each Trustee serves a three year term concurrent with the class of Trustees for which he serves. Generally, the Trustees of only one class are elected at each annual meeting of shareholders, so that the regular term of only one class of Trustees will expire annually and any particular Trustee stands for election only once in each three year period.
—Messrs. Barnes and Cacciapaglia serve as Class I Trustees.
—Messrs. Friedrich and Nyberg serve as Class II Trustees.
—Messrs. Toupin and Karn serve as Class III Trustees.
(3) As of the date of this SAI, the "Fund Complex" consists of 13 closed-end funds, including the Fund, 58 exchange-traded funds and 146 open-end funds advised or serviced by the Adviser or its affiliates. The Fund Complex is overseen by multiple boards of trustees.

Trustee Qualifications

The Trustees were selected to serve and continue on the Board based upon their skills, experience, judgment, analytical ability, diligence, ability to work effectively with other Trustees, availability and commitment to attend meetings and perform the responsibilities of a Trustee and, for each Independent Trustee, a demonstrated willingness to take an independent and questioning view of management.

The following is a summary of the experience, qualifications, attributes and skills of each Trustee that support the conclusion, as of the date of this SAI, that each Trustee should serve as a Trustee in light of the Fund's business and structure. References to the qualifications, attributes and skills of Trustees do not constitute the holding out of any Trustee as being an expert under Section 7 of the 1933 Act.

Randall C. Barnes. Mr. Barnes has served as a Trustee of funds in the Fund Complex since 2004. Mr. Barnes also serves on the board of certain Canadian funds sponsored by an affiliate of the Adviser. Through his service as a Trustee of the Fund and as a member of the Audit Committee, employment experience as President of Pizza Hut International and as Treasurer of PepsiCo, Inc. and his personal investment experience. Mr. Barnes is experienced in financial, accounting, regulatory and investment matters.

Donald C. Cacciapaglia. Mr. Cacciapaglia has served as a Trustee of funds in the Fund Complex since 2012. Mr. Cacciapaglia has over 25 years of experience in the financial industry and has experience in financial, regulatory, distribution and investment matters.

Roman Friedrich III. Mr. Friedrich has served as a trustee of funds in the Fund Complex since 2003. Mr. Friedrich also serves on the board of certain Guggenheim-sponsored Canadian funds. Through his service as a trustee of other funds in the Fund Complex, his service as a director on other public company boards, his experience as founder and chairman of Roman Friedrich & Company, a financial advisory firm, and his prior experience as a senior executive of various financial securities firms, Mr. Friedrich is experienced in financial, investment and regulatory matters.

Robert B. Karn III. Mr. Karn has served as a Trustee of funds in the Fund Complex since 2004. Through his service as a Trustee of the Fund and as chairman of the Audit Committee, his service on other public and private company boards, his experience as an accountant and consultant, and his prior experience, including Managing Partner of the Financial and Economic Consulting Practice of the St. Louis office at Arthur Andersen, LLP, Mr. Karn is experienced in accounting, financial, investment and regulatory matters. The Board has determined that Mr. Karn is an "audit committee financial expert" as defined by the SEC.

Ronald A. Nyberg. Mr. Nyberg has served as a Trustee of funds in the Fund Complex since 2003. Through his service as a Trustee of the Fund and as chairman of the Nominating & Governance Committee, his professional training and experience as an attorney and partner of a law firm, Nyberg & Cassioppi. LLC, and his prior employment experience, including Executive Vice President and General Counsel of Van Kampen Investments, an asset management firm, Mr. Nyberg is experienced in financial, regulatory and governance matters.

Ronald E. Toupin, Jr. Mr. Toupin has served as a Trustee of funds in the Fund Complex since 2003. Through his service as a Trustee of the Fund and as chairman of the Board, and his professional training and employment experience, including Vice President and Portfolio Manager for Nuveen Asset Management, an asset management firm, Mr. Toupin is experienced in financial, regulatory and investment matters.

Each Trustee also now has considerable familiarity with the Adviser and other service providers, and their operations, as well as the special regulatory requirements governing regulated investment companies and the special responsibilities of investment company trustees as a result of his substantial prior service as a Trustee of the Fund and/or other Funds in the Fund Complex.

Executive Officers

The following information relates to the executive officers of the Fund who are not Trustees. The Fund's officers receive no compensation from the Fund but may also be officers or employees of the Adviser, the Sub-Adviser or affiliates of the Adviser or the Sub-Adviser and may receive compensation in such capacities.

Name, Business Address(1) and Year of Birth	Position	Term of Office(2) and Length of Time Served	Principal Occupations During the Past Five Years
Amy J. Lee	Chief Legal Officer	Since 2012	Managing Director, Guggenheim Investments
Year of Birth: 1969			(2012-present); Senior Vice President & Secretary,
			Security Investors, LLC (2010-present); Secretary &
			Chief Compliance Officer, Security Distributors, Inc.
			(1987-2012); Vice President, Associate General
			Counsel & Assistant Secretary, Security Benefit Life
			Insurance Company and Security Benefit Corporation
			(1987-2012); Vice President & Secretary, Rydex
			Series Funds, Rydex ETF Trust, Rydex Dynamic
			Funds, and Rydex Variable Trust (2008-present); Chief
			Legal Officer (2012) of certain funds in the
			Guggenheim Funds Complex.
John Sullivan	Chief Financial Officer,	Since 2011	Senior Managing Director of Guggenheim
Year of birth: 1955	Chief Accounting		Funds Investment Advisors, LLC and
	Officer and Treasurer		

			Guggenheim Funds Distributors, LLC (2010- present).
			Chief Financial Officer, Chief Accounting Officer and
			Treasurer of certain funds in the Fund Complex.
			Formerly, Chief Compliance Officer, Van Kampen
			Funds (2004–2010). Head of Fund Accounting,
			Morgan Stanley Investment Management (2002–
			2004). Chief Financial Officer, Treasurer, Van Kampen
			Funds (1996-2004).
Joanna Catalucci	Chief Compliance	Since 2011	Chief Compliance Officer of certain funds in the
Year of birth: 1966	Officer		Fund Complex; Managing Director of Compliance and
			Fund Board Relations, Guggenheim Investments (2012-
			present). Formerly, Chief Compliance Officer &
			Secretary, SBL Fund; Security Equity Fund; Security
			Income Fund; Security Large Cap Value Fund &
			Security Mid Cap Growth Fund; Vice President, Rydex
			Holdings, LLC; Vice President, Security Benefit Asset
			Management Holdings, LLC; and Senior Vice President
			& Chief Compliance Officer, Security Investors, LLC
			(2010-2012); Security Global Investors, LLC, Senior
			Vice President (2010-2011); Rydex Advisors, LLC (f/k/a
			PADCO Advisors, Inc.) and Rydex Advisors II, LLC
			(f/k/a PADCO Advisors II, Inc.), Chief Compliance
			Officer and Senior Vice President (2010-2011); Rydex
			Capital Partners I, LLC & Rydex Capital Partners II,
			LLC, Chief Compliance Officer (2006-2007); and

	Rydex Fund Services, LLC (f/k/a Rydex Fund Services, Inc.), Vice President (2001- 2006).

Name, Business Address(1) and Year of Birth	Position	Term of Office(2) and Length of Time Served	Principal Occupations During the Past Five Years
Mark E. Mathiasen	Secretary	Since 2007	Director, Associate General Counsel of Guggenheim Funds Services, LLC. (2007-present). Secretary of certain funds in the Fund Complex.
Year of birth: 1978			
Stevens T. Kelly	Assistant Secretary	Since 2012	Assistant General Counsel of Guggenheim Funds Services, LLC (2011 to present). Assistant Secretary of certain funds in the Fund Complex. Previously, associate at K&L Gates LLP (2008-2011). J.D., University of Wisconsin Law School (2005-2008).
Year of birth: 1982			
Mark J. Furjanic	Assistant Treasurer	Since 2008	Vice President, Fund Administration–Tax (2005-present) of Guggenheim Funds Investment Advisors, LLC and Guggenheim Funds Distributors, Inc.; Assistant Treasurer of certain funds in the Fund Complex. Formerly, Senior Manager (1999-2005) for Ernst & Young LLP.
Year of birth: 1959			
James Howley	Assistant Treasurer	Since 2004	Vice President, Fund Administration (2004-present) of Guggenheim Funds Investment Advisors, LLC and Guggenheim Funds Distributors, Inc.; Assistant Treasurer of certain funds in the Fund Complex (2004-present). Previously, Manager, Mutual Fund Administration of Van Kampen Investments, Inc (2000-2004).
Year of birth: 1972			
Derek Maltbie	Assistant Treasurer	Since 2011	Vice President, Fund Administration of

Year of birth: 1972			Guggenheim Funds Investment Advisors, LLC (2012-present). Assistant Treasurer of certains funds in the Fund Complex (2011-present). Previously, Assistant Vice President, Fund Administration of Guggenheim Funds Investment Advisors, LLC (2005-2011).
Kimberly Scott Year of birth: 1974	Assistant Treasurer	Since 2012	Vice President, Fund Administration of Guggenheim Funds Investment Advisors, LLC (2012-present); Assistant Treasurer of certain funds in the Fund Complex. Previously, Financial Reporting Manager for Invesco, Ltd. (2010-2011); Vice President/ Assistant Treasurer, Mutual Fund Administration for Van Kampen Investments, Inc./Morgan Stanley Investment Management (2009-2010); Manager- Mutual Fund Administration for Van Kampen Investments, Inc./Morgan Stanley Investment Management (2005-2009).

Name, Business Address(1) and Year of Birth	Position	Term of Office(2) and Length of Time Served	Principal Occupations During the Past Five Years
James J. Cunnane, Jr. 8235 Forsyth Blvd., Suite 700 St. Louis, MO 63105 Year of birth: 1970	Vice President	Since 2007	Managing Director and Chief Investment Officer of FAMCO MLP (a division of Advisory Research, Inc.) (March 2012-present). Managing Director and Chief Investment Officer of Fiduciary Asset Management (2009-2012). Formerly, Managing Director and Senior Portfolio Manager of Fiduciary Asset Management (1996-2008).
Quinn T. Kiley 8235 Forsyth Blvd., Suite 700 St. Louis, MO 63105 Year of birth: 1973	Vice President	Since 2009	Managing Director and Senior Portfolio Manager of FAMCO MLP (a division of Advisory Research, Inc.) (March 2012-present). Managing Director and Senior Portfolio Manager of Fiduciary Asset Management (2005-2012). Formerly, Vice President of Banc of America Securities, Natural Resources Investment Banking Group (2001-2005).

(1) The business address of each officer of the Fund is 2455 Corporate West Drive, Lisle, Illinois 60532, unless otherwise noted.
(2) Officers serve at the pleasure of the Board of Trustees and until his or her successor is appointed and qualified or until his or her resignation or removal. The date noted reflects the first date the officer held any office with the Fund.

Board Leadership Structure

The primary responsibility of the Board is to represent the interests of the Fund and to provide oversight of the management of the Fund. The Fund's day-to-day operations are managed by the Adviser, the Sub-Adviser and other service providers who have been approved by the Board. The Board is currently composed of six Trustees, five of whom (including the chairperson) is an Independent Trustee. Generally, the Board acts by majority vote of all the Trustees, including a majority vote of the Independent Trustees if required by applicable law.

The Board has appointed an Independent Trustee, Mr. Toupin, as chairperson, who presides at Board meetings and who is responsible for, among other things, participating in the planning of Board meetings, setting the tone of Board meetings and seeking to encourage open dialogue and independent inquiry among the Trustees and management. The Board has established two standing committees (as described below) and has delegated certain responsibilities to those

committees, each of which is composed solely of Independent Trustees. The Board and its committees meet periodically throughout the year to oversee the Fund's activities, review contractual arrangements with service providers, review the Fund's financial statements, oversee compliance with regulatory requirements, and review performance. The Independent Trustees are represented by independent legal counsel at Board and committee meetings. The Board has determined that this leadership structure, including an Independent Trustee as chairperson, a Board made up of Independent Trustees and committee membership limited to Independent Trustees, is appropriate in light of the characteristics and circumstances of the Fund.

Board Committees

The Trustees have determined that the efficient conduct of the Board of Trustees' affairs makes it desirable to delegate responsibility for certain specific matters to committees of the Board of Trustees. The committees meet as often as necessary, either in conjunction with regular meetings of the Board of Trustees or otherwise.

Audit Committee. The Board has an Audit Committee, composed of Messrs. Barnes, Friedrich, Karn, Nyberg and Toupin. Mr. Karn serves as chairperson of the Audit Committee. In addition to being "Independent Trustees" (defined for purposes herein as Trustees who: (1) are not "interested persons" of the Fund as defined by the 1940 Act and (2) are "independent" of the Fund as defined by the NYSE listing standards), each of these Trustees also meets the additional independence requirements for audit committee members as defined by the NYSE. The Audit Committee is charged with selecting the Fund's independent registered public accounting firm and reviewing accounting matters with the Fund's independent registered public accounting firm.

The Audit Committee presents the following report:

The Audit Committee has performed the following functions: (i) the Audit Committee reviewed and discussed the audited financial statements of the Fund with management of the Fund, (ii) the Audit Committee discussed with the Fund's independent registered public accounting firm the matters required to be discussed by the Statement on Auditing Standards No. 114, (iii) the Audit Committee received the written disclosures and the letter from the Fund's independent registered public accounting firm required by Public Company Accounting Oversight Board Ethics and Independence Rule 3526 and has discussed with the Fund's independent registered public accounting firm the Fund's independent registered public accounting firm's independence and (iv) the Audit Committee recommended to the Board of Trustees of the Fund that the financial statements be included in the Fund's Annual Report for the past fiscal period.

Nominating and Governance Committee. The Board has a Nominating and Governance Committee, composed of Messrs. Barnes, Friedrich, Karn, Nyberg and Toupin, each of whom is an Independent Trustee. Mr. Nyberg serves as chairperson of the Nominating and Governance Committee.

As part of its duties, the Nominating and Governance Committee makes recommendations to the full Board with respect to candidates for the Board. The Nominating and Governance Committee will consider Trustee candidates recommended by Shareholders. In considering candidates submitted by Shareholders, the Nominating and Governance Committee will take into consideration the needs of the Board and the qualifications of the candidate. To have a candidate considered by the Nominating and Governance Committee, a Shareholder must submit the recommendation in writing and must include the information required by the Procedures for Shareholders to Submit Nominee Candidates, which are set forth as Appendix A to the Fund's Nominating and Governance Committee Charter. The Shareholder recommendation must be sent to the Fund's Secretary, c/o Guggenheim Funds Investment Advisors, LLC, 2455 Corporate West Drive, Lisle, Illinois 60532.

Contracts Review Committee. The Board has a Contracts Review Committee, composed of Messrs. Barnes, Friedrich, Karn, Nyberg and Toupin, each of whom is an Independent Trustee. Mr. Friedrich serves as chairperson of the Contracts Review Committee. As part of its duties, the Contracts Review Committee oversees the contract review process, including review of the Fund's advisory agreements and other contracts with affiliated service providers.

Board and Committee Meetings. During the Fund's fiscal year ended November 30, 2012, the Board held 5 meetings, the Fund's Audit Committee held 3 meetings, the Fund's Nominating and Governance Committee held 2 meetings and the Fund's Contracts Review Committee held 3 meetings.

Board's Role in Risk Oversight

Consistent with its responsibility for oversight of the Fund, the Board, among other things, oversees risk management of the Fund's investment program and business affairs directly and through the committee structure it has established. The Board has established the Audit Committee, the Nominating and Governance Committee and the Contracts Review Committee to assist in its oversight functions, including its oversight of the risks the Fund faces. Each committee reports its activities to the Board on a regular basis. Risks to the Fund include, among others, investment risk, credit risk, liquidity risk, valuation risk and operational risk, as well as the overall business risk relating to the Fund. The Board has adopted, and periodically reviews, policies, procedures and controls designed to address these different types of risks. Under the Board's supervision, the officers of the Fund, the Adviser, the Sub-Adviser and other service providers to the Fund also have implemented a variety of processes, procedures and controls to address various risks. In addition, as part of the Board's periodic review of the Fund's advisory, sub-advisory and other service provider agreements, the Board may consider risk management aspects of the service

providers' operations and the functions for which they are responsible.

The Board requires officers of the Fund to report to the full Board on a variety of matters at regular and special meetings of the Board and its committees, as applicable, including matters relating to risk management. The Audit Committee also receives reports from the Fund's independent registered public accounting firm on internal control and financial reporting matters. On at least a quarterly basis, the Board meets with the Fund's Chief Compliance Officer, including separate meetings with the Independent Trustees in executive session, to discuss

compliance matters and, on at least an annual basis, receives a report from the Chief Compliance Officer regarding the effectiveness of the Fund's compliance program. The Board, with the assistance of Fund management, reviews investment policies and risks in connection with its review of the Fund's performance. In addition, the Board receives reports from the Adviser and Sub-Adviser on the investments and securities trading of the Fund. With respect to valuation, the Board oversees a pricing committee composed of Fund officers and Adviser personnel and has approved Fair Valuation procedures applicable to valuing the Fund's securities, which the Board and the Audit Committee periodically review. The Board also requires the Adviser to report to the Board on other matters relating to risk management on a regular and as-needed basis.

Trustee Compensation

The Fund pays an annual retainer and fee per meeting attended to each Trustee who is not affiliated with the Adviser, Sub-Adviser or their respective affiliates and pays an additional annual fee to the chairman of the Board of Trustees and of any committee of the Board of Trustees. The following table provides information regarding the compensation of the Trustees for the Fund's fiscal year ended November 30, 2012. The Fund does not accrue or pay retirement or pension benefits to Trustees as of the date of this SAI.

Name(1)	Aggregate Estimated Compensation from the Fund	Pension or Retirement Benefits Accrued as Part of Fund Expenses(2)	Estimated Annual Benefits Upon Retirement(2)	Total Compensation from the Fund and Fund Complex(3) Paid to Trustee
Independent Trustees:				
Randall C. Barnes	$16,500	None	None	$270,000
Roman Friedrich III	$17,000	None	None	$155,000
Robert B. Karn III	$17,000	None	None	$152,000
Ronald A. Nyberg	$17,000	None	None	$341,500
Ronald E. Toupin, Jr.	$17,500	None	None	$271,000

(1) Trustees not entitled to compensation are not included in the table.

(2) The Fund does not accrue or pay retirement or pension benefits to Trustees as of the date of this SAI.

(3) As of the date of this SAI, the "Fund Complex" consists of 13 closed-end funds, including the Fund, 58 exchange-traded funds and 146 open-end funds advised or serviced by the Adviser or its affiliates. The Fund Complex is overseen by multiple rds of trustees.

Share Ownership

As of December 31, 2012, the most recently completed calendar year prior to the date of this SAI, each Trustee beneficially owned equity securities of the Fund and all registered investment companies in the Fund Complex overseen by the Trustee in the dollar range amounts specified below.

	Aggregate Dollar Range of Equity Securities in All Registered Investment

Name	Dollar Range of Equity Securities in the Fund	Companies Overseen by Trustee in Fund Complex(1)
Independent Trustees:		
Randall C. Barnes	$10,001 - $50,000	over $100,000
Roman Friedrich III	None	$50,001 - $100,000
Robert B. Karn III	$10,001 - $50,000	$10,001 - $50,000
Ronald A. Nyberg	$10,001 - $50,000	over $100,000
Ronald E. Toupin, Jr.	$1 - $10,000	$10,001 - $50,000
Interested Trustee:		
Donald C. Cacciapaglia	None	None

(1) As of the date of this SAI, the “Fund Complex” consists of 13 closed-end funds, including the Fund, and 58 exchange-traded funds and 146 open-end funds advised or serviced by the Adviser or its affiliates. The Fund Complex is overseen by multiple boards of trustees.

Indemnification of Officers and Trustees; Limitations on Liability

The governing documents of the Fund provide that the Fund will indemnify its Trustees and officers and may indemnify its employees or agents against liabilities and expenses incurred in connection with litigation in which they may be involved because of their positions with the Fund, to the fullest extent permitted by law. However, nothing in the governing documents of the Fund protects or indemnifies a trustee, officer, employee or agent of the Fund against any liability to which such person would otherwise be subject in the event of such person's willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his or her position.

The Fund has entered into an Indemnification Agreement with each Independent Trustee, which provides that the Fund shall indemnify and hold harmless such Trustee against any and all expenses actually and reasonably incurred by the Trustee in any proceeding arising out of or in connection with the Trustee's service to the Fund, to the fullest extent permitted by the Declaration of Trust and By-Laws and the laws of the State of Delaware, the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, unless it has been finally adjudicated that (i) the Trustee is subject to such expenses by reason of the Trustee's not having acted in good faith in the reasonable belief that his or her action was in the best interests of the Fund or (ii) the Trustee is liable to the Fund or its shareholders by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his or her office, as defined in Section 17(h) of the Investment Company Act of 1940, as amended.

Portfolio Management

James J. Cunnane Jr., Managing Director and Chief Investment Officer of FAMCO MLP, and Quinn T. Kiley, Managing Director and Senior Portfolio Manager of FAMCO MLP, serve as the portfolio managers for the Fund.

Other Accounts Managed by the Portfolio Managers. The following table sets forth information about funds and accounts other than the Fund for which the portfolio managers are primarily responsible for the day-to-day portfolio management as of November 30, 2012.

	Number of Other Accounts Managed and Assets by Account Type			Number of Other Accounts and Assets for Which Advisory Fee is Performance-Based		
Name of Portfolio Manager	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts	Other Registered Investment Companies	Other Pooled Investment Vehicles	Other Accounts
James J. Cunnane Jr.	3	4	413	0	1	0
	$1.3 billion	$27 million	$1 billion	$0	$17 million	$0
Quinn T. Kiley	3	4	413	0	1	0
	$1.3 billion	$27 million	$1 billion	$0	$17 million	$0

Potential Conflicts of Interest. Actual or apparent conflicts of interest may arise when a portfolio manager has day-to-day management responsibilities with respect to more than one fund or other account. More specifically, portfolio managers who manage multiple funds and/or other accounts may be presented with one or more of the following potential conflicts:

The management of multiple funds and/or other accounts may result in a portfolio manager devoting unequal time and attention to the management of each fund and/or other account. The Sub-Adviser seeks to manage such competing interests for the time and attention of a portfolio manager by having the portfolio managers' focus on a particular investment discipline. Most other accounts managed by a portfolio manager are managed using the same investment models that are used in connection with the management of the Fund.

If a portfolio manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Sub-Adviser and the Fund have adopted procedures for allocating portfolio transactions across multiple accounts. With respect to securities transactions for the funds, the Sub-Adviser determines which broker to use to execute each order, consistent with its duty to seek best execution of the transaction. However, with respect to certain other accounts (such as other funds for which the Sub-Adviser acts as sub-adviser, other pooled investment vehicles that are not registered mutual funds, and other accounts managed for organizations and individuals), the Sub-Adviser may be limited by the client with respect to the selection of brokers or may be instructed to direct trades through a particular broker. In these cases, trades for a fund in a particular security may be placed separately from, rather than aggregated with, such other accounts. Having separate transactions with respect to a security may temporarily affect the market price of the security or the execution of the transaction, or both, to the possible detriment of the Fund or other account(s) involved.

The Sub-Adviser and the Fund have adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Portfolio Manager Compensation. As of November 30, 2012, the portfolio managers' compensation consisted of the following elements:

· Base Salary. The primary portfolio managers are paid a base salary which is set at a level determined to be appropriate based upon the portfolio managers' experience and responsibilities through the use of independent compensation surveys of the investment management industry.

· Annual Bonus. The portfolio managers' annual bonus is determined by the CEO of the Sub- Adviser. It is not based on the performance of the registrant or other managed accounts. The monies paid are directly derived from a "pool" created from the Sub-Adviser's earnings. The bonus is payable in a combination of cash and restricted Piper Jaffray Companies stock.

· The portfolio managers also participate in benefit plans and programs generally available to all employees.

Securities Ownership of the Portfolio Manager. As of November 30, 2012 the dollar range of equity securities of the Fund beneficially owned by the portfolio manager is shown below:

James J. Cunnane, Jr.: $100,001-$150,000

Quinn T. Kiley: $10,001-$50,000

The Advisory Agreement

Guggenheim Funds Investment Advisors, LLC, a subsidiary of Guggenheim Funds Services, LLC. ("Guggenheim Funds"), acts as the Fund's investment adviser (the "Adviser") pursuant to an investment advisory agreement between the Fund and the Adviser (the "Advisory Agreement"). The Adviser is a registered investment adviser and acts as investment adviser to a number of closed-end and open-end investment companies. The Adviser is a Delaware limited liability company with principal offices located at 2455 Corporate West Drive, Lisle, Illinois 60532.

Guggenheim Funds is a subsidiary of Guggenheim Partners, LLC ("Guggenheim Partners"). Guggenheim Partners is a diversified financial services firm with wealth management, capital markets, investment management and proprietary investing businesses, whose clients are a mix of individuals, family offices, endowments,

foundations, insurance companies and other institutions that have entrusted Guggenheim Partners with the supervision of more than $180 billion of assets as of March 31, 2013. Guggenheim Partners is headquartered in Chicago and New York with a global network of offices throughout the United States, Europe, and Asia.

Under the terms of the Advisory Agreement, the Adviser oversees the administration of all aspects of the Fund's business and affairs and provides, or arranges for others to provide, at the Adviser's expense, certain enumerated services, including maintaining the Fund's books and records, preparing reports to the Fund's shareholders and supervising the calculation of the net asset value of its shares. All expenses of computing the net asset value of the Fund, including any equipment or services obtained solely for the purpose of pricing shares or valuing its investment portfolio, will be an expense of the Fund unless the Adviser voluntarily assumes responsibility for such expense.

The Advisory Agreement had an initial term of one year and thereafter remains in effect from year to year if approved annually (i) by the Fund's Board of Trustees or by the holders of a majority of its outstanding voting securities and (ii) by a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) of any party to the Advisory Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. The Advisory Agreement terminates automatically on its assignment and may be terminated without penalty on 60 days written notice at the option of either party thereto or by a vote of a majority (as defined in the 1940 Act) of the Fund's outstanding shares.

The Advisory Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard for its obligations and duties thereunder, the Adviser is not liable for any error or judgment or mistake of law or for any loss suffered by the Fund. The Fund has agreed that the name "Claymore" is the Adviser's property and that in the event the Adviser ceases to act as an investment adviser to the Fund, the Fund will change its name to one not including "Claymore."

Advisory Fees.

	Fiscal Year Ended November 30,		
	2012	2011	2010
The Adviser received net advisory fees of:	$7,135,185	$6,644,365	$4,629,640

The Sub-Advisory Agreement

Advisory Research, Inc., acts as the Fund's sub-adviser (the "Sub-Adviser"), pursuant to an investment sub-advisory agreement among the Fund, the Adviser and the Sub-Adviser (the "Sub-Advisory Agreement"). The Sub-Adviser is a Delaware corporation with principal offices at 180 N. Stetson Avenue, Suite 5500, Chicago, Illinois 60601. The Sub-Adviser is a registered investment adviser.

The FAMCO MLP team, a division of the Sub-Adviser, is responsible for the management of the Fund's portfolio of securities. The FAMCO MLP team is dedicated to managing MLPs and energy infrastructure strategies for open and closed-end mutual funds, public and corporate pension plans, endowments and foundations and private wealth individuals. FAMCO MLP's core philosophy is that investment decisions should always be guided by a disciplined, risk-aware strategy that seeks to add value in all market environments. This philosophy has served the FAMCO MLP team well as it has navigated through MLP cycles since 1995. In March 2012, the FAMCO MLP team and its business was transferred from Fiduciary Asset Management Inc. (the "Predecessor Sub-Adviser") to the Sub-Adviser. Each of the Sub-Adviser and the Predecessor Sub-Adviser is a wholly-owned subsidiary of Piper Jaffray Companies.

Under the terms of the Sub-Advisory Agreement, the Sub-Adviser manages the portfolio of the Fund in accordance with its stated investment objective and policies, makes investment decisions for the Fund, places orders

to purchase and sell securities on behalf of the Fund and manages its other business and affairs, all subject to the supervision and direction of the Fund's Board of Trustees and the Adviser.

The Sub-Advisory Agreement had an initial term of one year and thereafter remains in effect from year to year if approved annually (i) by the Fund's Board of Trustees or by the holders of a majority of its outstanding voting securities and (ii) by a majority of the Trustees who are not "interested persons" (as defined in the 1940 Act) of any party to the Sub-Advisory Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. The Sub-Advisory Agreement terminates automatically on its assignment and may be terminated without penalty on 60 days written notice at the option of either party thereto, by the Fund's Board of Trustees or by a vote of a majority (as defined in the 1940 Act) of the Fund's outstanding shares.

The Sub-Advisory Agreement provides that in the absence of willful misfeasance, bad faith, gross negligence or reckless disregard for its obligations and duties thereunder, the Sub-Adviser is not liable for any error or judgment or mistake of law or for any loss suffered by the Fund. The Fund has agreed that the name "Fiduciary" is the Sub-Adviser's property, and that in the event the Sub-Adviser ceases to act as sub-advisor to the Fund, the Fund will change its name to one not including "Fiduciary."

Sub-Advisory Fees.

	Fiscal Year Ended November 30,		
	2012	2011	2010
The Sub-Adviser received net sub-advisory fees of:	$2,384,425	$0	$0
The Predecessor Sub-Adviser received net sub-advisory fees of:	$1,183,167	$3,322,183	$2,314,820

Other Agreements

Administration Agreement. Rydex Fund Services, LLC, an affiliate of Guggenheim Funds Investment Advisors, LLC, serves as administrator to the Fund. Pursuant to an administration agreement, dated May 13, 2013 (the "Administration Agreement"), Rydex Fund Services, LLC is responsible for: (1) coordinating with the custodian and transfer agent and monitoring the services they provide to the Fund, (2) coordinating with and monitoring any other third parties furnishing services to the Fund, (3) supervising the maintenance by third parties of such books and records of the Funds as may be required by applicable federal or state law, (4) preparing or supervising the preparation by third parties of all federal, state and local tax returns and reports of the Fund required by applicable law, (5) preparing and, after approval by the Fund, filing and arranging for the distribution of proxy materials and periodic reports to shareholders of the Fund as required by applicable law, (6) preparing and, after approval by the Fund, arranging for the filing of such registration statements and other documents with the SEC and other federal and state regulatory authorities as may be required by applicable law, (7) reviewing and submitting to the officers of the Fund for their approval invoices or other requests for payment of the Fund's expenses and instructing the custodian to issue checks in payment thereof and (8) taking such other action with respect to the Fund as may be necessary in the opinion of the administrator to perform its duties under the administration agreement. Pursuant to the Administration Agreement, the Fund pays Rydex Fund Services, LLC a fee, accrued daily and paid monthly, at the annualized rate of 0.0275% for the first $200 million of Managed Assets, 0.0200% for the next $300 million of Managed Assets, 0.0150% for the next $500 million of Managed Assets and 0.0100% for Managed Assets in excess of $1 billion. Previously, Guggenheim Funds Investment Advisors, LLC served as administrator to the Fund pursuant to an administration agreement with the same fee rates as the Administration Agreement. The administration fees paid to Guggenheim Funds Investment Advisors, LLC pursuant to the prior administration agreement are set forth below.

Administration Fees.

	Fiscal Year Ended November 30,		
	2012	2011	2010
Guggenheim Funds Investment Advisors, LLC received administration fees of:	$149,110	$140,961	$111,929

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PORTFOLIO TRANSACTIONS

Subject to policies established by the Board of Trustees of the Fund, the Sub-Adviser is responsible for placing purchase and sale orders and the allocation of brokerage on behalf of the Fund. Transactions in equity securities are in most cases effected on U.S. stock exchanges and involve the payment of negotiated brokerage commissions. In general, there may be no stated commission in the case of securities traded in over-the-counter markets, but the prices of those securities may include undisclosed commissions or mark-ups. Principal transactions are not entered into with affiliates of the Fund. The Fund has no obligations to deal with any broker or group of brokers in executing transactions in portfolio securities. In executing transactions, the Sub-Adviser seeks to obtain the best price and execution for the Fund, taking into account such factors as price, size of order, difficulty of execution and operational facilities of the firm involved and the firm's risk in positioning a block of securities. While the Sub-Adviser generally seeks reasonably competitive commission rates, the Fund does not necessarily pay the lowest commission available.

Subject to obtaining the best price and execution, brokers who provide supplemental research, market and statistical information to the Sub-Adviser or its affiliates may receive orders for transactions by the Fund. The term "research, market and statistical information" includes advice as to the value of securities, and advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities, and furnishing analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts. Information so received will be in addition to and not in lieu of the services required to be performed by the Sub-Adviser under the Sub-Advisory Agreement, and the expenses of the Sub-Adviser will not necessarily be reduced as a result of the receipt of such supplemental information. Such information may be useful to Sub-Adviser and its affiliates in providing services to clients other than the Fund, and not all such information is used by the Sub-Adviser in connection with the Fund. Conversely, such information provided to the Sub-Adviser and its affiliates by brokers and dealers through whom other clients of the Sub-Adviser and its affiliates effect securities transactions may be useful to the Sub-Adviser in providing services to the Fund.

Although investment decisions for the Fund are made independently from those of the other accounts managed by the Sub-Adviser and its affiliates, investments of the kind made by the Fund may also be made by those other accounts. When the same securities are purchased for or sold by the Fund and any of such other accounts, it is the policy of the Sub-Adviser and its affiliates to allocate such purchases and sales in the manner deemed fair and equitable to all of the accounts, including the Fund.

Commissions Paid. Unless otherwise disclosed below, the Fund paid no commissions to affiliated brokers during the last three fiscal years. The Fund paid approximately the following commissions to brokers during the fiscal years shown:

Fiscal Year Ended November 30:	All Brokers	Affiliated Brokers
2012	$197,000	$0
2011	$185,000	$0
2010	$353,000	$0

Fiscal Year 2012 Percentages:	
Commissions with affiliate to total transactions	0%
Value of brokerage transactions with affiliate to total transactions	0%

During the fiscal year ended November 30, 2012, the Fund paid $0 in brokerage commissions on transactions totaling $0 to brokers selected primarily on the basis of research services provided to the Adviser or the Sub-Adviser.

NET ASSET VALUE

The following information supplements the discussion of the Fund's net asset value set forth in the Prospectus under the heading "Net Asset Value."

Deferred Tax Expense/Benefit

As a limited partner in the MLPs, the Fund includes its allocable share of the MLP's taxable income in computing its own taxable income. Because the Fund is treated as a "C" corporation for U.S. federal income tax purposes, the Fund will incur tax expenses. In calculating the Fund's net asset value, the Fund will account for its deferred tax liability and/or asset.

The Fund will accrue a deferred income tax liability, at an assumed federal, state and local income tax rate, for its future tax liability associated with the capital appreciation of its investments and the distributions received by the Fund on equity securities of MLPs considered to be return of capital. Any deferred tax liability will reduce the Fund's net asset value.

The Fund will accrue a deferred tax asset which reflects an estimate of the Fund's future tax benefit associated with realized and unrealized net operating losses and capital losses. Any deferred tax asset will increase the Fund's net asset value. To the extent the Fund has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required, which would offset the value of some or all of the deferred tax asset. The need to establish a valuation allowance for a deferred tax asset is assessed periodically by the Fund based on the criterion established by the Financial Accounting Standards Board, Accounting Standards Codification 740 (ASC 740, formerly SAFS No. 109) that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future MLP cash distributions), the duration of statutory carryforward periods and the associated risk that operating loss carryforwards may expire unused. However, this assessment generally may not consider the potential for market value increases with respect to the Fund's investments in equity securities of MLPs or any other securities or assets.

At November 30, 2012, the Fund had a net deferred tax liability of $180,655,366, and a net operating loss carryforward of $10,327,490. Realization of the deferred tax assets and net operating loss carryforwards are dependent, in part, on generating sufficient taxable income prior to expiration of the loss carryforwards. If not utilized $10,327,490 of the net operating loss carryforward will expire in 2029.

When assessing the recoverability of any deferred tax asset, significant weight is given to the Fund's forecast of future taxable income, which is based principally on the expected continuation of MLP cash distributions at or near current levels. Consideration is also given to the effects of the potential of additional future realized and unrealized gains or losses on investments and the period over which deferred tax assets can be realized, as the expiration dates for the federal tax net operating loss carryforwards range from fifteen to eighteen years and capital loss carryforwards expire in five years. Recovery of a deferred tax asset is dependent on future generation of taxable income. As of November 30, 2012, 2011, 2010, 2009, 2008, 2007 and 2006, a valuation allowance for state income tax purposes of $1,208,125, $2,237,222, $868,170, $1,138,993, $652,188, $1,665,241 and $675,523, respectively, was recorded as it is unlikely that the Fund will be able to utilize the net operating losses sourced to states (other than Illinois). The Fund will continue to assess the need for a valuation allowance in the future. The Fund will review its financial forecasts in relation to actual results and expected trends on an ongoing basis. If a valuation allowance is required in the future, it could have an impact on the Fund's net assets and results of operations in the period it is recorded.

The Fund's deferred tax liability and/or asset is estimated using estimates of effective tax rates expected to apply to taxable income in the years such taxes are realized. For purposes of estimating the Fund's deferred tax liability and/or asset for financial statement reporting and determining its net asset value, the Fund will be required to rely, to some extent, on information provided by the MLPs in which it invests. Such information may not be received in a timely manner, with the result that the Fund's estimates regarding its deferred tax liability and/or asset could vary dramatically from the Fund's actual tax liability and, as a result, the determination of the Fund's actual

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tax liability may have a material impact on the Fund's net asset value. From time to time, the Fund may modify its estimates or assumptions regarding its deferred tax liability and/or asset as new information becomes available. Modifications of such estimates or assumptions or changes in applicable tax law could result in increases or decreases in the Fund's net asset value per share, which could be material.

TAXATION

This section and the discussion in the Prospectus (see "U.S. Federal Income Tax Considerations") provide a summary of the material U.S. federal income tax considerations generally applicable to U.S. Shareholders (as defined in the Prospectus) that acquire Common Shares pursuant to this offering and that hold such Common Shares as capital assets (generally, for investment). The discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations, judicial authorities, published positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect). This summary does not address all of the potential U.S. federal income tax consequences that may be applicable to the Fund or to all categories of investors (for example, non-U.S. investors), some of which may be subject to special tax rules. No ruling has been or will be sought from the IRS regarding any matter discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax aspects set forth below. Prospective investors must consult their own tax advisors as to the U.S. federal income tax consequences of acquiring, holding and disposing of Common Shares, as well as the effects of state, local and non-U.S. tax laws.

The Fund

The Fund is treated as a regular corporation, or "C" corporation, for U.S. federal income tax purposes. Accordingly, the Fund generally is subject to U.S. federal income tax on its taxable income at the graduated rates applicable to corporations (currently at a maximum rate of 35%). In addition, as a regular corporation, the Fund is subject to state and local income taxation, including by reason of its investments in equity securities of MLPs. Therefore, the Fund may have state and local income tax liabilities (or benefits) in multiple states. The Fund may be subject to a 20% alternative minimum tax on its alternative minimum taxable income to the extent that the alternative minimum tax exceeds the Fund's regular income tax liability. The extent to which the Fund is required to pay U.S. corporate income tax or alternative minimum tax could materially reduce the Fund's cash available to make distributions on the Common Shares. The Fund does not expect that it will be eligible to elect to be treated as a regulated investment company because the Fund intends to invest more than 25% of its assets in the equity securities of MLPs.

Certain Fund Investments

MLP Equity Securities. MLPs are similar to corporations in many respects, but differ in others, especially in the way they are treated for U.S. federal income tax purposes. A corporation is required to pay U.S. federal income tax on its income, and, to the extent the corporation distributes its income to its shareholders in the form of dividends from earnings and profits, its shareholders are required to pay U.S. federal income tax on such dividends. For this reason, it is said that corporate income is taxed at two levels. Unlike a corporation, an MLP is treated for U.S. federal income tax purposes as a partnership, which means no U.S. federal income tax is paid at the partnership entity level. A partnership's net income and net gains are considered earned by all of its partners and are generally allocated among all the partners in proportion to their interests in the partnership. Each partner pays tax on its share of the partnership's net income and net gains regardless of whether the partnership distributes cash to the partners. All the other items (such as losses, deductions and expenses) that go into determining taxable income and tax owed are passed through to the partners as well. Partnership income is thus said to be taxed only at one level—at the partner level.

The Code generally requires all publicly-traded partnerships to be treated as corporations for U.S. federal income tax purposes. If, however, a publicly-traded partnership satisfies certain requirements, the publicly-traded partnership will be treated as a partnership for U.S. federal income tax purposes. Such publicly-traded partnerships are referred to herein as MLPs. Under these requirements, an MLP is required to receive 90 percent of its gross income for each taxable year from qualifying sources, such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, gain from the sale or disposition of a capital asset held for the

production of income described in the foregoing, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, production, mining, refining, marketing and transportation (including pipelines), of oil and gas, minerals, geothermal energy, fertilizers, timber or industrial source carbon dioxide. Many MLPs today are in energy, timber or real estate related (including mortgage securities) businesses.

Although distributions from MLPs resemble corporate dividends, they are treated differently for U.S. federal income tax purposes. A distribution from an MLP is not itself taxable (since income of the MLP is taxable to its investors even if not distributed) to the extent of the investor's basis in its MLP interest and is treated as capital gain to the extent the distribution exceeds the investor's basis (see description below as to how an MLP investor's basis is calculated) in the MLP.

To the extent that the Fund invests in the equity securities of an MLP, the Fund will be a partner in such MLP. Accordingly, the Fund will be required to include in its taxable income the Fund's allocable share of the income, gains, losses, deductions and expenses recognized by each such MLP, regardless of whether the MLP distributes cash to the Fund. Based upon a review of the historic results of the type of MLPs in which the Fund has invested and in which the Fund intends to invest, the Fund expects that the cash distributions it will receive with respect to its investments in equity securities of MLPs will exceed the taxable income allocated to the Fund from such MLPs. No assurance, however, can be given in this regard. If this expectation is not realized, the Fund will have a larger corporate income tax expense than expected, which will result in less cash available to distribute to shareholders.

The Fund will recognize gain or loss on the sale, exchange or other taxable disposition of an equity security of an MLP equal to the difference between the amount realized by the Fund on the sale, exchange or other taxable disposition and the Fund's adjusted tax basis in such equity security. Any such gain will be subject to U.S. federal income tax at the regular graduated corporate rates (currently at a maximum rate of 35%), regardless of how long the Fund has held such equity security. The amount realized by the Fund generally will be the amount paid by the purchaser of the equity security plus the Fund's allocable share, if any, of the MLP's debt that will be allocated to the purchaser as a result of the sale, exchange or other taxable disposition. The Fund's tax basis in its equity securities in an MLP is generally equal to the amount the Fund paid for the equity securities, (i) increased by the Fund's allocable share of the MLP's net taxable income and certain MLP debt, if any, and (ii) decreased by the Fund's allocable share of the MLP's net losses and any distributions received by the Fund from the MLP. Although any distribution by an MLP to the Fund in excess of the Fund's allocable share of such MLP's net taxable income may create a temporary economic benefit to the Fund, such distribution will increase the amount of gain (or decrease the amount of loss) that will be recognized on the sale of an equity security in the MLP by the Fund.

The Fund's allocable share of certain percentage depletion deductions and intangible drilling costs of the MLP's in which the Fund invests may be treated as items of tax preference for purposes of calculating the Fund's alternative minimum taxable income. Such items will increase the Fund's alternative minimum taxable income and increase the likelihood that the Fund may be subject to the alternative minimum tax.

Other Investments. Certain of the Fund's investment practices may be subject to special and complex U.S. federal income tax provisions that may, among other things, (i) disallow, suspend or otherwise limit the allowance of certain losses or deductions, (ii) convert an ordinary loss or a deduction into a capital loss (the deductibility of which is more limited), (iii) cause the Fund to recognize income or gain without a corresponding receipt of cash, (iv) adversely affect when taxable income must be recognized or the time as to when a purchase or sale of stock or securities is deemed to occur, or (v) adversely alter the characterization of certain complex financial transactions.

The Fund's transactions in foreign currencies, forward contracts, options and futures contracts (including options and futures contracts on foreign currencies), to the extent permitted, will be subject to special provisions of the Code (including provisions relating to "hedging transactions" and "straddles") that, among other things, may affect the character of gains and losses recognized by the Fund (i.e., may affect whether gains or losses are ordinary versus capital or short-term versus long-term), accelerate recognition of income to the Fund and defer Fund losses. These provisions also (i) will require the Fund to mark-to-market certain types of the positions in its portfolio (i.e., treat them as if they were closed out at the end of each year) and (ii) may cause the Fund to recognize income without receiving the corresponding amount of cash.

If the Fund invests in debt obligations having original issue discount, the Fund may recognize taxable income from such investments in excess of any cash received therefrom.

Foreign Investments. Dividends or other income (including, in some cases, capital gains) received by the Fund from investments in foreign securities may be subject to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes in some cases. Foreign taxes paid by the Fund will reduce the return from the Fund's investments. Shareholders will not be entitled to claim credits or deductions on their own tax returns for foreign taxes paid by the Fund.

U.S. Shareholders

Distributions. Distributions by the Fund of cash or property in respect of the Common Shares will be treated as dividends for U.S. federal income tax purposes to the extent paid from the Fund's current or accumulated earnings and profits (as determined under U.S. federal income tax principles) and will be includible in gross income by a U.S. Shareholder upon receipt. Any such dividend will be eligible for the dividends received deduction if received by an otherwise qualifying corporate U.S. Shareholder that meets the holding period and other requirements for the dividends received deduction. Dividends paid by the Fund to certain non-corporate U.S. Shareholders (including individuals) are eligible for U.S. federal income taxation at the rates generally applicable to long-term capital gains for individuals, provided that the U.S. Shareholder receiving the dividend satisfies applicable holding period and other requirements. Thereafter, dividends paid by the Fund to certain non-corporate U.S. shareholders (including individuals) will be fully taxable at ordinary income rates unless further congressional action is taken.

If the amount of a Fund distribution exceeds the Fund's current and accumulated earnings and profits, such excess will be treated first as a tax-free return of capital to the extent of the U.S. Shareholder's tax basis in the Common Shares (reducing that basis accordingly), and thereafter as capital gain. Any such capital gain will be long-term capital gain if such U.S. Shareholder has held the applicable Common Shares for more than one year. A distribution will be wholly or partially taxable to a shareholder if the Fund has current earnings and profits (as determined for U.S. federal income tax purposes) in the taxable year of the distribution, even if the Fund has an overall deficit in the Fund's accumulated earnings and profits and/or net operating loss or capital loss carryforwards that reduce or eliminate corporate income taxes in that taxable year.

U.S. Shareholders that participate in the Fund's Plan will be treated for U.S. federal income tax purposes as having (i) received a cash distribution equal to the reinvested amount and (ii) reinvested such amount in Common Shares.

Sales of Common Shares. Upon the sale, exchange or other taxable disposition of Common Shares, a U.S. Shareholder generally will recognize capital gain or loss equal to the difference between the amount realized on the sale, exchange or other taxable disposition and the U.S. Shareholder's adjusted tax basis in the Common Shares. Any such capital gain or loss will be long-term capital gain or loss if the U.S. Shareholder has held the Common Shares for more than one year at the time of disposition. Long-term capital gains of certain non-corporate U.S. Shareholders (including individuals) are currently subject to reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations under the Code.

A U.S. Shareholder's adjusted tax basis in its Common Shares may be less than the price paid for the Common Shares as a result of distributions by the Fund in excess of the Fund's earnings and profits (i.e., returns of capital).

UBTI. Under current law, the Fund serves to "block" unrelated business taxable income ("UBTI") from being realized by its tax-exempt U.S. Shareholders. Notwithstanding the foregoing, a tax-exempt U.S. Shareholder could realize UBTI by virtue of its investment in the Fund if the Common Shares constitute debt-financed property in the hands of

the tax-exempt U.S. Shareholder within the meaning of section 514(b) of the Code.

Information Reporting and Backup Withholding Requirements. In general, distributions on the Common Shares, and payments of the proceeds from a sale, exchange or other disposition of the Common Shares paid to a U.S. Shareholder are subject to information reporting and may be subject to backup withholding unless the U.S.

Shareholder (i) is a corporation or other exempt recipient or (ii) provides an accurate taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Shareholder will be refunded or credited against the U.S. Shareholder's U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Each shareholder will receive, if appropriate, various written notices after the close of the Fund's taxable year describing the amount and the U.S. federal income tax status of distributions that were paid (or that are treated as having been paid) by the Fund to the shareholder, and the amount of any U.S. federal taxes withheld, during the preceding taxable year.

GENERAL INFORMATION

Counsel and Independent Registered Public Accounting Firm

Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York, is special counsel to the Fund in connection with the issuance of the Common Shares.

Ernst & Young LLP, 155 North Wacker Drive, Chicago, Illinois 60606, serves as the independent registered public accounting firm of the Fund and will annually render an opinion on the financial statements of the Fund. The Fund's audited financial statements appearing in the Fund's annual report to shareholders for the period ended November 30, 2012, including accompanying notes thereto and the report of Ernst & Young LLP thereon, have been incorporated by reference herein in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Proxy Voting Policy and Procedures and Proxy Voting Record

The Fund has delegated the voting of proxies relating to its portfolio securities to the Sub-Adviser. The Sub-Adviser's Proxy Voting Policy is included as Appendix B to this Statement of Additional Information. Information on how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling (800) 851-0264. The information is also available on the SEC's website at www.sec.gov.

Codes of Ethics

The Fund, the Adviser and the Sub-Adviser each have adopted a code of ethics. The respective codes of ethics set forth restrictions on the trading activities of trustees/directors, officers and employees of the Fund, the Adviser, the Sub-Adviser and their affiliates, as applicable. The codes of ethics of the Fund, the Adviser and the Sub-Adviser are on file with the Securities and Exchange Commission and can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C., and information on the operation of the Public Reference Room may be obtained by calling the Securities and Exchange Commission at (202) 942-8090. The codes of ethics are also available on the EDGAR Database on the Securities and Exchange Commission's Internet site at http://www.sec.gov, and copies of the codes of ethics may be obtained, after paying a duplicating fee, by electronic request at the following email address: publicinfo@sec.gov, or by writing the Securities and Exchange Commission's Public Reference Section, Washington, D.C. 20549-0102.

FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Fund's audited financial statements, including accompanying notes thereto and the report of Ernst & Young LLP thereon, appearing in the Fund's annual report to shareholders for the period ended November 30, 2012, as contained in the Fund's Form N-CSR filed with the SEC on January 31, 2013, are incorporated by reference in this Statement of Additional Information. Shareholder reports are available upon request and without charge by calling (888) 991-0091 or by writing the Fund at 2455 Corporate West Drive, Lisle, Illinois 60532. All other portions of the Fund's annual report to shareholders are not incorporated herein by reference and are not part of the Fund's registration statement, this Statement of Additional Information, the Prospectus or any prospectus supplement.

Appendix A

DESCRIPTION OF SECURITIES RATINGS

Standard & Poor's

A brief description of the applicable Standard & Poor's rating symbols and their meanings (as published by Standard & Poor's) follows:

Issue Credit Ratings Definitions

A Standard & Poor's issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects Standard & Poor's view of the obligor's capacity and willingness to meet its financial commitments as they come due, and may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Issue credit ratings can be either long term or short term. Short-term ratings are generally assigned to those obligations considered short-term in the relevant market. In the U.S., for example, that means obligations with an original maturity of no more than 365 days—including commercial paper. Short-term ratings are also used to indicate the creditworthiness of an obligor with respect to put features on long-term obligations. The result is a dual rating, in which the short-term rating addresses the put feature, in addition to the usual long-term rating. Medium-term notes are assigned long-term ratings.

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on Standard & Poor's analysis of the following considerations:

Likelihood of payment capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;

Nature of and provisions of the obligation;

Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

AAA An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA

An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

AA-1

BBB An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

BB, B, CCC, CC, and C

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB	An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
B	An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.
CCC	An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.
CC	An obligation rated 'CC' is currently highly vulnerable to nonpayment.
C	A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among others, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms or when preferred stock is the subject of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.
D	An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within five business days, irrespective of any grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of similar action if payments on an obligation are jeopardized. An obligation's rating is

	lowered to 'D' upon completion of a distressed exchange offer, whereby some or all of the issue is either repurchased for an amount of cash or replaced by other instruments having a total value that is less than par.
Plus (+) or minus (-)	
	The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.
NR	This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.
Short-Term Issue Credit Ratings	
A-1	A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain

obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2 A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3 A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B A short-term obligation rated 'B' is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitments.

C A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D A short-term obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due, unless Standard & Poor's believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

SPUR (Standard & Poor's Underlying Rating)

A SPUR rating is a rating of a stand-alone capacity of an issue to pay debt service on a credit-enhanced debt issue, without giving effect to the enhancement that applies to it. These ratings are published only at the request of the debt issuer/obligor with the designation SPUR to distinguish them from the credit-enhanced rating that applies to the debt issue. Standard & Poor's maintains surveillance of an issue with a published SPUR.

Dual Ratings

Dual ratings may be assigned to debt issues that have a put option or demand feature. The first component of the rating addresses the likelihood of repayment of principal and interest as due, and the second component of the rating addresses only the demand feature. The first component of the rating can relate to either a short-term or long-term transaction and accordingly use either short-term or long-term rating symbols. The second component of the rating relates to the put option and is assigned a short-term rating symbol (for example, 'AAA/A-1+' or 'A-1+/A-1'). With U.S. municipal short-term demand debt, the U.S. municipal short-term note rating symbols are used for the first

component of the rating (for example, 'SP-1+/A-1+').

Moody’s Investors Service Inc.

A brief description of the applicable Moody’s Investors Service, Inc. (“Moody’s”) rating symbols and their meanings (as published by Moody’s) follows:

Long-Term Obligation Ratings

Moody’s long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Moody's Long-Term Rating Definitions:

Aaa	Obligations rated Aaa are judged to be of the highest quality, subject to lowest level of credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A	Obligations rated A are judged to be considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.
Ba	Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.
B	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be speculative of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
C	Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Medium-Term Note Ratings

Moody's assigns long-term ratings to individual debt securities issued from medium-term note (MTN) programs, in addition to indicating ratings to MTN programs themselves. Notes issued under MTN programs with such indicated ratings are rated at issuance at the rating applicable to all pari passu notes issued under the same program, at the program's relevant indicated rating, provided such notes do not exhibit any of the characteristics listed below:

Notes containing features that link interest or principal to the credit performance of any third party or parties (i.e., credit-linked notes);

Notes allowing for negative coupons, or negative principal;

Notes containing any provision that could obligate the investor to make any additional payments;

Notes containing provisions that subordinate the claim.

For notes with any of these characteristics, the rating of the individual note may differ from the indicated rating of the program.

For credit-linked securities, Moody's policy is to "look through" to the credit risk of the underlying obligor. Moody's policy with respect to non-credit linked obligations is to rate the issuer's ability to meet the contract as stated, regardless of potential losses to investors as a result of non-credit developments. In other words, as long as the obligation has debt standing in the event of bankruptcy, we will assign the appropriate debt class level rating to the instrument.

Market participants must determine whether any particular note is rated, and if so, at what rating level. Moody's encourages market participants to contact Moody's Ratings Desks or visit www.moodys.com directly if they have questions regarding ratings for specific notes issued under a medium-term note program. Unrated notes issued under an MTN program may be assigned an NR (not rated) symbol.

Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
P-3	Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.
NP	Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long–-term rating of the issuer, its guarantor or support-provider.

APPENDIX B

FAMCO MLP
PROXY VOTING POLICY

A. Statement of Policy

1. It is the policy of FAMCO MLP to vote all proxies over which it has voting authority in the best interest of FAMCO MLP's clients.

B. Definitions

2. By "best interest of FAMCO MLP's clients," FAMCO MLP means clients' best economic interest over the long term -- that is, the common interest that all clients share in seeing the value of a common investment increase over time. Clients may have differing political or social interests, but their best economic interest is generally uniform.

3. By "material conflict of interest," FAMCO MLP means circumstances when FAMCO MLP itself knowingly does business with a particular proxy issuer or closely affiliated entity, and may appear to have a significant conflict of interest between its own interests and the interests of clients in how proxies of that issuer are voted.

C. FAMCO MLP Invests With Managements That Seek Shareholders' Best Interests

4. Under its investment philosophy, FAMCO MLP generally invests client funds in a company only if FAMCO MLP believes that the company's management seeks to serve shareholders' best interests. Because FAMCO MLP has confidence in the managements of the companies in which it invests, it believes that management decisions and recommendations on issues such as proxy voting generally are likely to be in shareholders' best interests.

5. FAMCO MLP may periodically reassess its view of company managements. If FAMCO MLP concludes that a company's management no longer serves shareholders' best interests, FAMCO MLP generally sells its clients' shares of the company. FAMCO MLP believes that clients do not usually benefit from holding shares of a poorly managed company or engaging in proxy contests with management. There are times when FAMCO MLP believes management's position on a particular proxy issue is not in the best interests of our clients but it does not warrant a sale of the client's shares. In these circumstances, FAMCO MLP will vote contrary to management's recommendations.

D. FAMCO MLP's Proxy Voting Procedures

6. When companies in which FAMCO MLP has invested client funds issue proxies, FAMCO MLP routinely votes the proxies as recommended by management, because it believes that recommendations by these companies' managements generally are in shareholders' best interests, and therefore in the best economic interest of FAMCO MLP's clients.

7. If FAMCO MLP has decided to sell the shares of a company, whether because of concerns about the company's management or for other reasons, FAMCO MLP generally abstains from voting proxies issued by the company after FAMCO MLP has made the decision to sell. FAMCO MLP generally will not notify clients when this type of routine abstention occurs.

8. FAMCO MLP also may abstain from voting proxies in other circumstances. FAMCO MLP may determine, for example, that abstaining from voting is appropriate if voting may be unduly burdensome or expensive, or otherwise not in the best economic interest of clients, such as when foreign proxy issuers impose

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unreasonable voting or holding requirements. FAMCO MLP generally will not notify clients when this type of routine abstention occurs.

9. The procedures in this policy apply to all proxy voting matters over which FAMCO MLP has voting authority, including changes in corporate governance structures, the adoption or amendment of compensation plans (including stock options), and matters involving social issues or corporate responsibility.

E. Alternative Procedures for Potential Material Conflicts of Interest

10. In certain circumstances, such as when the proponent of a proxy proposal is also a client of FAMCO MLP, an appearance might arise of a potential conflict between FAMCO MLP's interests and the interests of affected clients in how the proxies of that issuer are voted.

11.a. When FAMCO MLP itself knowingly does business with a particular proxy issuer and a material conflict of interest between FAMCO MLP's interests and clients' interests may appear to exist, FAMCO MLP generally would, to avoid any appearance concerns, follow an alternative procedure rather than vote proxies as recommended by management. Such an alternative procedure generally would involve causing the proxies to be voted in accordance with the recommendations of an independent service provider that FAMCO MLP may use to assist in voting proxies. FAMCO MLP generally will not notify clients if it uses this procedure to resolve an apparent material conflict of interest. FAMCO MLP will document the identification of any material conflict of interest and its procedure for resolving the particular conflict.

11.b. In unusual cases, FAMCO MLP may use other alternative procedures to address circumstances when a material conflict of interest may appear to exist, such as, without limitation:

(i) Notifying affected clients of the conflict of interest (if practical), and seeking a waiver of the conflict to permit FAMCO MLP to vote the proxies under its usual policy;

(ii) Abstaining from voting the proxies; or

(iii) Forwarding the proxies to clients so that clients may vote the proxies themselves.

FAMCO MLP generally will notify affected clients if it uses one of these alternative procedures to resolve a material conflict of interest.

F. Other Exceptions

12. On an exceptions basis, FAMCO MLP may for other reasons choose to depart from its usual procedure of routinely voting proxies as recommended by management.

G. Voting by Client Instead of FAMCO MLP

13. A FAMCO MLP client may vote its own proxies instead of directing FAMCO MLP to do so. FAMCO MLP recommends this approach if a client believes that proxies should be voted based on political or social interests.

14. FAMCO MLP generally will not accept proxy voting authority from a client (and will encourage the client to vote its own proxies) if the client seeks to impose client-specific voting guidelines that may be inconsistent with FAMCO MLP's guidelines or with the client's best economic interest in FAMCO MLP's view.

15. FAMCO MLP generally will abstain from voting on (or otherwise participating in) the commencement of legal proceedings such as shareholder class actions or bankruptcy proceedings.

H. Persons Responsible for Implementing FAMCO MLP's Policy

16. FAMCO MLP's proxy voting staff has primary responsibility for implementing FAMCO MLP's proxy voting procedures, including ensuring that proxies are timely submitted. FAMCO MLP also may use a service provider to assist in voting proxies, recordkeeping, and other matters.

17. FAMCO MLP's proxy voting staff will routinely confer with FAMCO MLP's Chief Investment Officer if there is a proxy proposal which would result in a vote against management.

I. Recordkeeping

18. FAMCO MLP or a service provider maintains, in accordance with Rule 204-2 of the Investment Advisers Act:

(i) Copies of all proxy voting policies and procedures;

(ii) Copies of proxy statements received (unless maintained elsewhere as described below);

(iii) Records of proxy votes cast on behalf of clients;

(iv) Documents prepared by FAMCO MLP that are material to a decision on how to vote or memorializing the basis for a decision;

(v) Written client requests for proxy voting information, and (vi) written responses by FAMCO MLP to written or oral client requests.

19. FAMCO MLP will obtain an undertaking from any service provider that the service provider will provide copies of proxy voting records and other documents promptly upon request if FAMCO MLP relies on the service provider to maintain related records.

20. FAMCO MLP or its service provider may rely on the SEC's EDGAR system to keep records of certain proxy statements if the proxy statements are maintained by issuers on that system (as is generally true in the case of larger U.S.-based issuers).

21. All proxy related records will be maintained in an easily accessible place for five years (and an appropriate office of FAMCO MLP or a service provider for the first two years).

J. Availability of Policy and Proxy Voting Records to Clients

22. FAMCO MLP will initially inform clients of this policy and how a client may learn of FAMCO MLP's voting record for the client's securities through summary disclosure in Part II of FAMCO MLP's Form ADV. Upon receipt of a client's request for more information, FAMCO MLP will provide to the client a copy of this proxy voting policy and/or how FAMCO MLP voted proxies for the client during the period since this policy was adopted.

Adopted effective August 1, 2003 and as amended March 29, 2012.

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The December 31, 2013 net deferred tax asset is included in other assets in the Consolidated Balance Sheet. The December 31, 2012 net deferred tax liability is included in other liabilities in the Consolidated Balance Sheet.

Note 14 Transactions with Executive Officers, Directors and Principal Stockholders

The Bank has had, and may be expected to have in the future, banking transactions in the ordinary course of business with its executive officers, directors, principal stockholders, their immediate families and affiliated companies (commonly referred to as related parties), on the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others. Loans receivable from related parties totaled $20,800,000 and $16,012,000 at December 31, 2013 and 2012, respectively. Additions and reductions for 2013 and 2012 were $11,390,000 and $6,602,000 and $7,742,000 and $17,554,000, respectively. None of these loans were 30 days or more past due or on nonaccrual status as of December 31, 2013 or 2012.

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December 31, 2013 and 2012

Note 14 Transactions with Executive Officers, Directors and Principal Stockholders (Continued)

The Bank has contracted with a construction management company affiliated with one of its directors to complete construction and renovations at several branch locations. The Bank anticipates using this construction management company to build the relocated Doylestown branch at an estimated cost of $1,622,000. During 2012, the Bank paid $271,000 to this related party for construction and renovation costs. There were no payments in 2013. Such costs are capitalized to building or leasehold improvements on building and are amortized over the useful life of the building or lease term. Management believes the construction costs incurred are comparable to other similarly outfitted bank office space.

The Bank has contracted with law firms that are affiliated with two of its directors in 2013 and 2012 to provide legal assistance with problem credits and to help negotiate leases for space available at one of the Bank s branches. The total payments to these law firms were $46,000 in 2013 and $12,000 in 2012. The Bank believes these costs are comparable to legal costs from nonaffiliated law firms.

Note 15 Financial Instruments with Off-Balance Sheet Risk

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

The Bank s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

The Bank had the following off-balance sheet financial instruments whose contract amounts represent credit risk at December 31, 2013 and 2012:

	2013	2012
	(In Thousands)	
Unfunded commitments under lines of credit	**$ 124,578**	$ 93,275
Standby letters of credit	**1,752**	983
	$ 126,330	$ 94,258

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Bank evaluates each customer s credit worthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management s credit evaluation. Collateral held varies but may include personal or commercial real estate, accounts receivable, inventory and equipment.

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December 31, 2013 and 2012

Note 15 Financial Instruments with Off-Balance Sheet Risk (Continued)

Standby letters of credit written are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. The majority of these standby letters of credit expire within the next twelve months. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending other loan commitments. The Bank requires collateral supporting these letters of credit as deemed necessary. Management believes that the proceeds obtained through a liquidation of such collateral should be sufficient to cover the maximum potential amount under the corresponding guarantees. The current amount of the liability as of December 31, 2013 and 2012 for guarantees under standby letters of credit issued is not material.

Note 16 Regulatory Matters

The Bank is subject to minimum regulatory capital standards promulgated by the FDIC and the Pennsylvania Department of Banking. Failure to meet minimum capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank s financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank s assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank s capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk-weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets and of Tier 1 capital to average assets. As of December 31, 2013, the most recent notification from the Bank s regulators categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the Bank s category.

The Bank s actual capital amounts and ratios at December 31, 2013 and 2012 are presented below:

	Actual		For Capital Adequacy Purposes Minimum Required		To be Well Capitalized under Prompt Corrective Action Provisions Minimum Required	
	Amount	Ratio	Amount	Ratio	Amount	Ratio

	(Dollar Amounts In Thousands)					
December 31, 2013:						
Total Risk-Based Capital (to Risk-Weighted Assets)	**$ 104,628**	**14.57%**	**$ ≥57,442**	**≥8.0%**	**$ ≥71,803**	**≥10.0%**
Tier 1 Capital (to Risk-Weighted Assets)	**95,618**	**13.32**	**≥28,721**	**≥4.0**	**≥43,082**	**≥ 6.0**
Tier 1 Capital (to Average Assets)	**95,618**	**9.94**	**≥38,474**	**≥4.0**	**≥48,093**	**≥ 5.0**
December 31, 2012:						
Total Risk-Based Capital (to Risk-Weighted Assets)	$ 93,824	14.66%	$ ≥51,201	≥8.0%	$ ≥64,001	≥10.0%
Tier 1 Capital (to Risk-Weighted Assets)	86,006	13.44	≥25,600	≥4.0	≥38,401	≥ 6.0
Tier 1 Capital (to Average Assets)	86,006	9.59	≥35,883	≥4.0	≥44,854	≥ 5.0

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 16 Regulatory Matters (Continued)

The Bank is subject to certain restrictions on the amount of dividends that it may declare due to regulatory considerations.

Note 17 Derivatives and Hedging Activities

Asset derivative financial instruments and liability derivative financial instruments are classified on the Bank s balance sheet as other assets and other liabilities, respectively. The table below presents the fair value of the Bank s derivative financial instruments as of December 31, 2013 and 2012:

	Asset Derivatives		Liability Derivatives	
	2013	2012	2013	2012
	(In Thousands)			
Interest rate products	$ 80	$	$ 79	$

None of the Bank s derivatives are designated in qualifying hedging relationships. Derivatives not designated as hedges are not speculative and result from a service the Bank provides to certain customers, which the Bank implemented during the second quarter of 2013. The Bank executes interest rate swaps with commercial banking customers to facilitate their respective risk management strategies. Those interest rate swaps are simultaneously hedged by offsetting interest rate swaps that the Bank executes with a third party, such that the Bank minimizes its net risk exposure resulting from such transactions. As the interest rate swaps associated with this program do not meet the strict hedge accounting requirements, changes in the fair value of both the customer swaps and the offsetting swaps are recognized directly in earnings. As of December 31, 2013, the Bank had two interest rate swaps with an aggregate notional amount of $9,688,000 related to this program.

The gain on the derivative financial instrument is recognized in income and is classified on the Bank s income statement as loan related fees in non-interest income. As of December 31, 2013, the total net gain came to less than $1,000.

The Bank has agreements with certain of its derivative counterparties that contain a provision where if the Bank defaults on any of its indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then the Bank could also be declared in default on its derivative obligations.

The Bank also has agreements with certain of its derivative counterparties that contain a provision where if the Bank fails to maintain its status as a well / adequate capitalized institution, then the counterparty could terminate the

derivative positions and the Bank would be required to settle its obligations under the agreements.

As of December 31, 2013 the termination value of derivatives in a net liability position, which includes accrued interest but excludes any adjustment for nonperformance risk, related to these agreements was $81,000. The Bank has minimum collateral posting thresholds with certain of its derivative counterparties and has posted no collateral against its obligations under these agreements. If the Bank had breached any of these provisions at December 31, 2013, it could have been required to settle its obligations under the agreements at the termination value.

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments

Management uses its best judgment in estimating the fair value of the Bank s financial instruments; however, there are inherent weaknesses in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates herein are not necessarily indicative of the amounts the Bank could have realized in a sales transaction on the dates indicated.

The Bank uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Bank s various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value price is determined at a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with this guidance, the Bank groups its assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

An asset s or liability s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

For financial assets measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2013 and 2012 are as follows:

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
		(In Thousands)		
December 31, 2013:				
Securities available-for-sale:				
U.S. Government sponsored enterprises (GSE) mortgage-backed securities	**$ 122,747**	**$**	**$ 122,747**	**$**
Private-label collateralized mortgage obligations (CMOs)-residential	**1,917**		**1,917**	
U.S. Government agency securities	**6,541**		**6,541**	
Corporate debt securities	**35,000**		**35,000**	
State and political subdivisions:				
Taxable	**4,680**		**4,680**	
Tax exempt	**76,557**		**76,557**	
	$ 247,442	**$**	**$ 247,442**	**$**
December 31, 2012:				
Securities available-for-sale:				
U.S. Government sponsored enterprises (GSE) mortgage-backed securities	$ 189,937	$	$ 189,937	$
Private-label collateralized mortgage obligations (CMOs)-residential	5,357		5,357	
U.S. Government agency securities	7,148		7,148	
Corporate debt securities	35,919		35,919	
State and political subdivisions:				

Taxable	6,173		6,173		
Tax exempt	72,838		72,838		
	$ 317,372	$	$ 317,372	$	

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

There were no transfers between Level 1 and Level 2 for the year ended December 31, 2013. There were no transfers between Level 2 and Level 3 during the year ended December 31, 2013.

For financial assets measured at fair value on a nonrecurring basis, the fair value measurements by level within the fair value hierarchy used at December 31, 2013 and 2012 are as follows:

Description	Total	(Level 1) Quoted Prices in Active Markets for Identical Assets	(Level 2) Significant Other Observable Inputs	(Level 3) Significant Unobservable Inputs
		(In Thousands)		
December 31, 2013:				
Impaired loans	**$ 6,803**	**$**	**$**	**$ 6,803**
Other real estate owned	**$ 674**	**$**	**$**	**$ 674**
December 31, 2012:				
Impaired loans	$ 5,883	$	$	$ 5,883
Other real estate owned	$ 1,700	$	$	$ 1,700

Real estate properties acquired through, or in lieu of, foreclosure are to be sold and are carried at fair value less estimated cost to sell. Fair value is based upon independent market prices or appraised value of the property. These assets are included in Level 3 fair value based upon the lowest level of input that is significant to the fair value measurement.

Quantitative information about Level 3 fair value measurements at December 31, 2013 and 2012 is included in the table below:

	Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range
		(In Thousands)		
December 31, 2013:				
Impaired loans	$ 6,803	Appraisal of Collateral	Appraisal adjustments	0-20%
			Liquidation expenses	5-10%
Other real estate owned	$ 674	Appraisal of property	Appraisal adjustments	0-20%
			Liquidation expenses	5-10%

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

	Fair Value Estimate	Valuation Techniques	Unobservable Inputs	Estimated Range
		(In Thousands)		
December 31, 2012:				
Impaired loans	$ 5,883	Appraisal of Collateral	Appraisal adjustments	0-20%
			Liquidation expenses	5-10%
Other real estate owned	$ 1,700	Appraisal of property	Appraisal adjustments	0-20%
			Liquidation expenses	5-10%

Below is management s estimate of the fair value of all financial instruments whether carried at cost or fair value on the Bank s balance sheet. The following information should not be interpreted as an estimate of the fair value of the entire Bank since a fair value calculation is only provided for a limited portion of the Bank s assets and liabilities. Due to a wide range of valuation techniques and the degree of subjectivity used in making the estimates, comparisons between the Bank s disclosures and those of other companies may not be meaningful. The following methods and assumptions were used to estimate the fair values of the Bank s financial instruments at December 31, 2013 and 2012:

Cash and Cash Equivalents (Carried at Cost)

The carrying amounts reported in the balance sheet for cash and short-term instruments approximate those assets fair values.

Securities

The fair value of securities available-for-sale (carried at fair value) and held-to-maturity (carried at amortized cost) are determined by matrix pricing (Level 2), which is a mathematical technique used widely in the industry to value debt securities without relying exclusively on quoted market prices for the specific securities but rather by relying on the securities relationship to other benchmark quoted prices.

Mortgage Loans Held for Sale (Carried at the Lower of Cost or Fair Value)

The fair value of loans held for sale is based on secondary market prices.

Loans Receivable (Carried at Cost)

The fair values of loans are estimated using discounted cash flow analyses, using market rates at the balance sheet date that reflect the credit and interest rate-risk inherent in the loans. Projected future cash flows are calculated based upon contractual maturity or call dates, projected repayments and prepayments of principal. Generally, for variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values.

Team Capital Bank

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

Impaired Loans (Generally Carried at Fair Value)

Impaired loans are those in which the Bank has measured impairment generally based on the fair value of the loan s collateral. Fair value is generally determined based upon independent third-party appraisals of the properties, or discounted cash flows based upon the expected proceeds. These assets are included as Level 3 fair values, based upon the lowest level of input that is significant to the fair value measurements. The fair value at December 31, 2013 and 2012 consists of the loan balances of $7,138,000 and $6,340,000, respectively, less valuation allowance of $335,000 and $457,000, respectively.

Restricted Investment in Bank Stocks (Carried at Cost)

The carrying amount of restricted investment in bank stocks approximates fair value, and considers the limited marketability of such securities.

Accrued Interest Receivable and Payable (Carried at Cost)

The carrying amount of accrued interest receivable and accrued interest payable approximates its fair value.

Deposit Liabilities (Carried at Cost)

The fair values disclosed for demand deposits (e.g., interest and noninterest checking, passbook savings and money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values for fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered in the market on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-Term Borrowings (Carried at Cost)

The carrying amounts of these short-term borrowings approximate their fair values. Short-term borrowings consist of federal funds purchased and securities sold under agreements to repurchase.

Long-Term Debt (Carried at Cost)

Fair values of FHLB advances are estimated using discounted cash flow analysis, based on quoted prices for new FHLB advances with similar credit risk characteristics, terms and remaining maturity. These prices obtained from this active market represent a market value that is deemed to represent the transfer price if the liability were assumed by a

third party.

Off-Balance Sheet Financial Instruments (Disclosed at Cost)

Fair values for the Bank s off-balance sheet financial instruments (lending commitments and letters of credit) are based on fees currently charged in the market to enter into similar agreements, taking into account, the remaining terms of the agreements and the counterparties credit standing. The fair values of these off-balance sheet financial instruments were not material at December 31, 2013 and 2012.

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Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

The estimated fair values of the Bank s financial instruments were as follows at December 31, 2013 and 2012.

			2013		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In Thousands)		
Financial assets:					
Cash and cash equivalents	$ 24,158	$ 24,158	$ 24,158	$	$
Securities available-for-sale	247,442	247,442		247,442	
Securities held-to-maturity	2,863	2,434		2,434	
Restricted investment in bank stocks	7,268	7,268		7,268	
Loans receivable, net	603,349	601,137			601,137
Accrued interest receivable	3,434	3,434		3,434	
Asset derivative	80	80		80	
Financial liabilities:					
Deposits	727,043	703,881		703,881	
Securities sold under agreements to repurchase	2,252	2,252		2,252	
FHLB advances	120,000	122,590		122,590	
Accrued interest receivables	347	347		347	
Liability derivative	79	79		79	
Off-balance sheet financial instruments:					
Commitments to extend credit and outstanding letters of credit					

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Team Capital Bank

Notes to Consolidated Financial Statements

December 31, 2013 and 2012

Note 18 Fair Value Measurements and Fair Values of Financial Instruments (Continued)

			2012		
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
			(In Thousands)		
Financial assets:					
Cash and cash equivalents	$ 15,438	$ 15,438	$ 15,438	$	$
Securities available-for-sale	317,372	317,372		317,372	
Securities held-to-maturity	2,854	2,388		2,388	
Restricted investment in bank stocks	6,914	6,914		6,914	
Mortgage loans held for sale	143	143			143
Loans receivable, net	524,981	528,636			528,636
Accrued interest receivable	3,608	3,608		3,608	
Financial liabilities:					
Deposits	710,073	712,504		712,504	
Securities sold under agreements to repurchase	8,698	8,698		8,698	
FHLB advances	104,500	108,941		108,941	
Accrued interest receivables	297	297		297	
Off-balance sheet financial instruments:					
Commitments to extend credit and outstanding letters of credit					

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers

Articles TENTH and ELEVENTH of the Certificate of Incorporation of Provident Financial Services, Inc. (the Corporation) sets forth circumstances under which directors, officers, employees and agents of the Corporation may be insured or indemnified against liability which they incur in their capacities as such:

TENTH:

A. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a proceeding), by reason of the fact that he or she is or was a Director or an Officer of the Corporation or is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an indemnitee), whether the basis of such proceeding is alleged action in an official capacity as a Director, Officer, employee or agent or in any other capacity while serving as a Director, Officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith; provided, however, that, except as provided in Section C hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

B. The right to indemnification conferred in Section A of this Article TENTH shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an advancement of expenses); provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a Director or Officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of an undertaking (hereinafter an undertaking), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a final adjudication) that such indemnitee is not entitled to be indemnified for such expenses under this Section or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections A and B of this Article TENTH shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a Director, Officer, employee or agent and shall inure to the benefit of the indemnitee s heirs, executors and administrators.

C. If a claim under Section A or B of this Article TENTH is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought

by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a

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determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article TENTH or otherwise shall be on the Corporation.

D. The rights to indemnification and to the advancement of expenses conferred in this Article TENTH shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation s Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise.

E. The Corporation may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

F. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article TENTH with respect to the indemnification and advancement of expenses of Directors and Officers of the Corporation.

ELEVENTH:

A Director of this Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director s duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the Director derived an improper personal benefit. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

Item 21. Exhibits and Financial Statement Schedules

The exhibits and financial statements filed as part of this Registration Statement are as follows:

Exhibits

2.1	Agreement and Plan of Merger by and among Provident Financial Services, Inc., The Provident Bank and Team Capital Bank. (Filed as an exhibit to the Company s Current Report on Form 8-K filed with the

Securities and Exchange Commission on December 20, 2013/File No. 001-31566.)

3.1 Certificate of Incorporation of Provident Financial Services, Inc. (Filed as an exhibit to the Company s Registration Statement on Form S-1, and any amendments thereto, with the Securities and Exchange Commission/Registration No. 333-98241.)

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3.2	Amended and Restated Bylaws of Provident Financial Services, Inc. (Filed as an exhibit to the Company s December 31, 2011 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012/File No. 001-31566.)
4.1	Form of Common Stock Certificate of Provident Financial Services, Inc. (Filed as an exhibit to the Company s Registration Statement on Form S-1, and any amendments thereto, with the Securities and Exchange Commission/Registration No. 333-98241.)
5.1	Opinion of Luse Gorman Pomerenk & Schick, a Professional Corporation as to the legality of the securities being issued*
8.1	Form of Opinion of Luse Gorman Pomerenk & Schick as to tax matters*
10.1	Employment Agreement by and between Provident Financial Services, Inc and Christopher Martin dated September 23, 2009. (Filed as an exhibit to the Company s September 30, 2009 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2009/File No. 001-31566.)
10.2	Form of Amended and Restated Two-Year Change in Control Agreement between Provident Financial Services, Inc. and certain executive officers. (Filed as an exhibit to the Company s December 31, 2009 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 1, 2010/File No. 001-31566.)
10.3	Amended and Restated Employee Savings Incentive Plan, as amended. (Filed as an exhibit to the Company s June 30, 2004 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission/File No. 001-31566.)
10.4	Employee Stock Ownership Plan (Filed as an exhibit to the Company s Registration Statement on Form S-1, and any amendments thereto, with the Securities and Exchange Commission/Registration No. 333-98241) and Amendment No. 1 to the Employee Stock Ownership Plan (Filed as an exhibit to the Company s June 30, 2004 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission/File No. 001-31566).
10.5	Supplemental Executive Retirement Plan of The Provident Bank. (Filed as an exhibit to the Company s December 31, 2008 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009/File No. 001-31566.)
10.6	Amended and Restated Supplemental Executive Savings Plan. (Filed as an exhibit to the Company s December 31, 2008 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009/File No. 001-31566.)
10.7	Retirement Plan for the Board of Managers of The Provident Bank. (Filed as an exhibit to the Company s December 31, 2008 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009 /File No. 001-31566.)
10.8	The Provident Bank Amended and Restated Voluntary Bonus Deferral Plan. (Filed as an exhibit to the Company s December 31, 2008 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009/File No. 001-31566.)
10.9	Provident Financial Services, Inc. Board of Directors Voluntary Fee Deferral Plan. (Filed as an exhibit to the Company s December 31, 2008 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 2, 2009/File No. 001-31566.)
10.10	First Savings Bank Directors Deferred Fee Plan, as amended. (Filed as an exhibit to the Company s September 30, 2004 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission/File No. 001-31566.)

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10.11	The Provident Bank Non-Qualified Supplemental Defined Contribution Plan. (Filed as an exhibit to the Company s May 27, 2010 Current Report on Form 8-K filed with the Securities and Exchange Commission on June 3, 2010/File No. 001-31566.)
10.12	Provident Financial Services, Inc. 2003 Stock Option Plan. (Filed as an exhibit to the Company s Proxy Statement for the 2003 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on June 4, 2003/File No. 001-31566.)
10.13	Provident Financial Services, Inc. 2003 Stock Award Plan. (Filed as an exhibit to the Company s Proxy Statement for the 2003 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on June 4, 2003/File No. 001-31566.)
10.14	Provident Financial Services, Inc. 2008 Long-Term Equity Incentive Plan. (Filed as an exhibit to the Company s Proxy Statement for the 2008 Annual Meeting of Stockholders filed with the Securities and Exchange Commission on March 14, 2008/File No. 001-31566).
10.15	Consulting Services Agreement by and between The Provident Bank and Paul M. Pantozzi made as of September 23, 2009. (Filed as an exhibit to the Company s September 30, 2009 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2009/File No. 001-31566.)
10.16	Change in Control Agreement by and between Provident Financial Services, Inc. and Christopher Martin dated September 23, 2009. (Filed as an exhibit to the Company s September 30, 2009 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 9, 2009/File No. 001-31566.)
10.17	Written Description of Provident Financial Services, Inc. s 2011 Cash Incentive Plan. (Filed as an exhibit to the Company s Form 10-K/A filed with the Securities and Exchange Commission on December 27, 2011/File No. 001-31566.)
10.18	Written Description of Provident Financial Services, Inc. s 2012 Cash Incentive Plan. (Filed as an exhibit to the Company s December 31, 2011 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012/File No. 001-31566.)
10.19	Omnibus Incentive Compensation Plan. (Filed as an exhibit to the Company s December 31, 2011 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on February 29, 2012/File No. 001-31566.)
10.20	Written Description of Provident Financial Services, Inc. s 2013 Cash Incentive Plan. (Filed as an exhibit to the Company s December 31, 2012 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 1, 2013/File No. 001-31566.)
10.21	Form of Three-Year Change in Control Agreement between Provident Financial Services, Inc. and each of Messrs. Blum, Kuntz, Lyons and Raimonde dated as of February 21, 2013. (Filed as an exhibit to the Company s December 31, 2012 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 1, 2013/File No. 001-31566.)
21	Subsidiaries of Provident Financial Services, Inc. (Filed as an exhibit to the Company s December 31, 2012 Annual Report to Stockholders on Form 10-K filed with the Securities and Exchange Commission on March 1, 2013/File No. 001-31566)
23.1	Consent of KPMG, LLP
23.2	Consent of ParenteBeard LLC
23.3	Consent of Keefe Bruyette & Woods, Inc.*

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23.4	Consent of Griffin Financial Group, LLC*
23.5	Consent of Luse Gorman Pomerenk & Schick, a Professional Corporation (set forth in Exhibits 5.1 and 8.1)
24	Power of attorney (set forth on the signature pages to this Registration Statement)
99.1	Consent of Proposed Director*

* Previously filed

Item 22. Undertakings

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement; (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or most recent post-effective amendment thereof) which individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be a bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant s annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan s annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c)(1) The undersigned registrant hereby undertakes as follows: that prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the issuer undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other Items of the applicable form.

(2) The registrant undertakes that every prospectus (i) that is filed pursuant to paragraph (1) immediately preceding, or (ii) that purports to meet the requirements of section 10(a)(3) of the Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to the registration statement and will not be used until such amendment is effective, and that, for the purposes of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide

offering thereof.

(d) Insofar as indemnification for liabilities arising under the Securities Act of 1933 (the Act) may be permitted to directors, officers and controlling persons of the small business issuer pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable.

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In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(e) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this Form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(f) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of, and included in the registration statement when it became effective.