PEAPACK GLADSTONE FINANCIAL CORP
Form 11-K
June 28, 2011

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

FORM 11-K

ý ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

o TRANSITION REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-16197

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

Peapack-Gladstone Bank Employee Savings and Investment Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PEAPACK-GLADSTONE FINANCIAL CORPORATION
500 Hills Drive, Suite 300
Bedminster, New Jersey 07921-1538

PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
Bedminster, New Jersey

FINANCIAL STATEMENTS
December 31, 2010 and 2009

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Trust Committee
Peapack-Gladstone Financial Corporation
Bedminster, New Jersey

We have audited the accompanying statements of net assets available for benefits of Peapack-Gladstone Bank Employees' Savings and Investment Plan as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i – Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2010 financial statements taken as a whole.

/s/ Crowe Horwath LLP
Crowe Horwath LLP

Livingston, New Jersey
June 24, 2011

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
December 31, 2010 and 2009

	2010	2009
ASSETS		
Investments at fair value: (Note 4)		
Cash	$289	$217
Mutual funds	12,909,109	10,071,389
Investment contract with insurance company	2,902,299	2,160,629
Peapack-Gladstone Financial Corporation common stock	1,914,959	1,675,898
Total investments, at fair value	17,726,656	13,908,133
Receivables:		
Employer contribution receivable	1,241,595	1,165,569
Notes receivable from participants	300,839	217,895
	1,542,434	1,383,464
Total assets and net assets, reflecting all investments at fair value	19,269,090	15,291,597
NET ASSETS AVAILABLE FOR BENEFITS	$19,269,090	$15,291,597

See accompanying notes to financial statements.

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended December 31, 2010

Additions to net assets attributed to:	
Contributions	
Participant contributions	$1,259,335
Employer contributions	1,775,540
Employee rollovers (Note 1)	244,385
	3,279,260
Dividend Income	260,357
Interest Income	87,172
Net appreciation in fair value of investments (Note 4)	1,374,118
Total additions	5,000,907
Deductions from net assets attributable to:	
Miscellaneous fees	3,125
Benefits paid to participants	1,020,289
Total deductions	1,023,414
Net increase in net assets available for benefits	3,977,493
Net assets available for benefits	
Beginning of year	15,291,597
End of year	$19,269,090

See accompanying notes to financial statements.

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - DESCRIPTION OF PLAN

The following description of the Peapack-Gladstone Bank Employees' Savings and Investment Plan ("the Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General: The Plan is a participant-directed, defined contribution plan covering all full-time employees of the Peapack-Gladstone Bank ("the Bank") who are 21 years or older and have completed 1,000 hours of service, as defined. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Contributions: Each year, participants may contribute up to 100% of base compensation, as defined in the Plan, up to the Internal Revenue Service ("IRS") limit of $16,500 for 2010. Participants may also contribute amounts representing distributions from other qualified defined benefit or contribution plans. The Bank contributes 3% of eligible wages for each employee regardless of the employees' contributions as well as separately matches 50% of employee contributions to a maximum of 6% of salary. In addition, the Bank is contributing an enhanced benefit to employees who were previously in the defined benefit plan. The Bank may also make discretionary profit-sharing contributions. All employer non-matching contributions are invested solely in Peapack-Gladstone Financial Corporation's common stock ("Peapack-Gladstone Financial Corporation Common Stock Fund"), for which participants may reallocate to other investment options subsequent to the contribution. Contributions are subject to certain limitations. A participant may direct employee and employer match contributions in 1% increments in any of the funds, including the Peapack-Gladstone Financial Corporation Common Stock Fund.

Participant Accounts: Each participant's account is credited with the participant's contribution and allocation of (a) the Bank's contribution and (b) Plan earnings or losses. Allocations are based on participant base compensation or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Forfeitures are also allocated to participant accounts on the last day of the plan year.

Vesting: Participants are immediately vested in their contributions and the Bank's matching contribution plus actual earnings or losses thereon. Vesting in the non-matching contribution portion of their account plus actual earnings or losses thereon is based on years of continuous service, as defined. A participant is 100% vested after three years of continuous service.

Payment of Benefits: On termination of service due to death, disability, or retirement, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or equal periodic installments. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

Forfeitures: Forfeitures arising from the termination of members who were not fully vested shall be reallocated to participants who are employed on the last day of the plan year. Nonvested portions of participant matching contribution accounts are considered to be forfeited as of the last day of the plan year in which the later of the one-year break-in-service or distribution occurs. Total forfeitures reallocated to remaining participants were $8,910 for 2010 and $10,754 for 2009, which represented the balances in the forfeiture account at December 31, 2010 and 2009, respectively.

Management of Trust Funds: The assets of the Plan are managed by Prudential Insurance Company of America ("Prudential") through its Prudential Investment Management Services unit and PGB Trust and Investments, a division of Peapack-Gladstone Financial Corporation ("the Corporation"). PGB Trust & Investments performs certain administrative functions for the Plan.

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Notes Receivable from Participants ("Loans"): Participants may borrow from their fund accounts up to maximum equal to the lesser of $50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to (from) the investment funds from (to) the loan fund. Loan terms range from one to five years or longer for the purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined quarterly by the plan administrator. Principal and interest is paid ratably through monthly payroll deductions.

Administrative Expenses: The majority of the administrative expenses are paid by the Bank.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The accompanying financial statements of the Plan have been prepared using the accrual basis of accounting and present the net assets available for benefits and the changes in those net assets.

Adoption of New Accounting Standards: In September 2010, the Financial Accounting Standards Board ("FASB") amended existing guidance with respect to the reporting of participant loans for defined contribution pension plans. The guidance requires that loans issued to participants be reported as notes receivable, segregated from plan investments, and measured at their unpaid principal balances plus accrued but unpaid interest. This guidance is effective for reporting periods ending after December 15, 2010, and is to be applied retrospectively to all periods presented comparatively. Early application is permitted. The adoption of this guidance by the Plan resulted in a reclassification from investments to notes receivable from participants of $217,895 on the statement of net assets available for benefits as of December 31, 2009. Adoption had no effect on the Plan's net assets available for benefits.

Issued But Not Yet Effective Accounting Policy: In May 2011, the FASB issued guidance which amends fair value measurements standards in order to improve comparability of requirements for measuring fair value and for disclosing information about fair value measurements with International Financial Reporting Standards. The amendments are effective for annual periods beginning after December 15, 2011. Plan management has not yet assessed the impact of these amendments on the Plan's fair value measurements and related disclosures.

Investment Valuation and Income Recognition: The Plan's investments are reported at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fully Benefit-Responsive Investment Contracts: While Plan investments are presented at fair value in the statement of net assets available for benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the statement of net assets available for benefits, because contract value is the relevant measurement attribute for that portion of the Plan's net assets available for benefits. Contract value represents contributions made to a contract, plus earnings, less participant withdrawals and administrative expenses. Participants in fully benefit-responsive contracts may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The Plan holds a direct interest in a fully benefit-responsive contract. No adjustments from fair value to contract value are presented in the statements of net assets available for benefits, as the amounts of the adjustments have been determined to be immaterial.

Payment of Benefits: Benefits are recorded when paid.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates.

Risks and Uncertainties: The Plan holds various investment securities. Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect participant's account balances and the amount reported in the statement of net assets available for benefits

Concentration of Credit Risk: At December 31, 2010 and 2009, approximately 10.8% and 12.1% of the Plan's investments were invested in Peapack-Gladstone Financial Corporation Common Stock.

Notes Receivable from Participants: Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions and the notes are collateralized by the participants' account balances.

NOTE 3 – RIGHTS UPON PLAN TERMINATION

Although the Corporation has not expressed intent to terminate the Plan, it may do so at any time by action of its board of directors subject to the provisions of ERISA. If the Plan were terminated, however, all members of the Plan would automatically become 100% vested in their fund balances.

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PEAPACK-GLADSTONE BANK EMPLOYEES' SAVINGS AND INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 - INVESTMENTS

The following presents the fair values of investments that represent 5% or more of the Plan's net assets available for benefits at December 31, 2010 or 2009:

	2010	2009
Alger Mid-Cap Growth Institutional	$ 1,022,853	$ 715,763 *
American Funds Europacific Fund	1,646,874	1,271,523
American Funds Growth Fund of America	2,443,869	1,884,266
Pimco Total Return Fund	2,037,879	1,948,435
Van Kampen Comstock	1,598,476	1,228,958
Guaranteed Income Fund	2,902,299	2,160,629
Peapack-Gladstone Financial Corporation (the Plan sponsor) Common Stock	1,914,959	1,675,898

* Investment does not exceed 5% of Plan assets as of December 31, 2009. It is shown here for comparative purposes only.

The net appreciation in fair value of investments (including gains and losses on investments bought and sold, as well as held during the year) for the year ended December 31, 2010 is as follows:

	Year ended December 31, 2010
Mutual funds	$ 1,343,296
Peapack-Gladstone Financial Corporation Common Stock	