

PEAPACK-GLADSTONE FINANCIAL CORPORATION COMPENSATION COMMITTEE CHARTER

Purpose

The Compensation Committee (the "Committee") is appointed by the Board to discharge the Board's responsibilities concerning compensation of the Company's Directors and officers including review and oversight of all compensation plans, policies and programs of the Company. The Committee must also prepare an annual report on executive compensation for inclusion in the Company's proxy statement and will evaluate the performance of the CEO.

Committee Membership

The Committee will consist of not less than three directors each of who shall in the judgment of the Board meet the independence requirements of the American Stock Exchange.

The members shall be appointed and replaced by the Board.

In addition to independence, qualification for membership shall include financial literacy and business management experience.

Committee Authority and Responsibilities

1. Annually, the Committee shall recommend to the Board the form and amount of Director compensation with appropriate benchmarking against peer companies.
2. The Committee shall have the sole authority to retain and terminate any compensation consultant or benefits consultant to be used to assist in the evaluation of Director, CEO or executive compensation and shall have sole authority to approve consultant's fees and other retention terms. The Committee shall have sole authority to set the parameters of the engagement and to receive the reports of consultants retained by the Committee.
3. The Committee has the authority to obtain advice and assistance from internal or external legal, accounting and other advisors as it may require.
4. Annually, the Committee shall review and approve the corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, determine whether or not the CEO is providing the best leadership for the Company's long term and short term goals and recommend to the independent members of the Board the CEO's compensation package based upon this evaluation. In determining the CEO's long term incentive compensation, the Committee will consider the Company's performance, relative shareholder return, peer comparisons and the awards granted to the CEO in past years.

The independent members of the Board would vote on the recommendations of the Compensation Committee.

5. Annually, the Committee shall review the compensation of executive officers and other key executives, including compensation plans, incentive plans and equity based plans and make recommendations to the independent members of the Board for:

- (a) the annual base salary level
 - (b) the annual incentive opportunity level
 - (c) the long term incentive opportunity level
 - (d) employment agreements, severance arrangements and change-in-control agreements/provisions and, if appropriate,
 - (e) any special or supplemental benefits.
6. The Committee shall review its charter annually to make recommendations to the Board for change.
 7. The Committee shall report to the Board at least annually.
 8. The Committee shall consider methods of creating incentives for management to achieve sustained growth in earnings and shareholder value and shall make recommendations to the Board.
 9. The Committee may, when appropriate, delegate authority to one or more members or to one or more subcommittees established by the Committee.