

PROVIDENT FINANCIAL SERVICES INC
Form S-4/A
May 03, 2004
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As filed with the Securities and Exchange Commission on May 3, 2004

Registration No. 333-113933

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

PRE-EFFECTIVE
AMENDMENT NO. 1 TO THE
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
(State or other jurisdiction of
incorporation or organization)

6712
(Primary Standard Industrial
Classification Code Number)

42-1547151
(I.R.S. Employer
Identification Number)

830 Bergen Avenue
Jersey City, New Jersey 07306

(201) 333-1000

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

Paul M. Pantozzi

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830 Bergen Avenue

Jersey City, New Jersey 07306

(201) 333-1000

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

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

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box:

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.

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	19,361,685 shares (1)	(2)	\$621,305,591(2)	\$78,720(3)

- (1) Represents the maximum number of shares of Provident Financial Services, Inc. common stock that may be issued in connection with the proposed merger to which this Registration Statement relates.
- (2) Pursuant to Rule 457(f), the registration fee was computed on the basis of \$21.025, the market value of the common stock of First Sentinel Bancorp, Inc. to be exchanged or cancelled in the merger, computed in accordance with Rule 457(c) on the basis of the average of the high and low price per share of such common stock quoted on the Nasdaq National Market on March 22, 2004, and 29,550,801 shares of common stock of First Sentinel Bancorp, Inc. that may be received by the Registrant and/or cancelled upon consummation of the merger.
- (3) \$78,690 was previously paid by Provident Financial Services, Inc. on March 25, 2004.

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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[Provident Financial Services, Inc. Logo]

[First Sentinel Bancorp, Inc. Logo]

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Provident Financial Services, Inc. and First Sentinel Bancorp, Inc. have both unanimously approved the merger agreement between Provident and First Sentinel pursuant to which First Sentinel will be merged with and into Provident.

First Sentinel stockholders will have the opportunity to elect to receive merger consideration in the form of 1.092 shares of Provident common stock, a cash payment of \$22.25, or a combination of Provident common stock and cash for each of their shares of First Sentinel common stock. However, because First Sentinel and Provident have agreed that 60% of the total number of shares of First Sentinel common stock outstanding will be exchanged for Provident common stock, regardless of your election, you may receive a combination of cash and shares of Provident common stock for your First Sentinel shares different than what you elected depending on the elections made by other First Sentinel stockholders. Based on the closing price of \$20.37 per share of Provident common stock on December 19, 2003 (the business day immediately preceding the public announcement of the proposed merger) and the closing price of \$ per share of Provident common stock on April 30, 2004, each share of First Sentinel common stock that is exchanged solely for Provident common stock would be converted into 1.092 shares of Provident common stock having a value of \$ and \$, respectively. 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 common stock. The market value of Provident common stock will fluctuate prior to the completion of the merger. Provident common stock is listed on the New York Stock Exchange under the symbol PFS. First Sentinel common stock is listed on the Nasdaq National Market under the symbol FSLA.

The merger cannot be completed unless the stockholders of both companies approve the merger agreement. First Sentinel has scheduled an annual meeting so its stockholders can vote on the merger agreement, as well as vote on the election of three directors and the ratification of the appointment of First Sentinel s independent auditors for the year ending December 31, 2004. Provident s stockholders will vote on the merger agreement at Provident s annual meeting, as well as vote on the election of four directors and the ratification of the appointment of Provident s independent auditors for the year ending December 31, 2004. Each board of directors unanimously recommends that its stockholders vote **FOR** the merger agreement. First Sentinel s board of directors also recommends that its stockholders vote **FOR** First Sentinel s three nominees to the First Sentinel board of directors **and FOR** the ratification of the appointment of KPMG LLP as its independent auditors for the year ending December 31, 2004. Provident s board of directors recommends that its stockholders vote **FOR** Provident s four nominees to the Provident board of directors. Provident also recommends that its stockholders vote **FOR** the ratification of KPMG LLP as its independent auditors for the year ending December 31, 2004.

This document serves two purposes. It is the proxy statement being used by both the First Sentinel board of directors and the Provident board of directors to solicit proxies for use at their annual meetings. It is also the prospectus of Provident regarding the Provident common stock to be issued to First Sentinel stockholders if the merger is completed. This document describes the merger in detail and includes a copy of the merger agreement as *Appendix A*.

The dates, times and places of the annual meetings are as follows:

FOR PROVIDENT STOCKHOLDERS:

June 23, 2004 10:00 a.m.

Hilton Newark Airport

FOR FIRST SENTINEL STOCKHOLDERS:

June 23, 2004 10:00 a.m.

The Pines Manor

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1170 Spring Street

2085 Route 27

Elizabeth, New Jersey

Edison, New Jersey

Only stockholders of record as of April 30, 2004 are entitled to attend and vote at their respective annual meetings. This document describes the annual meetings, the merger, the documents related to the merger, and other related matters of First Sentinel and Provident. **Please read this entire document carefully, including the section discussing risk factors beginning on page 26. You can also obtain information about our companies from documents that we have filed with the Securities and Exchange Commission.**

Your vote is very important. Whether or not you plan to attend your company's annual 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 the other proposals being considered at your annual meeting. If you do not return the proxy card, it will have the same effect as a vote against the merger agreement.

PAUL M. PANTOZZI
Chairman, Chief Executive Officer and President

Provident Financial Services, Inc.

CHRISTOPHER MARTIN
President and Chief Executive Officer

First Sentinel Bancorp, Inc.

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 PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This Joint Proxy Statement/Prospectus is dated _____, 2004 and is first being mailed to stockholders of Provident and First Sentinel on or about _____, 2004.

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HOW TO GET COPIES OF RELATED DOCUMENTS

This document incorporates important business and financial information about Provident Financial Services, Inc. and First Sentinel Bancorp, Inc. that is not included in or delivered with this document. Provident and First Sentinel stockholders may receive the information free of charge by writing or calling the persons listed below. For Provident documents, make your request to John F. Kuntz, Esq., Corporate Secretary, Provident Financial Services, Inc., 830 Bergen Avenue, Jersey City, New Jersey 07306; telephone number (201) 333-1000. For First Sentinel documents, make your request to Ann C. Clancy, Esq., Corporate Secretary, First Sentinel Bancorp, Inc., 1000 Woodbridge Center Drive, Woodbridge, New Jersey 07095; telephone number (732) 726-9700. We will respond to your request within one business day by sending the requested documents by first class mail or other equally prompt means. **In order to ensure timely delivery of the documents in advance of the meetings, any request should be made by _____, 2004. Also see Where You Can Find More Information on page _____.**

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PROVIDENT FINANCIAL SERVICES, INC.

830 Bergen Avenue

Jersey City, New Jersey 07306

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Provident Financial Services, Inc., a Delaware corporation, will hold its Annual Meeting of Stockholders at the Hilton Newark Airport, 1170 Spring Street, Elizabeth, New Jersey on Wednesday, June 23, 2004 at 10:00 a.m., local time, for the following purposes:

1. To consider and vote on the Agreement and Plan of Merger, dated as of December 19, 2003, by and between Provident Financial Services, Inc., and First Sentinel Bancorp, Inc., a Delaware corporation, and all of the matters contemplated therein pursuant to which, among other things, First Sentinel Bancorp, Inc. will merge with and into Provident Financial Services, Inc. with Provident Financial Services, Inc. being the surviving corporation.
2. To elect four persons to serve as directors of Provident Financial Services, Inc. for the terms specified in the Joint Proxy Statement/Prospectus.
3. To ratify the appointment of KPMG LLP as independent auditors for Provident Financial Services, Inc. for the year ending December 31, 2004.
4. To authorize the board of directors, in its discretion, to vote upon such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting, including, without limitation, a motion to adjourn the annual meeting to another time or place for the purpose of soliciting additional proxies to approve the Agreement and Plan of Merger.

We more fully describe the merger and the other proposals in the attached Joint Proxy Statement/Prospectus.

We have fixed the close of business on April 30, 2004 as the record date for determining the stockholders of Provident Financial Services, Inc. entitled to vote at the Provident Financial Services, Inc. annual meeting of stockholders and any adjournments or postponements of the meeting. Only holders of record of Provident Financial Services, Inc. common stock at the close of business on that date are entitled to notice of and to vote at the Provident Financial Services, Inc. annual meeting.

The board of directors of Provident Financial Services, Inc. unanimously recommends that you vote **FOR** approval of the merger agreement and the other matters contemplated therein. The affirmative vote of a majority of the outstanding shares of Provident Financial Services, Inc. common stock entitled to vote at the annual meeting is required to approve the merger agreement and transactions contemplated therein. The board of directors of Provident Financial Services, Inc. also unanimously recommends that you vote **FOR** each of the nominees for director listed in the Joint Proxy Statement/Prospectus, **FOR** ratification of the appointment of KPMG LLP as our independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the Provident annual meeting of stockholders or vote on other matters properly before the annual meeting.

The board of directors of Provident Financial Services, Inc. requests that you complete, sign and mail the enclosed [INSERT COLOR] proxy card promptly in the enclosed postage-paid envelope. You may revoke any proxy that you deliver prior to the Provident Financial Services, Inc. annual meeting of stockholders by delivering a letter addressed to the Corporate Secretary of Provident Financial Services, Inc. stating that you have revoked your proxy or by delivering a later dated proxy. Stockholders of record of Provident Financial Services, Inc. common stock who attend the Provident Financial Services, Inc. annual meeting may vote in person, even if they have previously delivered a signed proxy.

By Order of the Board of Directors
PROVIDENT FINANCIAL SERVICES, INC.

John F. Kuntz
Corporate Secretary

Jersey City, New Jersey

May , 2004

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FIRST SENTINEL BANCORP, INC.

1000 Woodbridge Center Drive

Woodbridge, New Jersey 07095

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held on June 23, 2004

NOTICE IS HEREBY GIVEN that the annual meeting of stockholders of First Sentinel Bancorp, Inc. will be held at The Pines Manor, 2085 Route 27, Edison, New Jersey, on June 23, 2004 at 10:00 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, 2003, by and between Provident Financial Services, Inc. and First Sentinel Bancorp, Inc., and all of the matters contemplated in the agreement, pursuant to which First Sentinel will merge with and into Provident, with Provident being the surviving corporation.
2. To elect three persons to serve as directors of First Sentinel until the merger with Provident is consummated or, if the merger is not consummated, for a term of three years each.
3. To ratify the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004.
4. To authorize the board of directors, in its discretion, to vote upon such other business as may properly come before the annual meeting or any adjournment or postponement of the annual meeting, including, without limitation, a motion to adjourn the annual meeting to another time or place for the purpose of soliciting additional proxies to approve the Agreement and Plan of Merger.

We more fully describe the merger with Provident and the other proposals in the attached Joint 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 Joint Proxy Statement/Prospectus.

We have established April 30, 2004 as the record date for determining the stockholders entitled to notice of and to vote at the annual meeting. Only record holders of First Sentinel common stock as of the close of business on that date will be entitled to vote at the annual meeting or any adjournment or postponement of the meeting. A list of stockholders entitled to vote at the annual meeting will be available at First Sentinel Bancorp, Inc., 1000 Woodbridge Center Drive, Woodbridge, New Jersey, for ten days prior to the annual meeting and also will be available at the annual meeting.

Our board of directors unanimously recommends that you vote **FOR** approval of the merger agreement and the transactions contemplated in the merger agreement, **FOR** each of the nominees for director listed in the Joint Proxy Statement/Prospectus, **FOR** ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the First Sentinel annual meeting of stockholders or vote on other matters properly before the annual meeting.

Please complete, sign and return the enclosed [INSERT COLOR] proxy card promptly in the enclosed postage-paid envelope. Your vote is important, regardless of the number of shares that you own. Voting by proxy will not prevent you from voting in person at First Sentinel's annual meeting, but will assure that your vote is counted if you are unable to attend.

By Order of the Board of Directors,

Ann C. Clancy
Corporate Secretary

Woodbridge, New Jersey

May , 2004

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QUESTIONS AND ANSWERS ABOUT THE VOTING

PROCEDURES FOR THE ANNUAL MEETINGS

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this Joint 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 so that your shares may be represented and voted at the Provident annual meeting or the First Sentinel annual meeting. If you sign and send in your proxy card and do not indicate how you want to vote, we will count your proxy card as a vote in favor of the merger agreement and the other proposals to be voted on at your company's annual meeting.

Q: WHY IS MY VOTE IMPORTANT?

A: If you do not return your proxy card at or prior to the appropriate annual meeting, it will be more difficult for Provident and First Sentinel to obtain the necessary quorum to hold their annual meetings. In addition, if you fail to vote, by proxy or in person, it will have the same effect as a vote against the merger agreement. The merger must be approved by the holders of a majority of the outstanding shares of Provident common stock entitled to vote at the Provident annual meeting and by the holders of a majority of the outstanding shares of First Sentinel common stock entitled to vote at the First Sentinel annual meeting.

Q: HOW DO I VOTE?

A: You can vote by mail. For this method 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 your company's annual meeting.

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

A: Your broker can not 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. Your broker can vote your shares on all other proposals without your instructions.

Q: WHAT IF I FAIL TO INSTRUCT MY BROKER?

A: If you fail to instruct your broker how to vote your shares on the merger proposal and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at your company's annual meeting, but it will have the same effect as a vote against the merger agreement.

Q. I OWN SHARES OF BOTH FIRST SENTINEL AND PROVIDENT. SHOULD I ONLY VOTE ONCE?

A. No. If you own shares of both companies, you will receive separate proxy cards: the **[Insert Color]** proxy card is for the First Sentinel annual meeting; the **[Insert Color]** proxy card is for the Provident annual meeting. It is important that you vote at both meetings, so please complete, sign, date and return both cards as instructed.

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

A. Yes. All stockholders are invited to attend their company's annual meeting. Stockholders of record can vote in person at the annual 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 at the annual meeting in person.

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 your company stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at your company's annual 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: I AM A FIRST SENTINEL STOCKHOLDER. SHOULD I SEND IN MY FIRST SENTINEL STOCK CERTIFICATES NOW?

A: No. You should not send in your stock certificates at this time. We will separately send you an election

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form with instructions for exchanging your First Sentinel stock certificates.

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

A: No. Provident stockholders will not exchange their certificates in the merger. The certificates currently representing shares of Provident common stock will represent an equal number of shares of common stock of the combined company after the merger.

Q: WHEN DO YOU EXPECT TO MERGE?

A: We are working toward completing the merger as quickly as possible. We expect to complete the merger at the end of the second quarter of 2004 or beginning of the third quarter of 2004. However, we cannot assure you when or if the merger will occur. We must first obtain the approvals of stockholders of both Provident and First Sentinel and all necessary regulatory approvals.

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

Provident stockholders should call Georgeson Shareholder Communications, Inc. at (800) 377-0321 with questions or to obtain additional copies of this document. First Sentinel stockholders should call Georgeson Shareholder Communication, Inc. at (800) 368-9818 with question or to obtain additional copies of this document.

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SUMMARY

This is a summary of certain information regarding the proposed merger and the stockholder meetings to vote on the merger agreement contained in this document. It does not contain all of the information that may be important to you. We urge you to carefully read the entire document, including the Appendices, before deciding how to vote.

What This Document Is About

The boards of directors of First Sentinel Bancorp, Inc. and Provident Financial Services, Inc. have approved the merger agreement between First Sentinel and Provident pursuant to which First Sentinel will merge with and into Provident. The merger cannot be completed unless the stockholders of both companies approve the merger agreement. Provident's stockholders will vote on the merger agreement at Provident's annual meeting, at which they will also vote on the election of four directors, the ratification of the appointment of KPMG LLP as Provident's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting. First Sentinel's stockholders will vote on the merger agreement at First Sentinel's annual meeting, at which they will also vote on the election of three directors, the ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting. This document is the Proxy Statement being used by both the First Sentinel board of directors and the Provident board of directors to solicit proxies for use at their annual meetings. It is also the Prospectus of Provident regarding the Provident common stock to be issued to First Sentinel stockholders if the merger is completed.

The Provident Annual Meeting

Date, Time and Place	Provident will hold its annual meeting of stockholders on June 23, 2004, 10:00 a.m., local time, at the Hilton Newark Airport, 1170 Spring Street, Elizabeth, New Jersey.
Record Date	April 30, 2004.
Shares Entitled to Vote	_____ shares of Provident common stock were outstanding on the record date and entitled to vote at the Provident annual meeting.
Purpose of the Annual Meeting	To consider and vote on the merger agreement, the election of four directors and the ratification of the appointment of KPMG LLP as Provident's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.
Vote Required	A majority of the outstanding shares of Provident common stock entitled to vote must be cast in favor of the merger agreement for it to be approved. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is withheld. The ratification of the appointment of KPMG LLP as independent auditors and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the meeting are determined by a majority of the votes cast, without regard to broker non-votes or proxies marked ABSTAIN. As of the record date, the directors and executive officers of Provident and their affiliates beneficially owned _____ shares, or approximately _____ % of the outstanding shares, of Provident common stock, and all such persons have indicated their intention to vote their shares in favor of the merger agreement with First

Sentinel.

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The Provident Board Recommends You Vote in Favor of the Proposals

Provident's directors have unanimously approved the merger agreement and unanimously recommend that Provident stockholders vote **FOR** the merger agreement, **FOR** each of the nominees listed in this Joint Proxy Statement/Prospectus for election to the Provident board, **FOR** the ratification of the appointment of KPMG LLP as independent auditors of Provident for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the Provident annual meeting of stockholders or vote on other matters properly before the annual meeting.

The First Sentinel Annual Meeting

Date, Time and Place

First Sentinel will hold its annual meeting of stockholders on June 23, 2004, 10:00 a.m., local time, at The Pines Manor, 2085 Route 27, Edison, New Jersey.

Record Date

April 30, 2004.

Shares Entitled to Vote

shares of First Sentinel common stock were outstanding on the record date and entitled to vote at the First Sentinel annual meeting.

Purpose of the Annual Meeting

To consider and vote on the merger agreement, the election of three directors, the ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.

Vote Required

A majority of the outstanding shares of First Sentinel common stock entitled to vote must be cast in favor of the merger agreement for it to be approved. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which authority to vote for the nominees being proposed is withheld. The ratification of the appointment of KPMG LLP as independent auditors and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting are determined by a majority of the votes cast, without regard to broker non-votes or proxies marked **ABSTAIN**.

As of the record date, the directors and executive officers of First Sentinel and their affiliates beneficially owned shares, or approximately % of the outstanding shares, of First Sentinel common stock, and all such persons have indicated their intention to vote their shares in favor of the merger agreement with Provident. In addition, at the time the merger agreement with Provident was signed, each director of First Sentinel and Ms. Nancy E. Graves, Mr. Thomas M. Lyons and Mr. Richard Spengler, all of whom are executive officers of First Sentinel or First Savings Bank, entered into a separate letter agreement with Provident, 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 and adoption of the merger agreement.

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The First Sentinel Board Recommends You Vote in Favor of the Proposals

First Sentinel's directors have unanimously approved the merger agreement and unanimously recommend that First Sentinel stockholders vote **FOR** the merger agreement, **FOR** each of the nominees listed in this Joint Proxy Statement/Prospectus for election to the First Sentinel board, **FOR** the ratification of the appointment of KPMG LLP as independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the First Sentinel annual meeting of stockholders or vote on other matters properly before the annual meeting.

The Companies

Provident

Provident, a Delaware corporation, is the bank holding company for The Provident Bank. The Provident Bank is a New Jersey savings bank that operates 54 full-service banking offices in northern and central New Jersey. The Federal Deposit Insurance Corporation insures its deposits. At December 31, 2003, Provident had \$4.3 billion in total consolidated assets. Provident's principal executive offices are located at 830 Bergen Avenue, Jersey City, New Jersey 07306. Provident's telephone number is (201) 333-1000.

First Sentinel

First Sentinel, a Delaware corporation, is the savings and loan holding company for First Savings Bank. First Savings Bank is a New Jersey savings bank that operates 22 full-service banking offices in central New Jersey. At December 31, 2003, First Sentinel had \$2.2 billion in total consolidated assets. First Sentinel's principal executive offices are located at 1000 Woodbridge Center Drive, Woodbridge, New Jersey 07095. First Sentinel's telephone number is (732) 726-9700.

The Merger

General Description

First Sentinel will merge with and into Provident, with Provident as the surviving entity. The merger will be completed on the fifth business day after all material conditions to closing have been met, unless Provident and First Sentinel 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 First Sentinel Stockholders

First Sentinel stockholders will be offered the opportunity to elect to receive merger consideration in the form of 1.0920 shares of Provident common stock, \$22.25 in cash or a combination of Provident common stock and cash in exchange for their shares of First Sentinel common stock. All elections will be subject to the allocation and proration procedures described in the merger agreement. These procedures are intended to ensure that 60% of the total number of shares of First Sentinel common stock outstanding at the closing will be converted into Provident common stock and the remaining outstanding shares will be converted into cash. Therefore, regardless of a First Sentinel stockholder's election, a

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First Sentinel stockholder may actually receive a combination of cash and shares of Provident common stock for his, her or its First Sentinel shares that is different than what such stockholder elected depending on the elections made by other First Sentinel stockholders.

Election of Cash or Stock Consideration

No later than 40 days before the expected date of completion of the merger, Provident will send an election form to First Sentinel stockholders that you may use to indicate whether your preference is to receive cash, Provident common stock or a combination of cash and Provident common stock, or whether you have no preference regarding the consideration you would like to receive for your shares of First Sentinel common stock.

FIRST SENTINEL STOCKHOLDERS SHOULD NOT SEND IN THEIR STOCK CERTIFICATES UNTIL THEY RECEIVE INSTRUCTIONS FROM THE PROVIDENT EXCHANGE AGENT.

The merger agreement contains allocation and proration provisions that are designed to ensure that 60% of the outstanding shares of common stock of First Sentinel will be exchanged for shares of Provident common stock and the remaining outstanding shares of common stock of First Sentinel will be exchanged for cash.

Therefore, if the holders of more than 60% of the outstanding First Sentinel common stock elect to receive Provident common stock for such shares, the amount of Provident common stock that each such stockholder would receive from Provident will be reduced on a pro rata basis. As a result, these First Sentinel stockholders will receive cash consideration for any First Sentinel shares for which they do not receive Provident common stock.

Similarly, if the holders of more than 40% of the outstanding First Sentinel common stock elect to receive cash for such shares, the amount of cash that each such stockholder would receive from Provident will be reduced on a pro rata basis. As a result, such stockholders will receive Provident common stock for any First Sentinel shares for which they do not receive cash.

THE DEADLINE FOR RETURNING THE ELECTION FORM IS THE CLOSE OF BUSINESS ON THE TWENTIETH BUSINESS DAY FOLLOWING THE MAILING DATE OF THE ELECTION FORM, NOT INCLUDING THE DATE OF MAILING, UNLESS FIRST SENTINEL AND PROVIDENT MUTUALLY AGREE UPON ANOTHER DEADLINE DATE. IF YOU DO NOT MAKE AN ELECTION PRIOR TO THE

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ELECTION DEADLINE, YOU WILL BE ALLOCATED EITHER CASH OR PROVIDENT COMMON STOCK, OR A COMBINATION OF CASH AND PROVIDENT COMMON STOCK, DEPENDING ON THE ELECTIONS MADE BY OTHER FIRST SENTINEL STOCKHOLDERS.

Cash in Lieu of Fractional Shares

First Sentinel stockholders will not receive fractional shares of Provident 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 a share of Provident common stock. For this purpose, a share of Provident common stock will be valued at the average of its daily closing sales prices during the five consecutive trading days immediately preceding the completion date of the merger.

Dissenters' Rights for First Sentinel

Stockholders

Under the Delaware General Corporation Law, holders of First Sentinel common stock have the right to obtain an appraisal of the value of their shares of First Sentinel common stock in connection with the merger. To perfect appraisal rights, a First Sentinel stockholder must not vote for the adoption of the merger agreement and must strictly comply with all of the procedures required under Section 262 of the Delaware General Corporation Law. These procedures are described more fully beginning on page 80.

We have included a copy of Section 262 of the Delaware General Corporation Law as *Appendix D* to this document.

Federal Income Tax Consequences of the

Merger

Provident and First Sentinel will not be required to complete the merger unless they receive legal opinions 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, First Sentinel stockholders will generally not recognize any taxable gain or loss with respect to the exchange of their First Sentinel shares if they receive only Provident common stock (except for cash received in lieu of any fractional shares). If you receive only cash in exchange for your First Sentinel 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 First Sentinel common stock exchanged.

If you receive a combination of Provident common stock and cash in exchange for your shares of First Sentinel 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 common stock you receive; over

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(2) your tax basis in the First Sentinel common stock exchanged in the merger; or

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

Your tax basis in the Provident common stock that you receive in the merger will equal your tax basis in the First Sentinel common stock you exchange in the merger, increased by the amount of any taxable gain you recognize in the merger.

Your holding period for the Provident common stock that you receive in the merger will include your holding period for the shares of First Sentinel common stock that you exchange in the merger.

If you acquired different blocks of shares of First Sentinel 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 First Sentinel common stock, and the cash and Provident common stock you receive will be allocated pro rata to each such block of First Sentinel common stock. In addition, your basis and holding period in your Provident common stock may be determined with reference to each block of First Sentinel common stock exchanged.

FIRST SENTINEL STOCKHOLDERS ARE URGED TO READ THE MORE COMPLETE DESCRIPTION OF THE MERGER'S UNITED STATES FEDERAL INCOME TAX CONSEQUENCES ON PAGE 5 AND TO CONSULT THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO THEM UNDER APPLICABLE LAWS.

Treatment of First Sentinel Stock Options

In the merger, the outstanding and unexercised options to acquire First Sentinel common stock will be cancelled and all rights under the options will be extinguished in exchange for a cash payment determined by multiplying the number of shares of First Sentinel common stock subject to the option by an amount equal to \$22.25 less the exercise price per share of the option.

Reselling the Stock You Receive in the Merger

The shares of Provident common stock to be issued in the merger will be registered under the Securities Act of 1933. Except as noted below, stockholders may freely transfer those shares after they receive them. First Sentinel has identified certain of its directors, executive officers and others who may be deemed affiliates of First Sentinel, and those persons have entered into agreements with Provident restricting their ability to transfer the shares they will receive in the merger.

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Differences in Stockholders' Rights

In the merger, each First Sentinel stockholder who receives Provident common stock will become a Provident stockholder. The rights of First Sentinel stockholders are currently governed by the Delaware General Corporation Law and First Sentinel's certificate of incorporation and by-laws. The rights of Provident stockholders are currently governed by the Delaware General Corporation Law and Provident's certificate of incorporation and by-laws. There are no material differences in the rights of First Sentinel and Provident stockholders. See page

Reasons for the Merger

On January 15, 2003, The Provident Bank completed its conversion from the mutual to stock form of ownership. As part of the conversion, Provident raised approximately \$600 million in new capital. Over the last several years, Provident has expanded its operations through branching (de novo and through acquisition). Provident identified First Sentinel as a merger candidate that would add to its franchise by expanding its banking operations in the central New Jersey market area, primarily in Middlesex County, New Jersey, which Provident believes is an attractive market area.

First Sentinel entered into the merger agreement at the conclusion of a process in which First Sentinel determined that a merger with Provident was in the best interests of its stockholders. The First Sentinel board of directors believes that the merger is fair to First Sentinel stockholders and that the combined entity will be better positioned for future success than if First Sentinel remains independent.

Opinion of Provident's Financial Advisor

Lehman Brothers Inc., Provident's financial advisor, rendered its opinion orally on December 18, 2003, subsequently confirmed in writing on December 19, 2003, to Provident's board of directors that, as of December 19, 2003, and based upon and subject to the matters stated in its opinion, from a financial point of view, the consideration to be paid by Provident in the merger with First Sentinel was fair to Provident.

A copy of the full text of Lehman Brothers' opinion, dated December 19, 2003, which discusses the assumptions made, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion, is included as *Appendix B* to this Joint Proxy Statement/Prospectus. For information on how Lehman Brothers arrived at its opinion, see page . Holders of Provident common stock are encouraged to carefully read Lehman Brothers' opinion in its entirety. Lehman Brothers provided its opinion for the information and assistance of Provident's board of directors in connection with its consideration of the transaction. Lehman Brothers' opinion is not intended to be and does not constitute a recommendation to any holder of Provident common stock as to how such holder should vote in connection with the merger transaction.

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Pursuant to an engagement letter between Provident and Lehman Brothers, Provident agreed to pay Lehman Brothers a fee, the substantial portion of which is payable upon completion of the merger.

Opinion of First Sentinel's Financial Advisor

Sandler O'Neill & Partners, L.P., First Sentinel's financial advisor, has rendered its written opinion to First Sentinel's board of directors that, as of the date of this Joint Proxy Statement/Prospectus, and based upon and subject to the assumptions made, matters considered and qualifications and limitations stated in its opinion, the consideration to be received by First Sentinel's stockholders in the merger with Provident is fair to such stockholders from a financial point of view. Holders of First Sentinel common stock are encouraged to carefully read Sandler O'Neill's opinion in its entirety. A copy of the full text of Sandler O'Neill's fairness opinion is included as *Appendix C* to this Joint Proxy Statement/Prospectus. For information on how Sandler O'Neill arrived at its opinion, see page . Sandler O'Neill's opinion is not intended to be and does not constitute a recommendation to any holder of First Sentinel common stock as to how such holder should vote in connection with the merger transaction.

Pursuant to an engagement letter between First Sentinel and Sandler O'Neill, First Sentinel agreed to pay Sandler O'Neill a fee, the substantial portion of which is payable upon completion of the merger.

Financial Interests of First Sentinel's Directors and Officers in the Merger

Some of First Sentinel's directors and executive officers have interests in the merger that are in addition to their interests as stockholders. The Provident and First Sentinel boards of directors considered these interests in deciding to approve the merger agreement.

Provident has agreed that two current directors of First Sentinel will be appointed as directors of Provident and The Provident Bank when the merger is completed. In addition, during calendar year 2005, the boards of directors of Provident and The Provident Bank shall appoint either Christopher Martin, First Sentinel's President and Chief Executive Officer, or one of the members of the advisory board established as part of the merger as a director of Provident and of The Provident Bank for a term of office expiring at the annual meeting of stockholders to be held following the year ending December 31, 2005. Provident will also establish an advisory board consisting of those persons, other than Mr. Martin, who currently serve on the board of directors of First Sentinel but will not join the Provident board of directors.

Mr. Martin will be appointed President of Provident and The Provident Bank at the time the merger is completed. Mr. Martin has

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entered into an employment agreement with Provident, effective only upon the closing of the merger, that provides for an initial base salary of \$365,000 and the ability to participate in Provident's compensation and benefit plans. In addition, Thomas M. Lyons, Richard Spengler and Nancy E. Graves will be offered management level positions at Provident and/or The Provident Bank, and each of such officers has entered into a two-year change in control agreement with Provident, effective only upon the closing of the merger.

In addition, Mr. Martin will receive a payment in consideration of the termination of his existing employment agreement with First Sentinel, and certain other executive and non-executive officers will receive a payment in consideration of the termination of their existing change in control agreements with First Sentinel.

In addition, certain First Sentinel non-executive officers will receive severance payments upon the completion of the merger.

Provident has agreed to indemnify the directors and officers of First Sentinel against certain liabilities for a six-year period following the merger.

For additional information on the benefits of the merger to First Sentinel's management, see page .

Conditions to the Merger

Completion of the merger is contingent on a number of conditions, including approval of the merger agreement by First Sentinel and Provident stockholders at their annual meetings.

Regulatory Approval

The merger is subject to the approval of the Federal Deposit Insurance Corporation and the New Jersey Department of Banking and Insurance and the non-objection of the Federal Reserve Bank of New York. We have filed the applications required to obtain the necessary regulatory approvals. As of the date of this document, we had not received the required approvals. We will file a waiver notice with the Federal Reserve Bank of New York after we receive the Federal Deposit Insurance Corporation approval. Approval does not constitute an endorsement of the merger or a determination that the terms of the merger are fair to First Sentinel stockholders or Provident stockholders. See page .

Terminating the Merger Agreement

First Sentinel will be required to pay Provident a termination fee in the amount of \$24.0 million if, among other things, in connection with First Sentinel's receipt of a superior proposal (as defined in the merger agreement), First Sentinel (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.

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Additionally, if the average of the daily closing sales prices of Provident common stock for the twenty consecutive trading days immediately preceding the first date on which all regulatory approvals have been received is less than \$16.30 and the decline in value of Provident common stock relative to the change in value of an index of financial institution holding companies over a similar period exceeds 17.5%, then First Sentinel can terminate the merger agreement unless Provident increases the consideration to be received by the holders of First Sentinel common stock utilizing the formula agreed to in the merger agreement. See Section 11.1.9 of the merger agreement for the specific formula referenced above. The merger agreement also may be terminated by either First Sentinel or Provident if the merger has not occurred by September 30, 2004. First Sentinel will not be required to pay a termination fee in either circumstance. For a more complete description of these and other termination rights available to First Sentinel and Provident, see page

Amending the Merger Agreement

The merger agreement may be amended by the written consent of Provident and First Sentinel 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 First Sentinel stockholders cannot be made following adoption of the merger agreement by First Sentinel stockholders without their approval.

Purchase Accounting Treatment of the Merger

Provident will account for the merger as a purchase for financial reporting purposes.

First Sentinel has Agreed Not to Solicit Alternative Transactions

In the merger agreement, First Sentinel has agreed not to initiate, solicit or knowingly encourage, negotiate with, or provide any information to any person other than Provident concerning an acquisition transaction involving First Sentinel or First Savings Bank. This restriction may deter other potential acquirors of control of First Sentinel. However, First Sentinel may take certain of these actions if its board of directors determines that it should do so in order to fulfill its fiduciary duties. This determination by the First Sentinel board of directors must be made after the First Sentinel board of directors consults.

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**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF
PROVIDENT FINANCIAL SERVICES, INC.**

Set forth below are highlights from Provident's consolidated financial data as of and for the years ended December 31, 1999 through 2003. In the opinion of Provident management, this information reflects all adjustments necessary for the fair presentation of the financial data. Prior to January 15, 2003, Provident had no significant assets, liabilities or operations, and accordingly, the data presented below represents the financial condition and results of operations of The Provident Bank for periods presented prior to January 15, 2003. On January 15, 2003, The Provident Bank completed its conversion from a mutual savings bank to a stock savings bank, and in connection with the conversion, Provident sold 59,618,300 shares of common stock at \$10.00 per share, which resulted in \$586.4 million of net proceeds, of which \$293.1 million was used to acquire all of the outstanding common stock of The Provident Bank. In addition, Provident contributed \$4.8 million in cash and 1,920,000 shares of its common stock to The Provident Bank Foundation. This information is only a summary, and you should read it in conjunction with Provident's consolidated financial statements and notes thereto contained in Provident's Annual Report on Form 10-K for the year ended December 31, 2003, which has been incorporated by reference into this document. The balance sheet and share data as of December 31, 2003 and 2002 and the earnings data for each of the years in the three year period ended December 31, 2003 have been derived from these financial statements. All other data has been derived from other sources. See "Where You Can Find More Information" on page .

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At or for the Year Ended December 31,

	2003	2002	2001	2000	1999
(Dollars in thousands)					
Balance Sheet Summary:					
Total assets	\$ 4,284,878	\$ 3,919,208	\$ 2,869,717	\$ 2,641,579	\$ 2,578,249
Total deposits	2,695,976	3,243,334	2,341,723	2,168,336	2,096,604
Securities available for sale, net	1,151,829	1,242,118	494,716	335,039	361,832
Loans receivable, net	2,216,736	2,031,869	1,994,636	1,954,992	1,876,433
Borrowings	736,328	323,081	195,767	179,903	216,641
Stockholders' equity	817,119	326,009	292,130	263,072	236,664
Common shares outstanding	60,600,100				
Earnings Summary:					
Interest income	\$ 184,506	\$ 177,307	\$ 180,979	\$ 179,520	\$ 166,046
Interest expense	54,633	63,241	84,523	89,690	77,244
Net interest income	129,873	114,066	96,456	89,830	88,802
Provision for loan losses	1,160	12,800	1,900	2,060	2,100
Net interest income after provision for loan losses	128,713	101,266	94,556	87,770	86,702
Noninterest income	23,834	24,147	21,236	18,276	15,688
Noninterest expense ⁽²⁾	126,779	89,087	80,629	75,865	71,853
Income before tax expense	25,768	36,326	35,163	30,181	30,537
Income tax expense	7,024	9,231	11,083	9,283	10,907
Cumulative effect of change in accounting principle ⁽¹⁾		(519)			
Net income	\$ 18,744	\$ 26,576	\$ 24,080	\$ 20,898	\$ 19,630
Performance Ratios⁽³⁾:					
Return on average assets ⁽²⁾	0.46%	0.86%	0.88%	0.80%	0.80%
Return on average stockholders' equity ⁽²⁾	2.31	8.71	8.70	8.37	8.53
Dividend payout	45.91				
Average equity to average assets	19.73	9.92	10.10	9.56	9.34
Net interest rate spread	2.91	3.59	3.26	3.20	3.43
Net interest margin	3.37	3.96	3.97	3.70	3.87
Efficiency ratio ⁽⁵⁾	66.87	64.46	68.51	70.18	68.77
Noninterest income to average assets	0.58	0.78	0.77	0.70	0.64
Noninterest expense to average assets	3.08%	2.90%	2.94%	2.90%	2.92%
Asset Quality Ratios:					
Allowance for loan losses to loans receivable, net	0.92%	1.02%	1.09%	1.02%	0.99%
Nonperforming loans	\$ 6,128	\$ 8,512	\$ 8,084	\$ 9,480	\$ 8,034
Nonperforming loans to total loans	0.27%	0.41%	0.40%	0.48%	0.43%
Nonperforming assets to total assets	0.14%	0.22%	0.28%	0.37%	0.31%
Capital Ratios:					
Regulatory Tier 1 leverage capital	18.81%	8.98%	9.41%	9.12%	8.47%
Tier 1 risk-based capital	30.54%	12.42%	13.06%	13.26%	12.83%
Total risk-based capital	31.44%	13.32%	14.15%	14.38%	13.96%
Share Data:					
Weighted average common shares outstanding (in thousands):					
Basic	57,835,726				
Diluted	57,965,640				
Basic earnings per common share ⁽⁴⁾ :					
Net income	\$ 0.31				
Diluted earnings per common share ⁽⁴⁾ :					
Net income	0.31				

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Cash dividends paid per common share	0.14				
Book value per common share	13.48				
Other Data:					
Number of branch offices	54	49	48	49	52
Number of full-time equivalent employees	717	656	688	613	604

(footnotes on following page)

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- (1) In accordance with FASB Statement No. 142, Provident performed a goodwill impairment test on the goodwill associated with the purchase of Provident Mortgage Company. It was determined that goodwill was impaired and a charge of \$519,000 was recorded as a cumulative effect of change in accounting principle.
- (2) On January 15, 2003, Provident became the holding company for The Provident Bank following the completion of the conversion of The Provident Bank to a stock chartered savings bank. Concurrent with the conversion, Provident contributed an additional 1,920,000 shares of its common stock and \$4.8 million in cash to The Provident Bank Foundation, resulting in a one time expense of \$15.6 million, net of tax.
- (3) Computed using daily averages.
- (4) Basic and diluted earnings per share for the year ended December 31, 2003 includes the results of operations from January 15, 2003, the date The Provident Bank completed its conversion, in the amount of \$17,755,000.
- (5) Represents the ratio of non-interest expense divided by the sum of net interest income and non-interest income, and is adjusted for the one time expense associated with The Provident Bank Foundation contribution:

	December 31, 2003
Efficiency Ratio Calculation:	
Net interest income	\$ 129,873
Noninterest income	23,834
Total income	\$ 153,707
Noninterest expense	\$ 126,779
Expense/Income	82.48%
Less: Provident Bank Charitable Foundation Contribution	(24,000)
Adjusted noninterest expense	\$ 102,779
Expense/income	66.87%

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**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF
FIRST SENTINEL BANCORP, INC.**

Set forth below are highlights from First Sentinel's consolidated financial data as of and for the years ended December 31, 1999 through 2003. In the opinion of First Sentinel management, this information reflects all adjustments necessary for the fair presentation of the financial data. This information is only a summary, and you should read it in conjunction with First Sentinel's consolidated financial statements and notes thereto contained in First Sentinel's Annual Report on Form 10-K for the year ended December 31, 2003, which has been incorporated by reference into this document. The balance sheet and share data as of December 31, 2003 and 2002 and the earnings data for each of the years in the three year period ended December 31, 2003 have been derived from these financial statements. All other data has been derived from other sources. See "Where You Can Find More Information" on page .

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At or for the Year Ended December 31,

	2003	2002	2001	2000	1999
(Dollars in thousands)					
Balance Sheet Summary:					
Total assets	\$ 2,204,670	\$ 2,261,479	\$ 2,142,734	\$ 1,972,080	\$ 1,907,139
Total deposits	1,339,858	1,387,986	1,315,264	1,219,336	1,213,724
Securities available for sale, net	829,253	904,781	750,704	681,992	788,749
Loans receivable, net	1,210,721	1,201,210	1,242,779	1,184,802	1,016,116
Borrowings	591,500	596,663	545,814	505,955	422,000
Subordinated debentures ⁽¹⁾	25,774				
Preferred capital securities ⁽¹⁾		25,000	25,000		
Stockholders' equity	\$ 227,574	\$ 211,572	\$ 221,703	\$ 214,630	\$ 238,700
Earnings Summary:					
Interest income	\$ 108,959	\$ 126,002	\$ 133,585	\$ 136,789	\$ 123,388
Interest expense	50,393	62,421	74,684	78,872	65,006
Net interest income	58,566	63,581	58,901	57,917	58,382
Provision for loan losses		1,310	650	1,441	1,650
Net interest income after provision for loan losses	58,566	62,271	58,251	56,476	56,732
Noninterest income ⁽²⁾	9,703	6,543	4,455	2,269	3,631
Noninterest expense ⁽³⁾	37,736	31,058	27,205	26,634	24,556
Income before tax expense	30,533	37,756	35,501	32,111	35,807
Income tax expense	12,197	12,852	11,016	10,414	12,155
Net income	\$ 18,336	\$ 24,904	\$ 24,485	\$ 21,697	\$ 23,652
Performance Ratios:					
Return on average assets ⁽²⁾⁽³⁾	0.81%	1.12%	1.21%	1.11%	1.25%
Return on average stockholders' equity ⁽²⁾⁽³⁾	8.83	11.11	10.92	9.77	8.07
Dividend payout	59.78	40.43	36.19	36.13	59.88
Average equity to average assets	9.22	10.06	11.09	11.32	15.53
Net interest rate spread	2.41	2.55	2.45	2.33	2.46
Net interest margin	2.71	2.96	3.01	2.99	3.17
Efficiency ratio ⁽⁴⁾	55.28	44.29	42.94	44.25	39.60
Noninterest income to average assets ⁽²⁾	0.43	0.29	0.22	0.12	0.19
Noninterest expense to average assets ⁽³⁾	1.67%	1.39%	1.35%	1.36%	1.30%
Asset Quality Ratios:					
Allowance for loan losses to loans receivable, net	1.04%	1.06%	1.03%	1.03%	1.07%
Nonperforming loans	\$ 1,827	\$ 1,764	\$ 1,849	\$ 2,389	\$ 2,682
Nonperforming loans to total loans receivable	0.15%	0.15%	0.15%	0.20%	0.26%
Nonperforming assets to total assets	0.08%	0.08%	0.09%	0.13%	0.17%
Capital Ratios:					
Regulatory Tier 1 leverage capital	9.18%	8.03%	8.68%	9.36%	10.25%
Tier 1 risk-based capital	18.29	16.86	16.64	17.91	24.14
Total risk-based capital	19.43%	18.05%	17.83%	19.14%	25.39%
Share Data:					
Weighted average common shares outstanding (in thousands):					
Basic	25,706,054	27,630,380	29,313,479	32,488,800	38,398,878
Diluted	26,698,962	28,401,420	29,998,256	32,807,270	39,142,251
Basic earnings per common share:					
Net income	\$ 0.71	\$ 0.90	\$ 0.84	\$ 0.67	\$ 0.62
Diluted earnings per common share:					
Net income	0.69	0.88	0.82	0.66	0.60

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Cash dividends paid per common share	0.42	0.36	0.30	0.24	0.37
Book value per common share	8.35	7.71	7.40	6.75	6.39
Other Data:					
Number of branch offices	22	23	23	22	23
Number of full-time equivalent employees	299	314	299	292	294

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- (1) First Sentinel adopted FIN 46 on December 31, 2003, and in accordance with its provisions, deconsolidated the capital trust and reported the associated liabilities as subordinated debentures.
- (2) Includes gain on sale of branch and deposits of \$2.4 million, or \$1.6 million net of tax, in 2003.
- (3) Includes non-tax deductible merger-related charges of \$4.3 million in 2003.
- (4) Represents the ratio of noninterest expense divided by the sum of net interest income plus noninterest income.

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UNAUDITED COMBINED CONDENSED CONSOLIDATED PRO FORMA FINANCIAL DATA

(In thousands, except shares and per share amounts)

The following table shows information about our financial condition and operations, including per share data and financial ratios, after giving effect to the merger. This information is called pro forma information in this Joint Proxy Statement/Prospectus. The table sets forth the information as if the merger had become effective on December 31, 2003, with respect to financial condition data, and at the beginning of the periods presented, with respect to operations data. The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting. The fair value adjustments contained in the pro forma financial data are preliminary estimates based on data as of December 31, 2003. Final fair value adjustments will be determined as of the closing date and could differ significantly. See Proposal I The Proposed Merger Accounting Treatment on page . This table should be read in conjunction with, and is qualified in its entirety by, the historical financial statements, including the notes thereto, of Provident and First Sentinel incorporated by reference in this document.

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.

Table of Contents**Unaudited Combined Condensed Consolidated Pro Forma Statement of Financial Condition**As of December 31, 2003⁽¹⁾

	Provident Financial Services, Inc. Historical	First Sentinel Bancorp, Inc. Historical	Pro Forma Adjustment⁽²⁾	Pro Forma Combined
(In thousands)				
Assets:				
Cash and cash equivalents	\$ 175,852	\$ 16,007	\$	\$ 191,859
Federal funds sold		59,800		59,800
Securities available for sale	1,151,829	829,253	(291,970) ⁽¹³⁾	1,689,112
Securities held to maturity	517,789			517,789
Loans, net	2,216,736	1,210,721	16,994 ⁽³⁾	3,444,451
Premises and fixed assets	46,741	15,160	4,000 ⁽⁴⁾	65,901
Goodwill	19,908		389,256 ⁽⁵⁾	409,164
Core deposit intangible	2,982	3,730	21,637 ⁽⁷⁾	28,349
Other intangibles	1,048			1,048
Other assets	151,993	69,999	11,721 ⁽⁷⁾⁽⁸⁾	233,713
Total assets	\$ 4,284,878	\$ 2,204,670	\$ 151,638	\$ 6,641,186
Liabilities and Stockholders Equity:				
Liabilities:				
Deposits and mortgage escrow accounts	\$ 2,707,037	\$ 1,339,858	\$ 7,438 ⁽⁹⁾	\$ 4,054,333
Federal funds purchased and securities sold under agreements to repurchase	44,664	466,000	13,844 ⁽¹⁰⁾	524,508
Borrowed funds	691,664	125,500	6,975 ⁽¹⁰⁾	824,139
Subordinated debentures		25,774	1,234 ⁽¹⁰⁾	27,008
Other liabilities	24,394	19,964		44,358
Total liabilities	3,467,759	1,977,096	29,491	5,474,346
Stockholders Equity:				
Common stock	615	430	(245) ⁽¹¹⁾	800
Additional paid in capital	606,541	208,523	141,013 ⁽¹¹⁾	956,077
Retained earnings	324,250	166,902	(166,902) ⁽¹¹⁾	324,250
Treasury stock		(150,571)	150,571 ⁽¹¹⁾	
Common stock held by ESOP	(78,816)	(8,486)	8,486 ⁽¹¹⁾	(78,816)
Common stock acquired by stock award plan	(41,887)	(280)	280 ⁽¹¹⁾	(41,887)
Common stock acquired by the Directors' Deferred Fee Plan (DDFP)		(2,768)	(21,018) ⁽¹²⁾	(23,786)
DDFP transition differential		(7,674)	7,674 ⁽¹²⁾	
Deferred compensation DDFP		17,439	6,347 ⁽¹²⁾	23,786
Accumulated other comprehensive income, net of tax effect	6,416	4,059	(4,059) ⁽¹¹⁾	6,416
Total stockholders equity	817,119	227,574	122,147	1,166,840
Total liabilities and stockholders equity	\$ 4,284,878	\$ 2,204,670	\$ 151,638	\$ 6,641,186
	Provident Financial Services, Inc. Historical	First Sentinel Bancorp, Inc. Historical		Pro Forma Combined

Capital Ratios

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Regulatory Tier 1 leverage capital	18.81%	9.18%	11.99%
Tier 1 risk-based capital	30.54%	18.29%	19.66%
Total risk-based capital	31.44%	19.43%	20.64%

(footnotes follow)

Table of Contents**Unaudited Combined Condensed Consolidated Pro Forma Statement of Income**For the year ended December 31, 2003⁽¹⁾

	Provident Financial Services, Inc. Historical	First Sentinel Bancorp, Inc. Historical	Pro Forma Adjustment	Pro Forma Combined
(Dollars in thousands)				
Interest income:				
Loans	\$ 123,450	\$ 73,333	\$ (5,665) ⁽¹⁴⁾	\$ 191,118
Securities	61,056	35,626	(11,212) ⁽¹³⁾	85,470
Total interest income	184,506	108,959	(16,877)	276,588
Interest expense:				
Deposits	39,171	21,533	(3,719) ⁽¹⁴⁾	56,985
Borrowed funds	15,462	28,860	(7,763) ⁽¹⁴⁾	36,559
Total interest expense	54,633	50,393	(11,482)⁽¹⁴⁾	93,544
Provision for loan losses	1,160			1,160
Net interest income after provision for loan losses	128,713	58,566	(5,395)	181,884
Noninterest income:				
Net gain on sale of loans and securities	2,351	825		3,176
Net gain on sale of branch and deposits		2,442		2,442
Fee and other	21,483	6,436		27,919
Total noninterest income	23,834	9,703		33,537
Noninterest expense:				
General and administrative expense:				
Compensation and benefits	54,683	21,152		75,835
Occupancy and equipment	14,157	4,023	160 ⁽¹⁴⁾	18,340
Other	56,790 ⁽¹⁵⁾	11,722		68,512
Amortization of core deposit intangible	1,149	839	3,934 ⁽¹⁴⁾	5,922
Total noninterest expense	126,779	37,736	4,094	168,609
Income before income tax expense	25,768	30,533	(9,489)	46,812
Income tax expense	7,024	12,197	(3,875)	15,346
Net income	\$ 18,744	\$ 18,336	\$ (5,614)	\$ 31,466
Income per share:				
Basic	\$ 0.31	\$ 0.71		\$ 0.42
Diluted	\$ 0.31	\$ 0.69		\$ 0.42

Weighted average common shares:

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Basic	57,835,726	25,706,054	16,842,607	74,678,333 ⁽¹⁶⁾
Diluted	57,965,640	26,698,962	16,842,607	74,808,247 ⁽¹⁶⁾

(footnotes on following page)

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- (1) Assumes that the acquisition of First Sentinel Bancorp was completed at December 31, 2003 utilizing the purchase method of accounting. Estimated fair value adjustments for loans, premises and equipment, deposits, borrowed funds and the DDFP were determined by the management of Provident and First Sentinel with the assistance of certain valuation consultants. The resulting premiums and discounts for purposes of the Pro Forma Financial Statements, where appropriate, are being amortized and accreted into income as more fully described in the notes below. Actual fair value adjustments, where appropriate, will be determined as of the merger date and will be amortized and accreted into income.
- (2) Reflects the purchase accounting and acquisition adjustments related to the acquisition of First Sentinel for a price of \$22.25 per share in cash and stock. Merger consideration assumes that 40 percent of the 28,241,399 First Sentinel shares receive cash of \$22.25 per share and 60 percent of First Sentinel's shares are exchanged for 1.092 shares of Provident stock at a market value of \$18.90 per share as of December 31, 2003. Cash consideration paid for 1,314,149 First Sentinel stock options amounted to \$18.6 million, and is based on the difference between \$22.25 and \$8.10, the weighted average exercise price of the options. This assumes all First Sentinel stock options are exchanged for cash at the merger date. Purchase accounting adjustments assume that purchase price, goodwill and intangible assets are reflected on the financial statements of Provident Financial Services pursuant to the application of purchase accounting.
- (3) Yield adjustment to reflect the difference between portfolio yields and market rates as of December 31, 2003 for loans acquired in the acquisition. The adjustment was calculated using present value analysis applied to the loan portfolio. Loans were segregated into pools of similar loans. Cash flow was projected using the loan data plus estimates of prepayment speeds. The resulting cash flow was discounted to present value using risk adjusted discount rates applied to each pool of loans. The difference between carrying value and the present value of future cash flows was the yield adjustment. The yield adjustments are amortized into expense on an accelerated basis over the estimated lives or repricing periods of the loans.
- (4) Reflects the difference between market values and net carrying values of fixed assets acquired in the acquisition. Adjustment is amortized as depreciation expense on a straight line basis.
- (5) A reconciliation of the excess consideration paid by Provident over First Sentinel's net assets acquired ("Goodwill") is as follows (in thousands):

Cost to Acquire First Sentinel:	Note	
	—	
Cash	2	\$ 251,348
Provident common stock issued	2	349,721
Estimated cash paid for transaction costs, net of taxes (*)	6,8	24,817
		—
Consideration paid for First Sentinel		625,886
First Sentinel Net Assets at Fair Value:		
First Sentinel Stockholders' Equity at December 31, 2003		\$ 227,574
Repayment of ESOP Loan by First Sentinel		10,380
Cash consideration paid for stock options, net of taxes (*)	2,8	(12,087)
Adjustment to DDFP assets	12	6,347
		—
Subtotal		\$ 232,214
Fair Value Adjustments:		
Loans	3	(16,994)
Premises and fixed assets	4	(4,000)
Deposits	9	7,438
Borrowed funds	10	6,975
Repurchase agreements	10	13,844
Subordinated debentures	10	1,234
DDFP	12	6,347
		—
Fair Value Adjustments		14,844
Tax effect of fair value adjustments (*)	8	(5,196)
		—
Total adjustments to net assets acquired		9,648
		—
Adjusted net assets acquired		222,566

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Subtotal		403,320
Core Deposit Intangible	7	21,637
Tax effect of Core Deposit Intangible (*)	7	(7,573)
Net Core deposit intangible		<u>14,064</u>
Estimated Goodwill Recognized		<u>\$ 389,256</u>

-

(*) Assumed effective tax rate of 35%

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- (6) Transaction costs associated with the merger are estimated to be \$24.8 million, net of taxes. Estimated transaction costs have been recorded as a component of goodwill on the Pro Forma Financial Statements (see Note 5), based on Provident's and First Sentinel's preliminary estimates. A summary of these costs is as follows (in thousands):

Professional fees	\$ 11,000
Merger related compensation and benefits	15,775
Facilities and systems	3,862
Other merger related expenses	1,770
	<hr/>
Estimated pre-tax transaction costs	32,407
Less related tax benefit	7,590
	<hr/>
Estimated transaction costs, net of taxes	<u>\$ 24,817</u>

Professional fees include investment banking, legal and other professional fees and expenses associated with shareholder and customer notifications. Merger related compensation and severance costs include employee severance, compensation arrangements, transitional staffing and related employee benefit expenses. Facilities and system costs include lease termination charges and equipment write-offs resulting from the consolidation of duplicate facilities. Other merger related expenses are associated with the integration of operations. The foregoing estimates may be refined subsequent to the completion of the merger.

- (7) Core deposit intangible is an identifiable intangible asset representing the economic value of the acquired deposit base, calculated as the present value benefit of funding operations with the acquired deposit base versus using an alternative wholesale funding source. The core deposit intangible asset is amortized into expense using the sum of the years digits method over 10 years. Deferred taxes related to the core deposit intangible amounted to \$7.6 million, and were based on an assumed tax rate of 35%.
- (8) Deferred tax assets on the cash out of options and taxable transaction costs amounted to \$14.1 million. Deferred tax assets on purchase accounting adjustments amounted to \$5.2 million, and were based on an assumed tax rate of 35%.
- (9) Yield adjustment to reflect the difference between portfolio yields and market rates as of December 31, 2003 for time deposits acquired in the acquisition. Yield adjustments were calculated using present value analysis. Cash flow each month was the difference between projected interest costs of the remaining deposit base and hypothetical costs calculated using market rates based on a survey of competitor's rates. Cash flow was discounted to present value using market rates for similar deposits. The yield adjustment is the aggregate present value of the difference. The yield adjustment is accreted into income on an accelerated basis over the lives of the acquired time deposits.
- (10) Reflects yield adjustment of \$13.8 million on repurchase agreements, \$7.0 million on borrowed funds, and \$1.2 million on subordinated debentures. Yield adjustments reflect the difference between portfolio yields and market rates as of December 31, 2003 for borrowings acquired in the acquisition. Yield adjustments were calculated using present value analysis. Cash flow for each month was the difference between projected interest costs of the remaining borrowings and hypothetical costs using current market rates based on advances from the FHLB of New York. Cash flow was discounted to present value using market rates. The yield adjustment is the aggregate present value of the difference. The yield adjustment is accreted into income on an accelerated basis over the lives of the acquired borrowings.
- (11) Reflects the issuance of 18,503,765 shares of Provident's common stock in the transaction and the elimination of First Sentinel's equity accounts.
- (12) Reflects the adjustment to record the DDFP at market value (\$6.3 million) and to adjust the DDFP plan assets to market value (\$13.3 million) and the elimination of the DDFP transitional differential (\$7.7 million).
- (13) Interest income is reduced approximately \$11.2 million on a pre tax basis, related to the portion of the purchase price that is paid in cash (\$292.0 million) and the direct costs of the merger and liabilities assumed to be paid in cash. These funds were assumed to have yielded a pre-tax rate of 3.84% for the year ended December 31, 2003, which represents the actual yield earned on Provident's available for sale portfolio for the period.

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(14) The following table summarizes the estimated full year impact of the amortization / (accretion) of the purchase accounting adjustments on the pro-forma statement of income.

<u>Category</u>	<u>Premiums / (Discounts)</u>	<u>Estimated Life in Years</u>	<u>Amortization/ (Accretion) Method</u>	<u>2003 Amortization / (Accretion)</u>
Core Deposit Intangibles	\$ 21,637	10	SYD	\$ 3,934
Deposits	(7,438)	3	SYD	(3,719)
Borrowed Funds	(6,975)	5	SYD	(2,325)
Repurchase agreements	(13,844)	5	SYD	(4,615)
Subordinated debentures	(1,234)	2	SYD	(823)
Loans	16,994	5	SYD	5,665
Premises and fixed assets	4,000	25	SL	160
Net Total	\$ 13,140			(\$ 1,723)

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Sum of the years digits and straight line methods were utilized in preparing the pro forma statement of income for amortizing and/or accreting the related purchase accounting adjustments. Provident has determined that these methods approximate the level yield method that will be utilized for the merger for all adjustments.

The following table summarizes the estimated impact of the amortization / (accretion) of the purchase accounting adjustments made in connection with the merger on Provident's result of operations for the following years:

Projected Future Amounts for the Years Ended December 31,	Core Deposit Intangible	Net (Accretion) / Amortization	Net (Increase)/ Decrease in Income Before Taxes
2003	\$ 3,934	(\$ 5,657)	(\$ 1,723)
2004	3,541	(3,751)	(210)
2005	3,147	(1,844)	1,303
2006	2,754	(350)	2,404
2007	2,360	(95)	2,265
2008	1,967	160	2,127

(15) Provident Financial recorded a one time expense of \$15.6 million, net of tax, as a result of the \$24 million contribution to The Provident Bank Charitable Foundation made in the first quarter of 2003.

(16) Basic and fully diluted weighted average common shares outstanding was determined by adding 60 percent of First Sentinel's historical average basic outstanding common shares at the exchange ratio of 1.092 to Provident's historical average basic and diluted outstanding common shares. No common stock equivalents were considered as it is assumed all First Sentinel stock options are cashed out in the transaction.

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table sets forth for Provident common stock and First Sentinel 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 purchase method of accounting. See Proposal I The Proposed Merger Accounting Treatment on page . The information in the following table is based on, and should be read together with, the historical financial information that we have presented in our prior filings with the Securities and Exchange Commission and the pro forma financial information that appears elsewhere in this document. See Where You Can Find More Information on page and Unaudited Combined Condensed Consolidated Pro Forma Financial Data on page .

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 Services, Inc. Historical	First Sentinel Bancorp, Inc. Historical	Pro Forma Combined⁽¹⁾	Per Equivalent First Sentinel Share⁽²⁾
Net Income Per Common Share for the Twelve Months Ended December 31, 2003:				
Basic	\$ 0.31	\$ 0.71	\$ 0.42	\$ 0.46
Diluted	0.31	0.69	0.42	0.46
Cash Dividends Declared Per Common Share:				
For the twelve months ended December 31, 2003	0.14	0.42	0.14 ⁽³⁾	0.15
Book Value Per Common Share:				
As of December 31, 2003	13.48	8.35	14.72 ⁽⁴⁾	16.07

(1) Pro forma combined assumes the merger of First Sentinel was completed at the beginning of the period presented.

(2) Per equivalent share of First Sentinel's common stock is calculated by taking the product of the pro forma combined and an exchange ratio of 1.092.

(3) Pro forma cash dividends represent the historical dividends of Provident.

(4) Pro forma book value per common share is based on the pro forma total stockholder's equity of the combined entity divided by the total pro forma common shares of the combined entity assuming conversion of 60% of the outstanding shares of First Sentinel common stock into shares of Provident Financial common stock at an implied exchange ratio of 1.092.

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RISKS RELATED TO THE MERGER

*In addition to the other information contained in or incorporated by reference into this Joint 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 adoption of the merger agreement.*

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

The merger agreement contains allocation and proration provisions that are designed to ensure that 60% of the outstanding shares of common stock of First Sentinel will be exchanged for shares of Provident common stock and the remaining outstanding shares of common stock of First Sentinel will be exchanged for cash. Therefore, if the holders of more than 60% of the outstanding First Sentinel common stock elect to receive Provident common stock for such shares, the amount of Provident common stock that each such stockholder would receive from Provident will be reduced on a pro rata basis. As a result, these First Sentinel stockholders will receive cash consideration for any First Sentinel shares for which they do not receive Provident common stock. Similarly, if the holders of more than 40% of the outstanding First Sentinel common stock elect to receive cash for such shares, the amount of cash that each such stockholder would receive from Provident will be reduced on a pro rata basis. As a result, such stockholders will receive Provident common stock for any First Sentinel 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 May Fail to Realize the Anticipated Benefits of the Merger.

The success of the merger will depend on, among other things, Provident's ability to realize anticipated cost savings and to combine the businesses of The Provident Bank and First Savings Bank in a manner that does not materially disrupt the existing customer relationships of First Savings Bank or The Provident Bank or result in decreased revenues from any loss of customers. If Provident 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 and First Sentinel 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's or First Sentinel's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect Provident's ability to maintain relationships with customers and employees or to achieve the anticipated benefits of the merger.

Because the Market Price of Provident 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 First Sentinel common stock will be converted into merger consideration consisting of shares of Provident common stock and/or cash pursuant to the terms of the merger agreement. The value of the merger consideration to be received by First Sentinel stockholders will be based on the price of Provident common stock immediately prior to the completion of the merger. Accordingly, at the time of the annual meetings, First Sentinel stockholders will not necessarily know or be able to calculate the value of the merger consideration they will receive upon completion of the merger.

Any change in the price of Provident common stock prior to completion of the merger will affect the value of the merger consideration that a First Sentinel 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.

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First Sentinel Stockholders Will be Unable to Sell Their First Sentinel Shares in the Market After Making Their Election.

First Sentinel stockholders may elect to receive the merger consideration in the form of cash, Provident common stock or a combination of cash and Provident common stock. Stockholders making an election must turn in their First Sentinel stock certificates with their election form. During the time between when the election is made and the merger is completed, First Sentinel stockholders will be unable to sell their First Sentinel common stock. If the merger is unexpectedly delayed, this period could extend for a significant period of time. First Sentinel 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.

First Sentinel Directors and Officers Have Interests in the Merger Besides Those of a Stockholder.

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

Provident May be Subject to Adverse Regulatory Conditions.

Before the merger may be completed, various approvals must be obtained from, or notifications submitted to, the Federal Deposit Insurance Corporation, the New Jersey Department of Banking and Insurance and the Federal Reserve Bank of New York. 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.

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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 Provident and First Sentinel, 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 similar expressions.

The ability of Provident and First Sentinel to predict results or the actual effects of its 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;

increases 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 or First Sentinel;

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 and First Sentinel;

lower than expected revenues following the merger; and

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

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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. Provident stockholders and First Sentinel 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 or First Sentinel 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 and First Sentinel 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 PROVIDENT FINANCIAL SERVICES, INC. ANNUAL MEETING

This section contains information for Provident stockholders about the annual meeting of stockholders Provident has called to consider and adopt the merger agreement as well as vote on the election of four directors, to ratify the appointment of KPMG LLP as Provident's independent auditor for the year ending December 31, 2004 and to authorize Provident to adjourn its annual meeting of stockholders or vote on other matters properly before the annual meeting.

Together with this document, Provident is also sending you a notice of the Provident annual meeting of stockholders and a form of proxy that is solicited by Provident's board of directors. The Provident annual meeting of stockholders will be held on June 23, 2004, at 10:00 a.m., local time, at the Hilton Newark Airport, 1170 Spring Street, Elizabeth, New Jersey. This Joint Proxy Statement/Prospectus is first being mailed to stockholders of Provident on or about _____, 2004.

Matters to Be Considered

The purpose of the Provident annual meeting of stockholders is to vote on a proposal to approve the merger agreement as well as vote on the election of four directors, the ratification of the appointment of KPMG LLP as Provident's independent auditor for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on its matters properly before the annual meeting.

Proxies

Each copy of this document mailed to Provident 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 in order to ensure that your vote is counted at the Provident annual meeting, or at any adjournment or postponement of the meeting, regardless of whether you plan to attend the Provident annual meeting. You may revoke your proxy at any time before the vote is taken at the Provident annual meeting. If your shares are held in street name, your broker will vote your shares on Proposal I The Proposed Merger 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 Corporate Secretary of Provident prior to the voting of such proxy;

submitting a properly executed proxy bearing a later date; or

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

Written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Provident Financial Services, Inc.

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830 Bergen Avenue

Jersey City, New Jersey 07306

Attention: John F. Kuntz, Esq.

Corporate Secretary

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

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All shares represented by valid proxies that Provident receives through this solicitation, and that are not revoked, will be voted in accordance with the instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted **FOR** approval of the merger agreement, **FOR** the election of the four nominees for director, **FOR** the ratification of the appointment of KPMG LLP as Provident's independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting. The Provident board of directors is currently unaware of any other matters that may be presented for action at the annual meeting.

Provident stockholders should NOT send stock certificates with their proxy cards. If the merger is completed, Provident stockholders will not need to exchange their current stock certificates.

Solicitation of Proxies

Provident will bear the entire cost of soliciting proxies from you. In addition to solicitation of proxies by mail, Provident will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Provident common stock and secure their voting instructions, if necessary. Provident will reimburse the record holders for their reasonable expenses in taking those actions. Provident has also made arrangements with Georgeson Shareholder Communications, Inc. to assist Provident in soliciting proxies and has agreed to pay them a fee of \$12,500 plus reasonable expenses for these services. If necessary, Provident may also use several of its regular employees, who will not be specially compensated, to solicit proxies from Provident stockholders, either personally or by telephone, telegram, facsimile or letter.

Record Date

The Provident board of directors has fixed the close of business on April 30, 2004 as the record date for determining the Provident stockholders entitled to receive notice of and to vote at the Provident annual meeting of stockholders. On April 30, 2004, _____ shares of Provident 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 Provident common stock is necessary to constitute a quorum at the annual 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.

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Provident common stock entitled to vote at the Provident annual meeting. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for the nominees being proposed is withheld. The ratification of the appointment of the independent auditors and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting are determined by a majority of the votes cast, without regard to broker non-votes or proxies marked Abstain. You are entitled to one vote for each share of Provident common stock you held as of the record date. However, Provident's certificate of incorporation provides that stockholders of record who beneficially own in excess of 10% of the then outstanding shares of common stock of Provident 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 by any person acting in concert with such person or entity.

Because the affirmative vote of the holders of a majority of the outstanding shares of Provident common stock entitled to vote at the Provident annual meeting is needed for us to proceed with the

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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 Provident board of directors urges Provident stockholders to complete, date and sign the accompanying [Insert color] proxy card and return it promptly in the enclosed postage-paid envelope.

As of the record date, directors and executive officers of Provident and their affiliates had the right to vote _____ shares of Provident common stock, or _____ % of the Provident common stock outstanding on that date.

Recommendation of the Board of Directors

The Provident board of directors has unanimously approved the merger agreement and the transactions contemplated in the merger agreement. The Provident 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 Provident and its stockholders and unanimously recommends that you vote **FOR** approval of the merger agreement. The Provident board also unanimously recommends that you vote **FOR** each of the Provident nominees for director listed in this Joint Proxy Statement/Prospectus, **FOR** the ratification of the appointment of KPMG LLP as independent auditors of Provident for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.

See Proposal I The Proposed Merger Recommendation of the Provident Board of Directors and Reasons for the Merger on page 51 for a more detailed discussion of the Provident board of directors' recommendation.

Attending the Provident Annual Meeting

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

Participants in Provident Benefit Plans

If you are a participant in The Provident Bank Employee Stock Ownership Plan or The Provident Bank Employee Savings Incentive Plan, or any other benefit plans through which you own shares of Provident common stock, you will have received with this Joint Proxy Statement/Prospectus voting instruction forms that reflect all shares you may vote under the plans. Under the terms of these plans, the trustee or administrator votes all shares held by the plan, but each participant may direct the trustee or administrator how to vote the shares of Provident common stock allocated to his or her plan account. If you own shares through any of these plans and do not vote, the respective plan trustees or administrators will vote the shares in accordance with the terms of the respective plans. The deadline for returning your voting instructions is _____, 2004.

Security Ownership of Certain Beneficial Owners of Provident

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Persons and groups who beneficially own in excess of five percent of Provident's common stock are required to file certain reports with the Securities and Exchange Commission regarding such beneficial ownership. The following table sets forth, as of March 1, 2004, certain information as to those persons that Provident believes beneficially own more than five percent of Provident's issued and outstanding shares of common stock:

<u>Name and Address of Beneficial Owners</u>	<u>Number of Shares Owned and Nature of Beneficial Ownership</u>	<u>Percent of Shares of Common Stock Outstanding</u> ⁽³⁾
The Provident Bank Employee Stock Ownership Plan Trust		
GreatBanc Trust Company, Trustee		
45 Rockefeller Plaza, Suite 2055		
New York, New York 10111-2000	4,769,464 ⁽¹⁾	7.9%
Private Capital Management, L.P.		
Bruce S. Sherman and Gregg J. Powers		
8889 Pelican Bay Blvd.		
Naples, Florida 34108	4,369,900 ⁽²⁾	7.2%

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- (1) A Schedule 13G filed with the Securities and Exchange Commission on January 30, 2004 on behalf of The Provident Bank Employee Stock Ownership Trust reported that the Employee Stock Ownership Trust had: (i) sole power to vote or direct the vote of 4,620,653 shares of Provident common stock; (ii) the shared power to vote or direct the vote of 148,811 shares of Provident common stock; and (iii) sole power to dispose or direct the disposition of 4,769,464 shares of Provident common stock.
- (2) A Schedule 13G filed with the Securities and Exchange Commission on February 13, 2004 by Private Capital Management, L.P., Bruce Sherman and Gregg J. Powers reported that Private Capital Management and Messrs. Sherman and Powers had: (i) sole power to vote or direct the vote of no shares of Provident common stock; (ii) shared power to vote or direct the vote of 4,369,900 shares of Provident common stock; (iii) sole power to dispose or direct the disposition of no shares of Provident common stock; and (iv) shared power to dispose or to direct the disposition of 4,369,900 shares of Provident common stock. The Schedule 13G further disclosed that Messrs. Sherman and Powers in their capacities as Chief Executive Officer and President, respectively, of Private Capital Management, exercise shared dispositive and shared voting power with respect to shares held by Private Capital Management's clients and managed by Private Capital Management. Messrs. Sherman and Powers each disclaim beneficial ownership of shares held by Private Capital Management's clients and each disclaim the existence of a group.
- (3) Based on 60,328,600 shares of Provident common stock outstanding.

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THE FIRST SENTINEL BANCORP, INC. ANNUAL MEETING

This section contains information for First Sentinel stockholders about the annual meeting of stockholders First Sentinel has called to consider and approve the merger agreement as well as vote on the election of three directors, the ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.

Together with this document, First Sentinel is also sending you a notice of the First Sentinel annual meeting of stockholders and a form of proxy that is solicited by First Sentinel's board of directors. The annual meeting of stockholders will be held on June 23, 2004 at 10:00 a.m., local time, at The Pines Manor, 2085 Route 27, Edison, New Jersey. This Joint Proxy Statement/ Prospectus is first being mailed to stockholders of First Sentinel on or about May 11, 2004.

Matters to Be Considered

The purpose of the First Sentinel annual meeting of stockholders is to vote on a proposal to approve the merger agreement as well as vote on the election of three directors, the ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.

Proxies

Each copy of this document mailed to First Sentinel stockholders is accompanied by a proxy card with voting instructions for submission by mail. You should complete and return the proxy card to ensure that your vote is counted at the First Sentinel annual meeting, or at any adjournment or postponement of the meeting, regardless of whether you plan to attend the First Sentinel annual meeting. You can revoke your proxy at any time before the vote is taken at the First Sentinel annual meeting. If your shares are held in street name, your broker will vote your shares on Proposal I The Proposed Merger 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 Corporate Secretary of First Sentinel prior to the voting of such proxy;

submitting a properly executed proxy bearing a later date; or

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

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

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First Sentinel Bancorp, Inc.

1000 Woodbridge Center Drive

Woodbridge, New Jersey 07095

Attention: Ann C. Clancy, Esq.

Corporate Secretary

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

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All shares represented by valid proxies First Sentinel receives through this solicitation that are not revoked, will be voted in accordance with your instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares voted before signing and returning it, your proxy will be voted **FOR** approval of the merger agreement, **FOR** the election of First Sentinel's three nominees for director, **FOR** the ratification of the appointment of KPMG LLP as First Sentinel's independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting. The First Sentinel board of directors is presently unaware of any other matters that may be presented for action at the annual meeting.

First Sentinel stockholders should NOT send stock certificates with their proxy cards. First Sentinel stockholders will separately be sent election forms and instructions, at which time they will be requested to submit their stock certificates. If the merger is completed, First Sentinel stockholders who did 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 First Sentinel stock certificates for the merger consideration.

Solicitation of Proxies

First Sentinel will bear the entire cost of soliciting proxies from its stockholders. In addition to solicitation of proxies by mail, First Sentinel will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of First Sentinel common stock and secure their voting instructions, if necessary. First Sentinel will reimburse the record holders for their reasonable expenses in taking those actions. First Sentinel has also made arrangements with Georgeson Shareholder Communications, Inc. to assist it in soliciting proxies and has agreed to pay them a fee of \$10,000 plus reasonable expenses for these services. If necessary, First Sentinel may use several of its regular employees, who will not be specially compensated, to solicit proxies from First Sentinel stockholders, either personally or by telephone, telegram, facsimile or letter.

Record Date

The First Sentinel board of directors has fixed the close of business on April 30, 2004 as the record date for determining the First Sentinel stockholders entitled to receive notice of and to vote at the First Sentinel annual meeting of stockholders. On April 30, 2004, _____ shares of First Sentinel 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 a majority of the total number of outstanding shares of First Sentinel common stock entitled to vote (after giving effect to the 10% limit described below) is necessary to constitute a quorum at the First Sentinel annual 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.

Adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of First Sentinel common stock entitled to vote at the First Sentinel annual meeting. Directors are elected by a plurality of votes cast, without regard to either broker non-votes or proxies as to which the authority to vote for the nominees being proposed is withheld. The ratification of the appointment of the independent auditors and the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting are determined by a majority of the votes cast, without regard to broker non-votes or proxies marked Abstain. You are entitled to

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one vote for each share of First Sentinel common stock you held as of the record date. However, First Sentinel's certificate of incorporation provides that stockholders of record who beneficially own in excess of 10% of the then-outstanding shares of common stock of First Sentinel are not entitled to any vote with respect to the shares held in excess of the 10% limit.

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A person or entity is deemed to beneficially own shares owned by an affiliate of, as well as by persons acting in concert with, such person or entity. First Sentinel's certificate of incorporation authorizes its board of directors to make all determinations necessary to implement and apply the 10% limit, including determining the number of shares of First Sentinel common stock beneficially owned by any person and whether persons or entities are acting in concert. The First Sentinel board of directors is also authorized to demand that any person who is reasonably believed to beneficially own stock in excess of the 10% limit supply information to First Sentinel to enable its board of directors to implement and apply the 10% limit.

Because the affirmative vote of the holders of a majority of the outstanding shares of First Sentinel common stock entitled to vote at the First Sentinel annual meeting is needed for us 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 First Sentinel board of directors urges First Sentinel stockholders to complete, date and sign the accompanying [Insert Color] proxy card and return it promptly in the enclosed postage-paid envelope.

As of the record date, directors and executive officers of First Sentinel and their affiliates had the right to vote _____ shares of First Sentinel common stock, or _____ % of the outstanding First Sentinel common stock on that date.

At the time the merger agreement with Provident was signed, each director of First Sentinel and Ms. Nancy E. Graves, Mr. Thomas M. Lyons and Mr. Richard Spengler, all of whom are executive officers of First Sentinel or First Savings Bank, entered into a separate letter agreement with Provident, 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 and adoption of the merger agreement.

Recommendation of the Board of Directors

The First Sentinel board of directors has unanimously approved the merger agreement and the transactions contemplated in the merger agreement. The First Sentinel 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 First Sentinel and its stockholders and unanimously recommends that you vote **FOR** approval of the merger agreement. The First Sentinel board of directors also recommends that you vote **FOR** each of the First Sentinel nominees for director listed in this Joint Proxy Statement/Prospectus, **FOR** the ratification of the appointment of KPMG LLP as independent auditors for the year ending December 31, 2004 and **FOR** the authorization of the board of directors to adjourn the annual meeting or vote on other matters properly before the annual meeting.

See Proposal I The Proposed Merger Recommendation of the First Sentinel Board of Directors and Reasons for the Merger on page _____ for a more detailed discussion of the First Sentinel board of directors' recommendation.

Attending the First Sentinel Annual Meeting

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

Participants in First Sentinel's and First Savings Bank's Benefit Plans

Participants in the First Savings Bank Employee Stock Ownership Plan and the Incentive Savings Plan for Employees of First Savings Bank have the right to direct the voting of First Sentinel common stock held in their plan accounts but do not have the right to vote these shares personally at First Sentinel's annual meeting. Such participants should refer to the voting instructions provided by the plan trustees for information on how to direct the voting of these shares.

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Security Ownership of Certain Beneficial Owners of First Sentinel

The following table sets forth certain information as to those persons that First Sentinel believes are beneficial owners of more than 5% of First Sentinel's outstanding common stock as of March 1, 2004. Persons and groups that beneficially own in excess of 5% of First Sentinel's common stock are required to file certain reports with First Sentinel and with the Securities and Exchange Commission regarding such beneficial ownership. For purposes of the table below and the table set forth under "Who Our Directors and Executive Officers Are," a person is deemed to be the beneficial owner of any shares of common stock (1) over which the person has or shares, directly or indirectly, voting or investment power, or (2) of which the person has a right to acquire beneficial ownership at any time within 60 days after March 1, 2004. Voting power is the power to vote or direct the voting of shares and investment power includes the power to dispose or direct the disposition of shares.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class(1)</u>
Common Stock	First Savings Bank Employee Stock Ownership Plan and Trust c/o First Savings Bank 1000 Woodbridge Center Drive Woodbridge, New Jersey 07095	2,070,991(2)	7.3%
Common Stock	Private Capital Management, L.P. Bruce S. Sherman and Gregg J. Powers 8889 Pelican Bay Blvd. Naples, Florida 34108	2,551,623(3)	9.0%

- (1) Based on 28,268,402 total outstanding shares of First Sentinel Bancorp, Inc. as of March 1, 2004.
- (2) Based on a Schedule 13G filed with the Securities and Exchange Commission on February 12, 2004. The assets of the First Savings Bank Employee Stock Ownership Plan are held in trust by First Bankers Trust Company, the First Savings Bank Employee Stock Ownership Plan Trustee. First Bankers Trust Company, subject to its fiduciary duty, must vote all allocated shares held in the First Savings Bank Employee Stock Ownership Plan in accordance with the instructions of the participating employees. At March 1, 2004, 1,137,485 shares of common stock had been allocated to participating employee accounts and the First Bankers Trust Company shared voting power with the participants with respect to such shares. As of this same date, 933,506 unallocated shares remained in the First Savings Bank Employee Stock Ownership Plan and the First Bankers Trust Company had sole voting power with respect to such shares. Subject to its fiduciary duty, the First Bankers Trust Company will vote unallocated shares and allocated shares for which no instructions are provided by participants in a manner calculated to most accurately reflect the voting instructions received from participants on allocated shares. The First Savings Bank Employee Stock Ownership Plan Committee, comprised of the Compensation Committee of First Sentinel's board of directors, had sole power to direct the disposition of all 2,070,991 shares.
- (3) Based on a Schedule 13G filed with the Securities and Exchange Commission on February 13, 2004 by Private Capital Management, Bruce S. Sherman and Gregg J. Powers. Private Capital Management reported that it filed as an investment advisor registered under Section 203 of the Investment Advisors Act of 1940. Mr. Sherman is Chief Executive Officer of Private Capital Management and Mr. Powers is President of Private Capital Management. According to the Schedule 13G (i) Private Capital Management and Messrs. Sherman and Powers had shared voting and dispositive power over 2,551,623 shares of First Sentinel common stock and (ii) Mr. Sherman had sole voting and dispositive power over 13,700 shares of First Sentinel Common Stock. The Schedule 13G also disclosed that Mr. Sherman and Mr. Powers exercise such shared voting and dispositive power over shares of First Sentinel common stock held by Private Capital Management's clients and managed by Private Capital Management in their capacities as officers of Private Capital Management. Messrs. Sherman and Powers each disclaim beneficial ownership for the shares held by Private Capital Management's clients and disclaim the existence of a group.

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INFORMATION ABOUT THE COMPANIES

Provident Financial Services, Inc.

830 Bergen Avenue

Jersey City, New Jersey 07306

(201) 333-1000

Provident Financial Services, Inc. is a Delaware corporation which, on January 15, 2003, became the holding company for The Provident Bank, following the completion of the conversion of The Provident Bank from a mutual savings bank to a stock chartered savings bank. On January 15, 2003, Provident issued an aggregate of 59,618,300 shares of its common stock, par value \$0.01 per share, in a subscription offering and contributed cash and 1,920,000 shares of its common stock to The Provident Bank Foundation, a charitable foundation established by The Provident Bank. As a result of the conversion and its related stock offering, Provident raised \$586.4 million in net proceeds, of which \$293.1 million was infused into The Provident Bank. As of the completion of the conversion on January 15, 2003, Provident owned all of the outstanding common stock of The Provident Bank. Currently, Provident's activities consist solely of managing The Provident Bank and investing its portion of the net proceeds received in the subscription offering. At December 31, 2003, Provident had total consolidated assets of \$4.3 billion, net loans of \$2.2 billion, total deposits of \$2.7 billion, and total stockholders' equity of \$817.1 million.

Originally established in 1839, The Provident Bank is a New Jersey chartered capital stock savings bank headquartered in Jersey City, New Jersey. The Provident Bank is a community- and customer-oriented bank operating 54 full-service branch offices in the New Jersey counties of Hudson, Bergen, Essex, Mercer, Middlesex, Monmouth, Morris, Ocean, Somerset and Union, which it considers its primary market area. As part of its Customer-Centric Strategy, The Provident Bank emphasizes personal service and customer convenience in serving the financial needs of the individuals, families and businesses residing in Provident's markets. The Provident Bank attracts deposits from the general public 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.

The Provident Bank is subject to regulation and supervision by the New Jersey Department of Banking and Insurance, its chartering agency, and by the Federal Deposit Insurance Corporation. Provident is a bank holding company subject to regulation and supervision by the Board of Governors of the Federal Reserve System.

Provident routinely evaluates opportunities to expand through merger or acquisition. As a result, merger or acquisition discussions and, in some cases, negotiations may take place in the future, and mergers and acquisitions involving cash, debt or equity securities may occur. The impact of a merger or an acquisition would likely be reflected in Provident's financial condition and results of operations.

Additional information about Provident and its subsidiaries is included in documents incorporated by reference in this Joint Proxy Statement/Prospectus. See [Where You Can Find More Information](#) on page 134.

First Sentinel Bancorp, Inc.

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1000 Woodbridge Center Drive

Woodbridge, New Jersey 07095

(732) 726-9700

First Sentinel Bancorp, Inc. is a Delaware corporation and the parent holding company for First Savings Bank. First Savings Bank is a New Jersey chartered savings bank whose deposits are insured by the Savings Association Insurance Fund, as administered by the Federal Deposit Insurance Corporation. First Savings Bank operates 22 full-service banking offices in central New Jersey. At December 31, 2003, First Sentinel had total consolidated assets of \$2.2 billion, net loans of \$1.2 billion, total deposits of \$1.3 billion, and total stockholders' equity of \$227.6 million.

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First Savings Bank's principal business consists of accepting retail deposits from the general public in the areas surrounding its branch offices and investing those deposits, together with funds generated from operations and borrowings, primarily in single-family residential mortgage loans, real estate construction loans, commercial real estate loans, home equity loans and lines of credit, multi-family residential mortgage loans, mortgage-backed and mortgage related securities and various debt and equity securities. First Savings Bank's revenues are derived principally from the interest income generated by its loan and mortgage-backed securities portfolios, interest and dividends on its investment securities and, to a lesser extent, from retail banking fees.

First Savings Bank is subject to regulation and supervision by the New Jersey Department of Banking and Insurance, its chartering agency, and by the Federal Deposit Insurance Corporation. First Sentinel has elected to be a savings and loan holding company subject to regulation and supervision by the Office of Thrift Supervision.

Additional information about First Sentinel and its subsidiaries is included in documents incorporated by reference in this Joint Proxy Statement/Prospectus. See [Where You Can Find More Information](#) on page .

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PROPOSAL I THE PROPOSED MERGER

(FOR CONSIDERATION AND VOTE BY PROVIDENT AND FIRST SENTINEL STOCKHOLDERS)

The description of the merger and the merger agreement contained in this Joint Proxy Statement/Prospectus describes 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. We have attached a copy of the merger agreement as Appendix A.

We encourage you to read the merger agreement.

General

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

Background of the Merger

Since First Sentinel's conversion from the mutual holding company form of organization to a fully public company in 1998, the board of directors of First Sentinel has endeavored to enhance stockholder value by pursuing the strategy of operating as an independent community bank. In doing so, the board of directors periodically evaluated First Sentinel's business plan as compared to other strategic alternatives, including acquisitions of other institutions and strategic combinations. From time to time, management of First Sentinel received expressions of interest from other financial institutions that were pursuing aggressive growth strategies in the context of a continuously consolidating financial services industry.

In connection with the mutual to stock conversion of The Provident Bank in January 2003, Provident disclosed that conversion proceeds would be deployed for, among other things, an expansion of Provident's retail banking franchise through de novo branching and by acquiring other financial institutions. From time to time, Provident's management evaluates potential acquisition targets with a view to expanding Provident's market presence and franchise.

On April 14, 2003, Mr. Christopher Martin, First Sentinel's Chief Executive Officer, met with the Chief Executive Officer of another financial institution (the Other Institution) at First Sentinel's offices in Woodbridge, New Jersey at the request of such Other Institution. During the meeting, the Chief Executive Officer of the Other Institution indicated that the Other Institution was interested in a possible strategic combination with First Sentinel. After the meeting, Mr. Martin advised each First Sentinel board member of the details of his conversation with the Chief Executive Officer of the Other Institution.

Independent of this expression of interest, in April 2003, First Sentinel's board of directors and management had begun to re-evaluate First Sentinel's business plan in response to First Sentinel's operating, market and financial performance relative to its peer group, particularly taking into account the impact of the then-current interest rate levels, which had not risen as previously anticipated. At a regularly scheduled meeting of First Sentinel's board held on April 28, 2003, the board, having been advised of both management's ongoing evaluation of the business plan and the oral expression of interest from the Other Institution, determined to have an investment banking firm perform a market analysis of First Sentinel.

At a special meeting of First Sentinel's board held on May 12, 2003, which was attended by members of Lehman Brothers and First Sentinel's outside legal counsel, Thacher Proffitt & Wood LLP, the board discussed the business plan, including modifications to the plan to enhance First Sentinel's transition to a community bank,

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various strategic alternatives that were available at that time and the Other Institution's oral indication of interest. Following discussions with First Sentinel's management and financial and legal advisors, the board determined to explore the possibility of a business combination with the Other Institution and requested that Lehman Brothers present an analysis of the Other Institution at a subsequent board meeting. In addition, Mr. Martin was requested by the board to ask whether the Other Institution could provide a non-binding preliminary indication of the range of consideration that the Other Institution would offer to First Sentinel's stockholders in a possible combination.

During a telephone conversation between Mr. Martin and the Chief Executive Officer of the Other Institution on May 12, 2003, the Other Institution indicated to Mr. Martin that it was considering a possible price range of \$17.50 to \$18.50 for each share of First Sentinel's outstanding common stock.

At a special meeting of First Sentinel's board of directors held on June 5, 2003, Lehman Brothers presented a detailed analysis of the Other Institution's operations and financial and market performance. Lehman Brothers also presented an extensive valuation analysis of First Sentinel on both a stand-alone basis and a general acquisition basis, as well as a pro forma analysis of a combination between the Other Institution and First Sentinel. During discussions, members of the board expressed concerns that an analysis of alternatives was difficult because of the negative impact of the current interest rate environment on First Sentinel's short-term prospects, and that the combined institution's prospects were speculative, thereby providing no assurance that the combined institution would outperform First Sentinel on a stand-alone basis over the long term. At the conclusion of the meeting, the board determined to follow First Sentinel's business plan and not to pursue a possible strategic combination with the Other Institution. First Sentinel and Lehman Brothers did not enter into a formal engagement letter with respect to the services provided by Lehman Brothers in connection with First Sentinel's consideration of a possible strategic combination with the Other Institution, and Lehman Brothers did not receive any fees for such services to First Sentinel.

A little over three months later, on September 25, 2003, while attending a management conference sponsored by the New Jersey League, a trade association of community banks in New Jersey, Mr. Martin and Mr. Paul M. Pantozzi, the Chairman, Chief Executive Officer and President of Provident, engaged in a conversation, during which Mr. Pantozzi asked Mr. Martin if First Sentinel was considering any strategic business combinations. Mr. Martin responded by saying that First Sentinel's board was not thinking along those lines at that time.

During meetings held on September 29, 2003, as part of First Sentinel's annual board retreat, representatives from three investment banking firms, Sandler O'Neill & Partners, L.P., Friedman, Billings, Ramsey & Co., Inc. and Lehman Brothers, made presentations to the board regarding a variety of topics including (i) a current market analysis and overview of First Sentinel's performance, (ii) potential acquisitions by First Sentinel of selected target companies, (iii) merger of equals opportunities and (iv) affiliation options with companies who might have an interest in First Sentinel. The representatives from each of these firms stressed that the alternatives and analyses presented were based upon publicly available information and proprietary modeling analyses and not on discussions with any other financial institution. One of the companies mentioned as an affiliation option was Provident. During a board meeting held the following day, First Sentinel's board reviewed the various strategic alternatives presented during the board retreat and determined to continue to execute First Sentinel's community banking strategy as set forth in its business plan.

At an off-site board retreat held on October 29 and 30, 2003, presentations were made to the Provident board regarding the capital markets landscape and various capital deployment opportunities available to Provident. The presentations included analyses of franchise expansion opportunities in New Jersey. These presentations discussed a number of acquisition opportunities that may be of consideration to Provident, including First Sentinel.

At a financial services investor conference sponsored by Sandler O'Neill and held from November 12, 2003 through November 14, 2003, representatives of Sandler O'Neill discussed with Mr. Martin the possibility of a

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potential business combination between Provident and First Sentinel. Mr. Martin met with Mr. Pantozzi (who was also attending the conference) on November 13, 2003, at which time they engaged in a broad discussion regarding Provident's business and overall business philosophy. During this meeting, Mr. Pantozzi informed Mr. Martin that he was enthusiastic over a potential business combination between First Sentinel and Provident and wished to continue a dialogue regarding a strategic combination. Mr. Martin told Mr. Pantozzi that he would inform First Sentinel's board of Provident's interest in a combination.

Mr. Martin reported his conversations with Sandler O'Neill and Mr. Pantozzi to First Sentinel's board at a regularly scheduled meeting held on November 19, 2003. First Sentinel's board discussed Provident's interest in a transaction, the various strategic alternatives presented during the board retreat, First Sentinel's financial projections, the elevated trading levels of First Sentinel's common stock, the current economic environment and First Sentinel's future prospects, and the board determined it would be appropriate to further investigate Provident's interest in a possible business combination. The board also decided that, in order to do so, it would need detailed information on Provident's operations, financial condition and management structure and requested that Sandler O'Neill prepare a presentation of such information.

At a special meeting of First Sentinel's board held on November 24, 2003 and attended by representatives of Sandler O'Neill and Thacher Proffitt, the board considered the strategic opportunities available to First Sentinel, including remaining independent and exploring a possible business combination with Provident. The board received a presentation from Sandler O'Neill consisting of a detailed analysis of Provident and a projected financial analysis of First Sentinel and Provident on a combined basis, including an analysis of what each company would contribute to the financial makeup of the combined organization, focusing on loans, deposits, assets, borrowings, capital, the last twelve months' income, projected income and market capitalization. During discussions following Sandler O'Neill's presentation, the board noted the following: Provident appeared to be further ahead of First Sentinel in implementing the commercial banking aspect of its community banking strategy; Provident had a variety of strategies available to it as a recently converted institution to increase returns to stockholders; Provident's trading multiples reflected its large capital base and that potential existed for earnings growth as that capital base became more fully utilized, which could result in enhancements to stockholder value; the existence of opportunities for improved efficiencies at Provident through economies of scale that a strategic combination with First Sentinel would bring; efforts taken by Provident in recent years to enhance the depth and strength of its management team and board of directors; and Provident's balance sheet composition and capital base could provide a unique opportunity for a transaction that could result in significant value to First Sentinel's stockholders, both short and long term, assuming all or a portion of the consideration Provident would offer consists of Provident stock. After extensive discussions, the First Sentinel board determined that a possible transaction with Provident could be a viable alternative for enhancing stockholder value, but that more information was needed with respect to the possible transaction. The board authorized Mr. Martin to further discuss with Mr. Pantozzi various issues related to a possible combination of operations and alternatives for structuring the management team and board of directors of a combined entity. In addition, First Sentinel's board retained Sandler O'Neill as its independent financial advisor and authorized Sandler O'Neill to contact Provident to request a non-binding indication of interest as to the level of consideration that Provident would offer to First Sentinel's stockholders in a possible transaction with Provident.

On November 25, 2003, Mr. Martin and Mr. Pantozzi had a telephone conversation during which they discussed continuing their dialogue with respect to a possible business combination, and Provident executed a confidentiality agreement as a prelude to receiving non-public confidential information regarding First Sentinel. On November 26, 2003, during a special meeting of The Provident Bank's Executive Committee, Mr. Pantozzi reported that he had preliminary discussions with Mr. Martin regarding a proposed business combination between First Sentinel and Provident. On November 29, 2003, Mr. Martin met with Mr. Pantozzi and discussed various issues, including (i) the operations of First Sentinel and Provident, (ii) why the proposed business combination would benefit both institutions and their stockholders and (iii) various issues related to management and the board of directors of a combined entity.

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During the following week, Mr. Martin and Mr. Pantozzi had several telephone conversations regarding the potential business combination between First Sentinel and Provident, and Provident retained Lehman Brothers as its financial advisor. At a special meeting of Provident's board held on December 4, 2003, the board discussed and analyzed the potential business combination with First Sentinel, including a detailed presentation and analysis by Lehman Brothers of the business operations, financial condition and prospects of First Sentinel, as well as the pro forma financial impact of a proposed acquisition of First Sentinel. After lengthy deliberations, Provident's board authorized Mr. Pantozzi to submit a preliminary, non-binding indication of interest regarding a possible business combination with First Sentinel. On the following day, Provident submitted to Sandler O'Neill a letter setting forth Provident's non-binding indication of interest to engage in a business combination with First Sentinel, including the proposed consideration to be received by First Sentinel's stockholders with a value ranging from \$21.75 to \$22.25 per share of First Sentinel common stock, as well as other proposed terms and conditions.

Following discussions between First Sentinel and Sandler O'Neill, Sandler O'Neill requested that Provident submit a revised non-binding indication of interest to further clarify the proposed terms with respect to the combination of the senior management and boards of directors of the two companies. On December 8, 2003, Provident submitted to Sandler O'Neill a revised letter setting forth its revised non-binding indication of interest regarding a potential merger with First Sentinel. At a special meeting held that same day, the First Sentinel board reviewed and considered the events that had transpired during the previous two weeks and considered the proposed terms outlined in Provident's letter. During the meeting, Mr. Martin discussed the results of his recent meetings with Mr. Pantozzi. In addition, Sandler O'Neill presented a detailed overview of both First Sentinel and Provident along with a pro forma analysis of a strategic combination between the two entities. Sandler O'Neill's presentation also included an analysis of the financial impact of the proposed strategic combination based on the deal prices outlined in the letter received from Provident. Thacher Proffitt then reviewed with the board its fiduciary duties with respect to the proposed transaction. At the conclusion of the meeting, First Sentinel's board voted to continue negotiations with Provident with the goal of presenting to the board for its consideration a negotiated draft definitive agreement with respect to the strategic combination. First Sentinel executed a confidentiality agreement with Provident the following day so that First Sentinel could begin reviewing non-public information regarding Provident.

On December 12, 2003, First Sentinel received the first draft of a proposed merger agreement from Provident's outside legal counsel, Luse Gorman Pomerenk & Schick, P.C. During the weekend beginning Friday, December 12, 2003, First Sentinel commenced its due diligence review of Provident and Provident continued its due diligence review of First Sentinel. At the same time, First Sentinel, Provident and their respective legal and financial advisors began to negotiate the terms of the definitive transaction documents.

At a regularly scheduled meeting of First Sentinel's board held on December 17, 2003, the board discussed and reviewed with management, Sandler O'Neill and Thacher Proffitt the results of their respective due diligence reviews of Provident. Thacher Proffitt also provided the board with an update on the status of the negotiations with respect to reaching a definitive agreement and a term sheet describing the primary terms of the proposed strategic combination. Following the presentations, First Sentinel's board had a lengthy discussion regarding the results of the due diligence, Provident's proposed terms and the remaining issues that needed to be resolved, after which the board authorized First Sentinel's management and legal and financial advisors to continue negotiating the terms of a strategic combination with Provident, with the objective of reaching a fully negotiated agreement to be presented to the board for its approval.

On December 18, 2003, a special meeting of Provident's board was held to consider and vote on the terms and conditions of a proposed merger agreement with First Sentinel. At the meeting, Lehman Brothers presented its financial analyses with respect to the proposed merger consideration and delivered its oral opinion, subsequently confirmed in writing on December 19, 2003, as to the fairness, from a financial point of view, of the merger consideration to Provident. Luse Gorman Pomerenk & Schick, P.C. discussed the terms and conditions of the merger agreement, the commitment to add First Sentinel directors to the Provident board, the proposed employment agreement with Mr. Martin, and the board's fiduciary duties in connection with its

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evaluation of the proposed transaction. In addition, management provided to the board a favorable report concerning due diligence of the operations of First Sentinel conducted on December 13 and 14, 2003. Following the presentations and a lengthy discussion among the members of the board of directors, the Provident board unanimously approved the merger agreement.

On December 19, 2003, a special meeting of First Sentinel's board was held to consider and vote on the terms and conditions of the proposed merger agreement. At the meeting, Sandler O'Neill presented a detailed evaluation of the merger consideration and its opinion regarding the fairness of the merger consideration, from a financial point of view, to First Sentinel's stockholders. Thacher Proffitt discussed the terms and conditions of the merger agreement and the board's fiduciary duties in connection with its evaluation. In addition, the board discussed with Sandler O'Neill and Thacher Proffitt the merits of conducting a market check at that time with respect to the consideration being offered by Provident and the flexibility provided by the merger agreement to the First Sentinel board to consider unsolicited proposals from other institutions. Following the presentations and a lengthy discussion among the board members, the First Sentinel board unanimously approved the merger agreement.

Immediately after the meeting, the senior management, legal and financial advisors and independent auditors for both parties participated in a conference call to discuss First Sentinel's pending restatement of financial results for the accounting of First Sentinel's Directors' Deferred Fee Plan, which had also been discussed extensively during First Sentinel's board meeting. Over the following weekend, First Sentinel provided Provident with detailed information regarding the restatement and a draft press release announcing the restatement. After Provident reviewed this information with its independent auditors, the parties exchanged signature pages for the merger agreement. On December 22, 2003, First Sentinel and Provident issued a joint press release announcing the execution of the merger agreement.

Recommendation of First Sentinel's Board of Directors and Reasons for the Merger

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

In reaching its decision to approve the merger agreement, First Sentinel's board of directors consulted with its outside legal counsel and its financial advisor and considered a variety of factors, including the following:

- (i) The First Sentinel board's familiarity with and review of First Sentinel's business, financial condition, results of operations and prospects, including, but not limited to, its potential growth, development, productivity and profitability;
- (ii) The current and prospective environment in which First Sentinel operates, including national and local economic conditions, the competitive environment for financial institutions generally, the increased regulatory burden on financial institutions generally and the trend toward consolidation in the financial services industry;
- (iii) The First Sentinel board's review with its legal and financial advisors of strategic alternatives to the merger, including potential acquisitions of selected target companies, the proposal of the Other Institution received in May 2003 and the possibility of remaining independent and transitioning from a traditional thrift to a community bank;
- (iv)

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The First Sentinel board's review, based in part on presentations by First Sentinel's management and advisors, of Provident's business, financial condition, results of operations and management and the recent performance of Provident's common stock on both a historical and prospective basis, the strategic fit between the parties, the potential synergies expected from the merger and the business risks associated with the merger;

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- (v) The expectation that the merger will provide holders of First Sentinel common stock with the opportunity to receive a substantial premium over the historical trading prices for their shares and that a portion of the consideration received will be tax-free for federal income tax purposes;
- (vi) The cash/stock combination feature of the merger consideration offers First Sentinel stockholders both the opportunity to participate in the growth and opportunities of Provident through the stock component and to realize cash for the value of their shares through the cash component, subject to the allocation procedures in the merger agreement;
- (vii) The First Sentinel board's review with its legal and financial advisors of the provisions of the merger agreement, including the flexibility of the First Sentinel board to consider unsolicited proposals from other institutions after the execution of the merger agreement and the \$24.0 million termination fee in favor of Provident in the event the merger agreement is terminated under certain specified circumstances;
- (viii) The opinion of Sandler O'Neill that the consideration to be received by First Sentinel's stockholders is fair to those stockholders from a financial point of view;
- (ix) The similarity between First Sentinel's and Provident's management philosophies, approaches and commitments to the communities, customers and stockholders they each serve and their respective employees;
- (x) The impact of the merger on depositors, customers, employees and communities served by First Sentinel and the expectation that the combined entity will continue to provide quality service to the communities and customers currently served by First Sentinel;
- (xi) Provident's agreement, upon the closing of the merger, to appoint two persons who are directors of First Sentinel as directors of Provident and The Provident Bank, to establish an advisory board consisting of the remaining members of First Sentinel's board, other than Mr. Martin, and to appoint during the calendar year 2005 either Mr. Martin or one of the members of the advisory board as a director of Provident and The Provident Bank, all of which are expected to provide a degree of continuity and involvement by First Sentinel following the merger; and
- (xii) Provident's agreement to appoint Mr. Martin as President of Provident and The Provident Bank and to appoint Mr. Lyons, Ms. Graves and Mr. Spengler to management level positions, all of which are also expected to provide a degree of continuity and involvement by First Sentinel following the merger.

In reaching its determination to approve and recommend the merger, First Sentinel's board did not assign any specific or relative weights to the factors under consideration, and individual directors may have given different weights to different factors.

On the basis of these considerations, First Sentinel's board of directors unanimously approved the merger agreement.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS OF FIRST SENTINEL APPROVE THE MERGER AGREEMENT.

Opinion of First Sentinel Bancorp, Inc.'s Financial Advisor

By letter dated as of November 25, 2003, First Sentinel retained Sandler O'Neill to act as its financial advisor in connection with a possible strategic business combination with Provident. Sandler O'Neill is a nationally-recognized investment banking firm whose principal business specialty is financial institutions. In the ordinary course of its investment banking business, Sandler O'Neill is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

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Sandler O Neill acted as financial advisor to First Sentinel in connection with the proposed merger and participated in certain of the negotiations leading up to the execution of the merger agreement. At the December 19, 2003 meeting at which First Sentinel's board considered and approved the merger agreement, Sandler O Neill delivered to the board its oral opinion, which it also confirmed in writing, that, as of such date, the merger consideration to be received by First Sentinel's stockholders was fair to such stockholders from a financial point of view. Sandler O Neill has confirmed its December 19, 2003 opinion by delivering to the First Sentinel board a written opinion dated the date of this Joint Proxy Statement/Prospectus. In rendering its updated opinion, Sandler O Neill confirmed the appropriateness of its reliance on the analyses used to render its earlier opinion by reviewing the assumptions upon which its analyses were based, performing procedures to update certain of its analyses and reviewing the other factors considered in rendering its opinion. **The full text of Sandler O Neill's updated opinion is attached as Appendix C to this Joint Proxy Statement/Prospectus. The opinion outlines the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Sandler O Neill in rendering its opinion. The description of the opinion set forth below is qualified in its entirety by reference to the full text of the opinion attached as Appendix C. We urge you to read the entire opinion carefully in connection with your consideration of the proposed merger.**

Sandler O Neill's opinion speaks only as of the date of the opinion. The opinion was directed to the First Sentinel board and is directed only to the fairness of the merger consideration to First Sentinel's stockholders from a financial point of view. It does not address the underlying business decision of First Sentinel to engage in the merger or any other aspect of the merger and is not a recommendation to any First Sentinel stockholder as to how such stockholder should vote at the First Sentinel annual meeting with respect to the merger, the form of consideration a stockholder should elect in the merger or any other matter.

In connection with rendering its opinion, Sandler O Neill reviewed and considered, among other things:

- (1) the merger agreement;
- (2) certain publicly available financial statements and other historical financial information of First Sentinel that it deemed relevant;
- (3) certain publicly available financial statements and other historical financial information of Provident that it deemed relevant;
- (4) internal financial projections for First Sentinel for the years ending December 31, 2003 and 2004 prepared by management of First Sentinel and the views of certain members of senior management of First Sentinel, based on discussions with them, regarding First Sentinel's business, financial condition, results of operations and prospects;
- (5) internal financial projections for Provident for the years ending December 31, 2003 and 2004 prepared by management of Provident, earnings per share estimates for Provident for the years ending December 31, 2003 and 2004 published by I/B/E/S and the views of certain members of senior management of Provident, based on discussions with them, regarding Provident's business, financial condition, results of operations and prospects;
- (6) the pro forma financial impact of the merger on Provident, based on assumptions relating to transaction expenses and cost savings determined by senior management of Provident;
- (7) the publicly-reported historical price and trading activity for First Sentinel's and Provident's common stock, including a comparison of certain financial and stock market information for First Sentinel and Provident with similar publicly available information for certain other companies the securities of which are publicly traded;

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- (8) the financial terms of certain recent business combinations in the savings institutions industry, to the extent publicly available;
- (9) the current market environment generally and the banking environment in particular; and
- (10) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O'Neill considered relevant.

In performing its reviews and analyses and in rendering its opinion, Sandler O'Neill assumed and relied upon the accuracy and completeness of all the financial information, analyses and other information that was publicly available or otherwise furnished to, reviewed by or discussed with it and further relied on the assurances of management of First Sentinel and Provident that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. Sandler O'Neill was not asked to and did not independently verify the accuracy or completeness of any of such information, and Sandler O'Neill did not assume any responsibility or liability for the accuracy or completeness of any of such information. Sandler O'Neill did not make an independent evaluation or appraisal of the assets, the collateral securing the assets or the liabilities, contingent or otherwise, of First Sentinel or Provident or any of their respective subsidiaries, or the collectibility of any such assets, nor was it furnished with any such evaluations or appraisals. Sandler O'Neill is not an expert in the evaluation of allowances for loan losses, and it did not make an independent evaluation of the adequacy of the allowance for loan losses of First Sentinel or Provident, nor did it review any individual credit files relating to First Sentinel or Provident. With First Sentinel's consent, Sandler O'Neill assumed that the respective allowances for loan losses for both First Sentinel and Provident were adequate to cover such losses and would be adequate on a pro forma basis for the combined entity. In addition, Sandler O'Neill did not conduct any physical inspection of the properties or facilities of First Sentinel or Provident. Sandler O'Neill's opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of its opinion. Sandler O'Neill assumed, in all respects material to its analyses, that all of the representations and warranties contained in the merger agreement and all related agreements were true and correct, that each party to such agreements would perform all of the covenants required to be performed by such party under such agreements and that the conditions precedent in the merger agreement were not waived. Sandler O'Neill also assumed, with First Sentinel's consent, that there had been no material change in First Sentinel's and Provident's assets, financial condition, results of operations, business or prospects since the date of the last financial statements made available to them; that First Sentinel and Provident would remain as going concerns for all periods relevant to its analyses; and that the merger would qualify as a tax-free reorganization for federal income tax purposes. With First Sentinel's consent, Sandler O'Neill also relied upon the advice First Sentinel received from its legal, accounting and tax advisors as to all legal, accounting and tax matters relating to the merger and the transactions contemplated by the merger agreement prepared and furnished by the managements of First Sentinel and Provident.

Sandler O'Neill was not asked to, and did not, solicit indications of interest in a potential transaction with First Sentinel from other third parties. First Sentinel's board of directors did not otherwise limit the investigations made or the procedures followed by Sandler O'Neill in giving its opinion.

In rendering its opinion, Sandler O'Neill performed a variety of financial analyses. The following is a summary of the material analyses performed by Sandler O'Neill, but is not a complete description of all the analyses underlying Sandler O'Neill's opinion. The summary includes information presented in tabular format. **In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses performed by Sandler O'Neill.** The preparation of a fairness opinion is a complex process involving subjective judgments as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The process, therefore, is not necessarily susceptible to a partial analysis or summary description. Sandler O'Neill believes that its analyses must be considered as a whole and that selecting portions of the factors and analyses without considering all factors and analyses, or attempting to ascribe relative weights to some or all such factors and analyses, could create an incomplete view of the

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evaluation process underlying its opinion. Also, no company included in Sandler O'Neill's comparative analyses described below is identical to First Sentinel or Provident, and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of First Sentinel or Provident and the companies to which they are being compared.

The earnings projections used and relied upon by Sandler O'Neill for First Sentinel and Provident in its analyses were based upon internal financial projections for the respective companies. With respect to such financial projections and all projections of transaction costs, purchase accounting adjustments and expected cost savings relating to the merger, First Sentinel's and Provident's managements confirmed to Sandler O'Neill that they reflected the best currently available estimates and judgments of such managements of the future financial performance of First Sentinel and Provident, respectively, and Sandler O'Neill assumed for purposes of its analyses that such performances would be achieved. Sandler O'Neill expressed no opinion as to such financial projections or the assumptions on which they were based. The financial projections for First Sentinel and Provident were prepared for internal purposes only and not with a view towards public disclosure. These projections, as well as the other estimates used by Sandler O'Neill in its analyses, were based on numerous variables and assumptions which are inherently uncertain and, accordingly, actual results could vary materially from those set forth in such projections.

In performing its analyses, Sandler O'Neill also made numerous assumptions with respect to industry performance, business and economic conditions and various other matters, many of which cannot be predicted and are beyond the control of First Sentinel, Provident and Sandler O'Neill. The analyses performed by Sandler O'Neill are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Sandler O'Neill prepared its analyses solely for purposes of rendering its opinion and provided such analyses to the First Sentinel board at the December 19, 2003 meeting. Estimates on the values of companies do not purport to be appraisals or necessarily reflect the prices at which companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different. Accordingly, Sandler O'Neill's analyses do not necessarily reflect the value of First Sentinel's common stock or Provident's common stock or the prices at which First Sentinel's or Provident's common stock may be sold at any time.

Summary of Proposal. Sandler O'Neill reviewed the financial terms of the proposed transaction. Based upon the average closing price of Provident's common stock on the New York Stock Exchange for the 20-day period ending on December 18, 2003 (\$20.3755) and assuming 60% of First Sentinel's shares are converted into Provident common stock and the remaining 40% are converted into cash in the merger, Sandler O'Neill calculated an implied transaction value of \$22.25 per share. Based upon First Sentinel's September 30, 2003 financial information (as reported prior to a restatement of financial results for the nine-month period ended September 30, 2003 and the years ended December 31, 2002, 2001 and 2000 that was announced on December 22, 2003), Sandler O'Neill calculated the following ratios:

Transaction Ratios

Deal price / last twelve months' earnings per share	23.9x
Deal price / management's 2004 earnings per share estimate	21.6x
Deal price / stated book value per share	283.1%
Deal price / tangible book value per share	288.2%
Tangible book premium / core deposits (1)	32.7%

(1) Assumes First Sentinel's total core deposits are \$1.31 billion (excluding approximately \$74 million of certificates of deposit having a face amount greater than \$100,000).

For purposes of Sandler O'Neill's analyses, earnings per share were based on fully diluted earnings per share. The aggregate transaction value was approximately \$641.9 million, based upon 27,671,281 shares of First

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Sentinel common stock outstanding plus the intrinsic value of outstanding options to purchase 1,874,838 shares of First Sentinel common stock having a weighted average exercise price of \$8.26. Sandler O'Neill noted that the transaction value represented a 20.6% premium over the December 18, 2003 closing price of First Sentinel's common stock.

Stock Trading History. Sandler O'Neill reviewed the history of the reported trading prices and volume of First Sentinel's common stock and Provident's common stock and the relationship between the movements in the prices of First Sentinel's common stock and Provident's common stock, respectively, to movements in certain stock indices, including the Standard & Poor's 500 Index, the Standard & Poor's Bank Index, the Nasdaq Bank Index and the median performance of a composite peer group of publicly traded savings institutions for First Sentinel and Provident selected by Sandler O'Neill. The composition of the peer groups is discussed under "Comparable Company Analysis" below.

During the one-year period ended December 18, 2003, First Sentinel's common stock outperformed all indices to which it was compared, except that it under-performed the regional peer group.

First Sentinel's One-Year Stock Performance

	Beginning Index Value December 17, 2002	Ending Index Value December 18, 2003
First Sentinel	100.00%	127.59%
Peer Group (1)	100.00	135.80
Nasdaq Bank Index	100.00	127.41
S&P Bank Index	100.00	120.61
S&P 500 Index	100.00	120.62

(1) The peer group used in this analysis is the regional group described below.

During the approximately 11-month period commencing with January 16, 2003, the date Provident's common stock began trading on the New York Stock Exchange, and ending on December 18, 2003, Provident's common stock outperformed all indices to which it was compared.

Provident's Stock Performance Since Its IPO Date

	Beginning Index Value January 16, 2003	Ending Index Value December 18, 2003⁽²⁾
Provident	100.00%	205.30%
Peer Group (1)	100.00	134.02
Nasdaq Bank Index	100.00	126.06
S&P Bank Index	100.00	118.57
S&P 500 Index	100.00	119.09

(1) The peer group used in this analysis is the regional group described below.

(2) Based on Provident's initial public offering price of \$10.00 per share.

Comparable Company Analysis. Sandler O'Neill used publicly-available information to compare selected financial and market trading information for First Sentinel and Provident to a group of publicly-traded savings institutions located in the mid-Atlantic region of the United States. This regional group consisted of the following institutions:

Independence Community Bank Corp.
Waypoint Financial Corp.
First Niagara Financial Group, Inc.
Dime Community Bancshares, Inc.

Hudson River Bancorp, Inc.
PennFed Financial Services, Inc.
OceanFirst Financial Corp.

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Sandler O Neill also compared First Sentinel and Provident to a group of publicly-traded savings institutions that had a return on average equity (based on earnings for the twelve months ended September 30, 2003) greater than 14% and a price to tangible book value multiple greater than 197%. This high performing group consisted of the following institutions:

Independence Community Bank Corp.	Dime Community Bancshares, Inc.
Washington Federal, Inc.	First Federal Capital Corp.
MAF Bancorp, Inc.	Harbor Florida Bancshares, Inc.
BankAtlantic Bancorp, Inc.	Flushing Financial Corporation
Sterling Financial Corporation	OceanFirst Financial Corp.
Anchor BanCorp Wisconsin, Inc.	

The analysis compared publicly-available financial information for First Sentinel and Provident and the median data for the regional group and the high performing group as of or for the twelve-month period ended September 30, 2003. The table below sets forth the comparative data as of or for the twelve-month period ended September 30, 2003 with pricing data as of December 18, 2003.

Comparable Group Analysis

	<u>Provident</u>	<u>First Sentinel</u>	<u>Regional Group</u>	<u>High Performing Group</u>
Total assets (<i>in thousands</i>)	\$ 4,171,198	\$ 2,245,130	\$ 3,085,131	\$ 3,661,558
Tangible equity/tangible assets	19.54%	9.52%	7.49%	7.46%
Intangible assets/total equity	2.78	1.81	15.92	17.35
Net loans/total assets	50.16	53.55	64.68	71.27
Gross loans/total deposits	78.58	87.66	108.12	110.68
Total borrowings/total assets	14.71	26.35	24.83	23.99
Non-performing assets/total assets	0.14	0.04	0.19	0.40
Loan loss reserve/gross loans	1.01	1.05	1.09	0.75
Net interest margin	3.48	2.73	3.50	3.46
Non-interest income/average assets	0.60	0.27	0.91	0.95
Fees/revenues	15.41	9.37	21.51	21.97
Non-interest expense/average assets	2.51	1.32	2.31	1.96
Efficiency ratio	64.86	45.44	53.17	47.36
Return on average assets	0.48	1.13	1.19	1.31
Return on average equity	2.58	11.63	11.61	15.35
Price/stated book value per share	151.38	234.81	203.15	203.54
Price/tangible book value per share	155.71	239.15	252.46	252.46
Price/last twelve months earnings per share	36.66x	19.84x	17.67x	14.39x
Price/2003 estimated earnings per share	35.40	19.84	17.04	14.81
Price/2004 estimated earnings per share	27.37	17.74	15.62	13.10
Dividend payout ratio	35.71%	44.09%	25.87%	25.10%
Dividend yield	0.97	2.22	1.59	1.70
Market capitalization (<i>in thousands</i>)	\$ 1,262,137	\$ 510,160	\$ 741,663	\$ 722,428

Analysis of Selected Merger Transactions. Sandler O Neill reviewed 32 nationwide merger transactions announced from January 1, 2003 through December 18, 2003 involving savings institutions as acquired institutions with transaction values greater than \$15 million. Sandler O Neill also reviewed 15 merger transactions announced during the same period involving savings institutions in the mid-Atlantic region of the United States with transaction values greater than \$30 million. Sandler O Neill reviewed the multiples of transaction price at announcement to last twelve months earnings per share, transaction price to estimated 2004 year earnings per share, transaction price to stated book value per share, transaction price to tangible book value per share, tangible book premium to core deposits and premium to the seller's market price one

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month before the announcement of the transaction and computed median multiples and premiums for both groups of transactions. These median multiples were applied to First Sentinel's financial information as of and for the twelve months ended September 30, 2003. As illustrated in the following table, Sandler O'Neill derived an imputed range of

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values per share of First Sentinel common stock of \$13.98 to \$22.73 based upon the median multiples for nationwide savings institution transactions and \$17.24 to \$22.58 based upon the median multiples for the mid-Atlantic savings institution transactions. The implied transaction value of the merger as calculated by Sandler O'Neill was \$22.25 per share.

Nationwide and Regional Transaction Multiples

	Nationwide		Regional	
	Median Multiple	Implied Value	Median Multiple	Implied Value
Transaction price/last twelve months earnings per share	19.06x	\$ 17.50	20.39x	\$ 18.72
Transaction price/estimated 2004 earnings per share	17.78x	\$ 18.25	19.29x	\$ 19.80
Transaction price/stated book value per share	177.96%	\$ 13.98	224.63%	\$ 17.65
Transaction price/tangible book value per share	197.87%	\$ 15.27	259.62%	\$ 20.03
Tangible book premium/core deposits (1)	17.69%	\$ 16.09	20.11%	\$ 17.24
Premium to market price (2)	23.20%	\$ 22.73	22.41%	\$ 22.58

(1) Assumes First Sentinel's total core deposits are \$1.31 billion (excluding approximately \$74 million of certificates of deposit having a face amount greater than \$100,000).

(2) Based on First Sentinel's December 18, 2003 closing price of \$18.45.

Discounted Dividend Stream and Terminal Value Analysis. Sandler O'Neill performed an analysis that estimated the future stream of after-tax dividend flows of First Sentinel through December 31, 2006 under various circumstances, assuming First Sentinel's projected dividend stream and that First Sentinel performed in accordance with the earnings projections reviewed with First Sentinel's management. For periods after 2004, Sandler O'Neill assumed an annual growth rate of earnings per share of approximately 7%. To approximate the terminal value of First Sentinel common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 25x. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15%, chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of First Sentinel common stock. As illustrated in the following table, this analysis indicated an imputed range of present values per share of First Sentinel common stock of \$8.73 to \$23.76. The implied transaction value of the merger as calculated by Sandler O'Neill was \$22.25 per share.

Earnings Per Share Multiples

Discount Rate	10x	13x	16x	19x	22x	25x
9.0%	\$10.31	\$13.00	\$15.69	\$18.38	\$21.07	\$23.76
10.0%	10.02	12.63	15.24	17.86	20.47	23.08
11.0%	9.74	12.28	14.82	17.35	19.89	22.42
12.0%	9.48	11.94	14.40	16.87	19.33	21.79
13.0%	9.22	11.61	14.01	16.40	18.79	21.19
14.0%	8.97	11.30	13.62	15.95	18.28	20.60
15.0%	8.73	10.99	13.26	15.52	17.78	20.04

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Sandler O'Neill performed a similar analysis that estimated the future stream of after-tax dividend flows of Provident through December 31, 2006 under various circumstances, assuming Provident's projected dividend stream and that Provident performed in accordance with the earnings projections reviewed with Provident's management. For periods after 2004, Sandler O'Neill assumed an annual growth rate of earnings per share of approximately 10% in 2005 and approximately 9.6% in 2006. To approximate the terminal value of Provident common stock at December 31, 2006, Sandler O'Neill applied price/earnings multiples ranging from 10x to 30x. The dividend income streams and terminal values were then discounted to present values using different discount rates ranging from 9% to 15%, chosen to reflect different assumptions regarding required rates of return of holders or prospective buyers of Provident common stock. As illustrated in the following table, this analysis indicated an imputed range of present values per share of Provident common stock of \$6.53 to \$21.66. The average closing price of Provident's common stock on the New York Stock Exchange for the twenty-day period ending December 18, 2003 was \$20.3755.

Table of Contents**Earnings Per Share Multiples**

Discount Rate	10x	14x	18x	22x	26x	30x
9.0%	\$7.72	\$10.51	\$13.30	\$16.09	\$18.87	\$21.66
10.0%	7.50	10.21	12.92	15.62	18.33	21.04
11.0%	7.29	9.92	12.55	15.18	17.81	20.43
12.0%	7.09	9.64	12.20	14.75	17.30	19.86
13.0%	6.90	9.38	11.86	14.34	16.82	19.30
14.0%	6.71	9.12	11.53	13.94	16.35	18.76
15.0%	6.53	8.87	11.21	13.56	15.90	18.24

In connection with its analyses, Sandler O'Neill considered and discussed with the First Sentinel board how the present value analyses would be affected by changes in the underlying assumptions, including variations with respect to net income and dividend payout ratio. Sandler O'Neill noted that the discounted dividend stream and terminal value analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results of such analysis are not necessarily indicative of actual values or future results.

Pro Forma Merger Analysis. Sandler O'Neill analyzed certain potential pro forma effects of the merger, assuming the following: (1) the merger closes in the second quarter of 2004; (2) 40% of the First Sentinel shares are exchanged for cash at a value of \$22.25 per share; (3) 60% of the First Sentinel shares are exchanged for Provident common stock at an exchange ratio of 1.092; (4) stock options are cashed out at their intrinsic value; and (5) purchase accounting adjustments, charges and transaction costs associated with the merger and cost savings determined by the senior managements of First Sentinel and Provident. The analysis indicated that, for the year ending December 31, 2004, the merger would be accretive to Provident's projected earnings per share and that at closing, the merger would be dilutive to Provident's tangible book value per share. The actual results achieved by the combined company may vary from projected results and the variations may be material.

First Sentinel has agreed to pay Sandler O'Neill a transaction fee in connection with the merger equal to 0.80% of the aggregate transaction value, of which \$1,227,076 has been paid, with the remainder being payable and contingent upon closing of the merger. Based upon Provident's stock price as of _____, 2004, the aggregate fee to be paid to Sandler O'Neill would be \$ _____ million. First Sentinel has also agreed to reimburse certain of Sandler O'Neill's reasonable out-of-pocket expenses incurred in connection with its engagement up to \$15,000 and to indemnify Sandler O'Neill and its affiliates and their respective partners, directors, officers, employees, agents and controlling persons against certain expenses and liabilities, including liabilities under securities laws.

Sandler O'Neill has in the past provided certain investment banking services to Provident, including managing The Provident Bank's conversion to stock form and Provident's related public offering completed in January 2003, as well as to First Sentinel, and has received compensation for such services, and Sandler O'Neill may provide, and receive compensation for, services to Provident and First Sentinel in the future, including during the pendency of the merger. In the ordinary course of its business as a broker-dealer, Sandler O'Neill may purchase securities from and sell securities to First Sentinel and Provident and their respective affiliates and may actively trade the debt and/or equity securities of First Sentinel and Provident and their respective affiliates for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Recommendation of the Provident Board of Directors and Reasons for the Merger

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The Provident board of directors expects the merger to enhance Provident's banking franchise and competitive position in central New Jersey, in particular in Middlesex County, one of New Jersey's most attractive banking markets. The merger also increases Provident's operating and marketing scale. In addition, the merger is consistent with Provident's plans to deploy the capital raised in The Provident Bank's recent mutual to stock conversion.

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The Provident board of directors consulted with Provident's management as well as its financial and legal advisors and determined that the merger is in the best interest of Provident and Provident's stockholders. In reaching its conclusion to approve the merger agreement, the Provident board considered the following factors as generally supporting its decision to enter into the merger agreement:

- (i) The effectiveness of the merger as a method of implementing and accelerating Provident's strategies for expanding Provident's franchise in one of the most desirable banking markets in New Jersey;
- (ii) The effectiveness of the merger as a means of deploying a portion of the conversion proceeds of The Provident Bank's mutual to stock conversion and the strong pro forma tangible common equity of the combined company;
- (iii) Its understanding of Provident's business, operations, financial condition, earnings and prospects and of First Sentinel's business, operations, financial condition, earnings and prospects, including First Sentinel's strong franchise in the central New Jersey market in which it operates;
- (iv) The reports of Provident's management and the financial presentation by Lehman Brothers to Provident's board of directors concerning the operations, financial condition and prospects of First Sentinel and the expected financial impact of the merger on the combined company;
- (v) The similarity between Provident's and First Sentinel's management, philosophies, approaches and commitments to the communities and customers they serve and their respective employees;
- (vi) The proposed retention of key First Sentinel senior executives which would help assure the continuity of management, the likelihood of successful integration and the successful operation of the combined companies;
- (vii) The opinion delivered to the Provident board of directors by Lehman Brothers to the effect that, as of the date of the opinion and based upon and subject to the conditions described in the opinion and other matters as Lehman Brothers considered relevant, the merger consideration to be paid by Provident was fair, from a financial point of view, to Provident.

The Provident 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 First Sentinel's business, operations and workforce with those of Provident, the need to obtain stockholder and regulatory approvals in order to complete the transaction, and the risks associated with achieving the anticipated cost savings.

The Provident 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 board of directors is not exhaustive, but includes the material factors considered by the Provident board of directors. In view of the wide variety of factors considered by the Provident board of directors in connection with its evaluation of the merger and the complexity of these matters, the Provident 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 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's board of directors.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS OF PROVIDENT APPROVE THE MERGER AGREEMENT.

Opinion of Provident's Financial Advisor

Provident engaged Lehman Brothers to act as its financial advisor and render its opinion to Provident's board of directors with respect to the fairness, from a financial point of view, to Provident of the consideration to be paid by Provident in connection with the merger with First Sentinel. Lehman Brothers rendered its oral opinion on December 18, 2003, subsequently confirmed in writing on December 19, 2003, to Provident's board of directors that as of December 19, 2003, and based upon and subject to certain matters stated in its opinion, from a financial point of view, the consideration to be paid by Provident in the merger with First Sentinel was fair to Provident.

Subsequent to December 19, 2003, Provident informed Lehman Brothers that First Sentinel intended to announce on December 22, 2003 a restatement of certain historical financial information for the accounting of First Sentinel's Directors' Deferred Fee Plan and a related amendment to that plan. On December 21, 2003, Lehman Brothers, after evaluating the impact of the financial restatement on its financial analyses, advised Provident that the financial restatement by First Sentinel would not change Lehman Brothers' conclusions as to the fairness, from a financial point of view, to Provident of the consideration to be paid by Provident in the merger.

The full text of the Lehman Brothers opinion is attached as *Appendix B* to this Joint Proxy Statement/Prospectus. Holders of Provident common stock are encouraged to read Lehman Brothers' opinion carefully in its entirety for a discussion of the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in connection with the rendering of that opinion.

The Lehman Brothers opinion was provided for the information and assistance of Provident's board of directors in connection with its evaluation of the consideration to be paid by Provident in the merger. The Lehman Brothers opinion does not address any other aspect of the transaction and is not intended to be and does not constitute a recommendation to any stockholder of Provident as to how a stockholder should vote in connection with the merger. Lehman Brothers was not requested to opine as to, and the Lehman Brothers opinion does not address, Provident's underlying business decision to proceed with or reject the merger or any potential adjustment to the exchange ratio pursuant to the termination provisions of the merger agreement.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

the merger agreement and the specific terms of the proposed transaction;

publicly available information concerning Provident that Lehman Brothers believed to be relevant to its analysis, including Provident's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003;

publicly available information concerning First Sentinel that Lehman Brothers believed to be relevant to its analysis, including First Sentinel's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003;

financial and operating information with respect to the business, operations and prospects of First Sentinel furnished to Lehman Brothers by First Sentinel, including financial projections of First Sentinel prepared by management of First Sentinel;

independent research analysts estimates of the future financial performance of First Sentinel published by I/B/E/S;

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financial and operating information with respect to the business, operations and prospects of Provident furnished to Lehman Brothers by Provident;

independent research analysts' estimates of the future financial performance of Provident published by I/B/E/S, which we refer to below as the Provident research estimates;

a trading history of First Sentinel common stock from December 18, 1998 to December 17, 2003 and a comparison of that trading history with those of other companies that Lehman Brothers deemed relevant;

a trading history of Provident common stock from January 16, 2003 to December 17, 2003 and a comparison of that trading history with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of Provident with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of First Sentinel with those of other companies that Lehman Brothers deemed relevant;

the potential pro forma impact on Provident of the proposed transaction, including (1) the cost savings which management of Provident expects to result from a combination of the businesses of Provident and First Sentinel and (2) the effect on Provident's pro forma earnings per share; and

a comparison of the financial terms of the proposed transaction with the financial terms of certain other recent transactions that Lehman Brothers deemed relevant.

In addition, Lehman Brothers had discussions with the managements of Provident and First Sentinel concerning their respective businesses, operations, assets, liabilities, financial condition and prospects and the strategic benefits expected by the managements of Provident and First Sentinel to result from a combination of the businesses of Provident and First Sentinel. Lehman Brothers also undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and further relied upon the assurances of the management of Provident and First Sentinel that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the First Sentinel projections referenced above, upon advice of First Sentinel, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of First Sentinel's management as to the future performance of First Sentinel, and following discussions with the management of Provident, Lehman Brothers further assumed that First Sentinel would perform substantially in accordance with these projections. Lehman Brothers was not provided with any financial projections of Provident prepared by management of Provident. Accordingly, upon advice of Provident, Lehman Brothers assumed that the Provident research estimates referenced above are a reasonable basis upon which to evaluate the future financial performance of Provident and that Provident would perform substantially in accordance with such estimates. Upon advice of Provident, Lehman Brothers also assumed that the expected cost savings would be realized substantially in accordance with Provident's expectations.

In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Provident or First Sentinel and did not make or obtain any evaluations or appraisals of the assets or liabilities of Provident or First Sentinel. In addition, Lehman Brothers is not an expert in the evaluation of loan portfolios or allowances for loan losses and, upon advice of Provident, it assumed that First Sentinel's current

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allowances for loan losses will be in the aggregate adequate to cover all such losses. The Lehman Brothers opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of the Lehman Brothers opinion.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to Provident's board of directors on December 19, 2003. **Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the Lehman Brothers opinion.**

Valuation Analysis

Lehman Brothers performed a valuation analysis of Provident and First Sentinel using the following methodologies: comparable transaction analysis; comparable company analysis; and discounted cash flow analysis. Each of these methodologies was used to generate a reference implied value range for First Sentinel common stock. These values were compared to an implied value of per share merger consideration of \$22.25. The implied values for First Sentinel common stock derived from those analyses are as follows:

Methodology	Implied Value Per Share
Comparable Transactions Analysis	\$20.27 - \$25.96
Comparable Company Analysis (with 25% control premium)	\$18.60 - \$24.13
Discounted Cash Flow Analysis	\$19.20 - \$22.78
Implied Transaction Price	\$22.25

Comparable Transactions Analysis

Lehman Brothers reviewed publicly available information for eight transactions involving, as acquired institutions, publicly traded banks and thrifts based in the mid-Atlantic region of the United States that were announced from January 1, 2002 to December 17, 2003 with transaction values between \$200 million and \$1 billion. The selected transactions considered by Lehman Brothers included (in each case, the first named company was the acquirer and the second named company was the acquired company in the transactions):

North Fork Bancorporation, Inc. / The Trust Company of New Jersey

Susquehanna Bancshares, Inc. / Patriot Bank Corp.

Provident Bankshares Corporation / Southern Financial Bancorp

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FleetBoston Financial Corporation / Progress Financial Corporation

The PNC Financial Services Group, Inc. / United National Bancorp

First Niagara Financial Group, Inc. / Troy Financial Corporation

Mercantile Bankshares Corporation / F&M Bancorp

The Royal Bank of Scotland Group / Commonwealth Bancorp. Inc.

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For these selected merger transactions, Lehman Brothers used publicly available financial information, including information obtained from SNL Financial's online databases to determine:

The multiples of the transaction price per share to the median of earnings per share for the last twelve months (LTM) at the time of announcement;

The multiples of the transaction price per share to the median forward consensus of earnings estimates per share at the time of announcement;

The multiples of the transaction price per share to both the book value per share and the tangible book value per share using the acquired companies' most recent financial reports at the time of announcement of the transactions;

The implied tangible book premium to core deposits (defined as total deposits less certificates of deposit greater than \$100,000); and

The premiums per share paid by the acquirer compared to the share price of the acquired company prevailing one day prior to the announcement of those transactions.

Lehman Brothers considered these selected merger transactions to be reasonably similar, but not identical, to the proposed merger of First Sentinel and Provident. A complete analysis involves complex considerations and judgments concerning differences in the selected merger transactions and other factors that could affect the premiums paid in such comparable transactions to which the merger is being compared; mathematical analysis (such as determining the median) is not by itself a meaningful method of using selected merger transaction data. SNL Financial is a recognized data service that collects, standardizes and disseminates relevant corporate, financial, market and merger and acquisitions data for companies in the industries it covers.

The following table summarizes the results from the comparable transaction analysis:

Metric	High	Median	Low
Price to:			
LTM EPS	52.3x	23.6x	19.7x
Current estimated EPS	25.5x	22.2x	18.5x
Book value	3.15x	2.74x	2.12x
Tangible book value	3.83x	3.36x	2.58x
Implied tangible book premium to core deposits	74.0%	26.5%	17.3%
One-day market premium	65.4%	26.8%	6.1%

Lehman Brothers then applied these median multiples and premiums to the corresponding financial data for First Sentinel (using market data as of December 17, 2003). This analysis yielded a range of implied values for First Sentinel common stock of \$20.27 to \$25.96.

Comparable Companies Analysis

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Lehman Brothers analyzed the public market statistics of certain comparable companies to each of First Sentinel and Provident, and examined various trading statistics and information. As part of this comparable companies analysis, Lehman Brothers examined public market data, including market multiples, including:

The multiple of market price per share to median estimated 2003 earnings per share;

The multiple of market price per share to median estimated 2004 earnings per share;

The multiple of market price per share to book value per share; and

The multiple of market price per share to tangible book value per share.

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For each of the multiples analyzed, Lehman Brothers determined a range of those multiples, centered around the mean, that Lehman Brothers determined to be the relevant range of those multiples. The estimated 2003 and 2004 earnings per share were obtained from I/B/E/S and the remaining information was obtained from publicly available financial information at or for the quarter ended September 30, 2003 and SNL Financial's online database. The stock price data used for this analysis was the closing price for the selected companies on December 17, 2003.

Lehman Brothers selected the companies below because their businesses and operating profiles are reasonably similar to that of First Sentinel and Provident, respectively. No comparable company identified below is identical to either First Sentinel or Provident, respectively. A complete analysis involves complex considerations and qualitative judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect public trading values of such comparable companies; mathematical analysis (such as determining the median) is not by itself a meaningful method of using selected company data.

First Sentinel Bancorp, Inc. In choosing comparable companies to analyze, Lehman Brothers selected a peer group of publicly traded thrifts operating in the mid-Atlantic region of the United States with a market capitalization of between \$200 million and \$800 million. The selected comparable companies for First Sentinel included:

Dime Community Bancshares, Inc.

Waypoint Financial Corporation

Seacoast Financial Services Corporation

Hudson River Bancorp, Inc.

Fidelity Bankshares, Inc.

First Financial Holdings, Inc.

OceanFirst Financial Corporation

Flushing Financial Corporation

WSFS Financial Corporation

PennFed Financial Services Inc.

Lehman Brothers reviewed the ratio of price to estimated 2003 and 2004 earnings per share (EPS) (19.8x for 2003 and 17.7x for 2004 for First Sentinel and a relevant range of 16.0x to 18.0x for 2003 and 15.0x to 17.0x for 2004 for the First Sentinel comparable group); the ratio of price-to-book value (2.34x for First Sentinel and a relevant range of 2.00x to 2.25x for the First Sentinel comparable group) and the ratio of price-to-tangible book value (2.38x for First Sentinel and a relevant range of 2.25x to 2.50x for the First Sentinel comparable group). Lehman Brothers then applied the relevant range of selected multiples from the First Sentinel comparable group to corresponding financial data of First

Sentinel.

December 17, 2003 Closing Price to:	First Sentinel	Relevant Range		Implied Value Per First Sentinel Share (with 25% control premium)	
Estimated 2003 EPS	19.8 x	16.0 x	18.0 x	\$18.60	\$20.93
Estimated 2004 EPS	17.7 x	15.0 x	17.0 x	\$19.50	\$22.10
Book value	2.34 x	2.00 x	2.25 x	\$19.65	\$22.11
Tangible book value	2.38 x	2.25 x	2.50 x	\$21.71	\$24.13

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Based on an assumed control premium of 25%, this analysis suggested an implied value range of \$18.60 to \$24.13 per First Sentinel share.

Provident Financial Services, Inc. In choosing comparable companies to analyze, Lehman Brothers selected a peer group of publicly traded banks and thrifts which have recently completed a standard conversion or second-step conversion from a mutual holding company form of organization. The selected comparable companies for Provident included:

First Niagara Financial Group

Bank Mutual Corporation

Brookline Bancorp, Inc.

TierOne Corporation

KNBT Bancorp, Inc.

Sound Federal Bancorp, Inc.

Willow Grove Bancorp, Inc.

Citizens South Banking Corporation

Lehman Brothers reviewed the ratio of price to estimated 2003 and 2004 EPS (35.0x for 2003 and 27.1x for 2004 for Provident and a median of 30.0x for 2003 and 23.8x for the Provident comparable group); the ratio of price-to-book value (1.50x for Provident and a median of 1.44x for the Provident comparable group) and the ratio of price-to-tangible book value (1.54x for Provident and a median of 1.61x for the Provident comparable group). Lehman Brothers then applied the relevant median multiples from the Provident comparable group to corresponding financial data of Provident.

December 17, 2003 Closing Price to:	Provident	Median	Implied Value Per Provident Share (based on median)
Estimated 2003 EPS	35.0 x	30.0 x	\$17.42
Estimated 2004 EPS	27.1 x	23.8 x	\$17.82
Book value	1.50 x	1.44 x	\$19.59
Tangible book value	1.54 x	1.61 x	\$21.19

This analysis suggested an implied stand-alone value range of \$17.42 to \$21.19 per share of Provident common stock.

Discounted Cash Flow Analysis

Lehman Brothers performed a discounted cash flow analysis to estimate a range of implied present values per share of the common stock for each of First Sentinel and Provident.

First Sentinel Bancorp, Inc. For First Sentinel, Lehman Brothers, at the discretion of the management of Provident, assumed I/B/E/S earnings estimates for 2004 and an annual growth of earnings at the long-term growth rate of 10%. The cash flows were modeled assuming the cost savings and operating synergies which management of Provident expects from the merger are realized and that management's estimates of one-time costs resulting from the merger are accurate. The valuation range was determined by adding (i) the present value of First Sentinel's dividendable earnings, net of earnings necessary to maintain a tangible common equity to tangible assets ratio of 5.5%, from June 30, 2004 through December 31, 2008 and (ii) the present value of the terminal value of First Sentinel common stock.

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In calculating the terminal value of First Sentinel common stock, Lehman Brothers applied multiples ranging from 14.0x to 16.0x to 2009 forecasted earnings. The dividend stream and the terminal value were then discounted back to December 17, 2003 using discount rates ranging from 11.0% to 13.0%, which rates Lehman Brothers viewed as the appropriate range for a company with First Sentinel's risk characteristics. Based on the above assumptions, Lehman Brothers calculated a range of implied present values for First Sentinel common stock from \$19.20 to \$22.78.

Provident Financial Services, Inc. For Provident, Lehman Brothers, after discussions with the management of Provident, assumed I/B/E/S earnings estimates for 2004 and an annual growth of earnings at the long-term growth rate of 10% as provided by the management of Provident. The valuation range was determined by adding (i) the present value of Provident's dividendable earnings, net of earnings necessary to maintain a tangible common equity to tangible assets ratio of 6.0%, from June 30, 2004 through December 31, 2008 and (ii) the present value of the terminal value of Provident common stock.

In calculating the terminal value of Provident common stock, Lehman Brothers applied multiples ranging from 14.0x to 16.0x to 2009 forecasted earnings. The dividend stream and the terminal value were then discounted back to December 17, 2003 using discount rates ranging from 11.0% to 13.0%, which rates Lehman Brothers viewed as the appropriate range for a company with Provident's risk characteristics. Based on the above assumptions, Lehman Brothers calculated a range of implied present values for Provident common stock from \$18.92 to \$20.92.

Pro Forma Analysis

Lehman Brothers performed an illustrative pro forma analysis of the financial impact of the merger on Provident, using I/B/E/S earnings estimates for 2004 for First Sentinel and Provident. Lehman Brothers assumed net income growth rates after 2004 were 10% for First Sentinel and Provident, based on I/B/E/S estimates for First Sentinel and management's estimates for Provident. In calculating the impact of the merger on the pro forma income statement of the combined entity, the following assumptions were made:

the consideration paid to the First Sentinel stockholders in the merger would be equal to 60% stock and 40% cash;

deposit intangibles of 3% of core deposits amortized on a straight-line basis over 10 years;

a 35.0% tax rate;

a pre-tax restructuring charge of \$30.0 million;

3.00% cost of cash; and

a transaction closing date of June 30, 2004.

Based on these assumptions, taking into account certain after-tax projected expense savings, but not potential after-tax mark-to-market purchase accounting adjustments, the merger would be accretive to Provident's earnings per share by 11.3% in 2004 and 21.5% in 2005. The financial forecasts and estimates underlying this analysis are subject to substantial uncertainty and, therefore, actual results may be substantially different.

General

In rendering its opinion, Lehman Brothers performed a variety of financial and comparable analyses. The preparation of a fairness opinion is a complex process and is not susceptible to partial analysis or summary description. In arriving at its opinion, Lehman Brothers considered the results of all of its analyses as a whole and

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did not attribute any particular weight to any analysis or factor considered by them. Furthermore, Lehman Brothers believes that the summary provided and the analyses described above must be considered as a whole and that selecting any portion of their analyses, without considering all of them, would create an incomplete view of the process underlying their analyses and opinions. As a result, the ranges of valuations resulting from any particular analysis or combination of analyses described above were merely utilized to create points of reference for analytical purposes and should not be taken to be the view of Lehman Brothers with respect to the actual value of Provident, First Sentinel or the combined entity.

In performing its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Lehman Brothers, Provident or First Sentinel. Any estimates contained in the analyses of Lehman Brothers are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by those estimates. The analyses performed were prepared solely as part of the analyses of Lehman Brothers of the fairness to Provident of the consideration to be paid to the stockholders of First Sentinel in the merger with Provident and were prepared in connection with the delivery by Lehman Brothers of its opinion to Provident's board of directors. The analyses do not purport to be appraisals or to reflect the prices at which the shares of Provident common stock will trade following the announcement or completion of the merger. The consideration to be paid to the stockholders of First Sentinel in the merger and other terms of the merger were determined through arms-length negotiations between Provident and First Sentinel and were approved by Provident's board of directors. Lehman Brothers provided advice to Provident during those negotiations. However, Lehman Brothers did not recommend any specific exchange ratio or other form of consideration to Provident or that any specific exchange ratio or other form of consideration constituted the only appropriate consideration for the merger. The opinion of Lehman Brothers was one of many factors taken into consideration by Provident's board of directors in making its determination to approve the merger. The analyses of Lehman Brothers summarized above should not be viewed as determinative of the opinion of Provident's board of directors with respect to the value of Provident, First Sentinel or the combined entity or of whether Provident's board of directors would have been willing to agree to a different exchange ratio or other forms of consideration.

Provident engaged Lehman Brothers as its financial advisor because of its reputation as an internationally recognized investment banking and advisory firm with substantial experience in transactions similar to the merger and because Lehman Brothers is familiar with Provident and its business.

As part of its investment banking and financial advisory business, Lehman Brothers is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. Lehman Brothers provides a full range of financial advisory and securities services. In the past, Lehman Brothers has provided various investment banking and other services to First Sentinel and has received customary fees for the rendering of brokerage services. Lehman Brothers also may provide services to Provident, First Sentinel or the combined entity in the future for which it would expect to receive fees. In the ordinary course of its business, Lehman Brothers (or its affiliates) may actively trade the debt and equity securities of Provident or First Sentinel for its own accounts or for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities.

Provident has agreed to pay Lehman Brothers a fee of \$750,000 upon execution of the merger agreement and an additional fee of \$2,450,000 contingent on the closing of the transaction. Provident has also agreed to reimburse Lehman Brothers for its reasonable out-of-pocket expenses incurred in connection with the engagement and to indemnify Lehman Brothers from and against certain liabilities that may arise out of its engagement and the rendering of its opinion, including liabilities under the federal securities laws.

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Merger Consideration; Cash or Stock Election

Under the terms of the merger agreement, at the effective time of the merger each outstanding share of First Sentinel common stock (other than dissenting shares and shares held by Provident and First Sentinel) will be converted into the right to receive, at the election of the holder of such share and subject to the proration and allocation procedures described below, either:

\$22.25 in cash (without interest), assuming payment solely of cash in exchange for First Sentinel common stock; or

1.0920 shares of Provident common stock, assuming payment solely of Provident common stock in exchange for a share of First Sentinel common stock; or

a combination of cash *plus* Provident common stock.

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

First Sentinel stockholders, including employee stock ownership plan participants with respect to shares allocated to their accounts have the right to dissent from the merger and to receive payment in cash for the fair value of their shares of First Sentinel common stock instead of the merger consideration. See page .

Based on the closing price of \$ per share of Provident common stock on , 2004, each share of First Sentinel common stock that is exchanged solely for Provident common stock would be converted into 1.0920 shares of Provident 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 common stock.

All elections by First Sentinel stockholders are subject to the allocation and proration procedures described in the merger agreement. These procedures are intended to ensure that 60% of the outstanding shares of First Sentinel common stock will be converted into the right to receive Provident common stock, and the remaining outstanding shares of First Sentinel 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 First Sentinel stockholders in the aggregate elect to receive more or less of Provident common stock than Provident has agreed to issue. These procedures are summarized below.

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

If Provident common stock is undersubscribed: If First Sentinel stockholders elect to receive fewer shares of Provident common stock than Provident has agreed to issue in the merger, and

if the number of shares as to which First Sentinel stockholders have made no election is less than or equal to this shortfall, then all First Sentinel stockholders who have elected to receive Provident common stock or who have made no election will receive Provident common stock, and all First Sentinel stockholders who have elected to receive cash will receive a pro rata portion of the

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available cash consideration plus Provident shares for those First Sentinel shares not converted into cash; or

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

Notwithstanding these allocation procedures, in order to help assure that the transaction will qualify as a tax-free reorganization, if the aggregate value of the stock consideration less the amount of cash paid in lieu of fractional shares is less than 42.5% of the sum of (i) the aggregate value of all of the merger consideration; (ii) the value of any consideration described in Department of Treasury Regulation Section 1.368-1(e)(ii); (iii) cash paid to dissenting stockholders; and (iv) the value of the consideration paid by Provident to acquire First Sentinel common stock prior to the closing of the merger, Provident shall increase the number of shares of Provident common stock, and correspondingly decrease the amount of cash, that First Sentinel stockholders will receive upon the exchange of their shares, such that the aggregate value of the stock consideration to be delivered at the closing of the merger shall equal 42.5% of the sum described above. If this adjustment is necessary, stockholders who elect to receive cash or a combination of cash and stock may be required to receive a greater amount of Provident common stock than they otherwise would have received.

Neither First Sentinel nor Provident is making any recommendation as to whether First Sentinel stockholders should elect to receive cash or Provident common stock in the merger. You must make your 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 common stock or cash in amounts that vary from the amounts you elect to receive.

Employees who hold allocated shares of First Sentinel common stock in their employee stock ownership plan accounts will be able to direct the employee stock ownership plan trustee to make an election to receive cash, Provident common stock or a combination of cash and Provident common stock for their accounts. The employee stock ownership plan trustee, as directed by the employee stock ownership plan administrator, will make an election to receive cash, Provident common stock or a combination of cash and Provident common stock for the unallocated shares of First Sentinel common stock held in the employee stock ownership plan, and for any shares for which no directions are received. The election to receive cash, Provident common stock or a combination of cash and Provident common stock for unallocated shares of First Sentinel common stock in the employee stock ownership plan will be made in a manner intended to produce as nearly as possible, after repayment of the employee stock ownership plan loan incurred to acquire First Sentinel common stock, the same net percentage of cash and common stock of Provident as the aggregate percentages of cash and common stock elected by participating employees with respect to their allocated employee stock ownership plan shares. Similarly, employees who hold shares of First Sentinel common stock in their 401(k) plan accounts will be able to direct the 401(k) plan trustee to make an election to receive cash, Provident common stock or a combination of cash and Provident common stock for their accounts.

Election Procedures; Surrender of Stock Certificates

If you are a record holder of First Sentinel common stock, an election form will be provided to you under separate cover. The election form will entitle you to elect to receive cash, Provident common stock, or a combination of cash and Provident 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 York time, on the twentieth business day following the mailing of the election form unless such deadline is extended by Provident and First

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Sentinel. Registrar and Transfer Company, as exchange agent, will process the exchange of First Sentinel common stock certificates for cash and/or Provident common stock. Shortly after the election deadline, the exchange agent will allocate cash and shares of Provident common stock among First Sentinel stockholders, consistent with their elections and the allocation and proration procedures set forth in the merger agreement. If you do not submit an election form, you will receive instructions from the exchange agent as to where to surrender your First Sentinel stock certificates after the merger is completed. **Please do not forward your First Sentinel 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.**

An election form will be deemed properly completed only if accompanied by stock certificates representing all shares of First Sentinel 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 common stock and/or cash for your First Sentinel common stock, you should complete and return the election form. If you do not make an election, you will be allocated Provident common stock and/or cash depending on the elections made by other First Sentinel stockholders.

If stock certificates for First Sentinel 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, a valid election may be made provided that:

1. elections 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, overnight courier or facsimile transmission); and
3. the exchange agent receives, prior to the election deadline, the certificates for all exchanged First Sentinel 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.

First Sentinel 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 First Sentinel common stock designated as non-election shares.

First Sentinel 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 will deposit with the exchange agent the shares representing Provident's common stock and cash to be issued to First Sentinel stockholders in exchange for their shares of First Sentinel common stock. Within five business days after the completion of the merger, the exchange agent will mail to First Sentinel 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 First Sentinel stock certificates for the merger consideration. Upon surrendering his or her certificate(s) representing shares of First Sentinel common stock, together with the signed letter of transmittal, the First Sentinel stockholder shall be entitled to receive, as applicable (i) certificate(s) representing a number of whole shares of Provident 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 to

and (iii) a check representing the amount of cash in lieu of fractional shares, if any. Until you surrender your First Sentinel stock certificates for exchange after completion of the merger, you will not be paid

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dividends or other distributions declared after the merger with respect to any Provident common stock into which your shares have been exchanged. No interest will be paid or accrued to First Sentinel 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 First Sentinel common stock. First Sentinel 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'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 common stock made available to the exchange agent that remains unclaimed by First Sentinel stockholders for six months after the effective time of the merger will be returned to Provident. Any First Sentinel stockholder who has not exchanged shares of First Sentinel common stock for the merger consideration in accordance with the merger agreement before that time may look only to Provident for payment of the merger consideration for these shares and any unpaid dividends or distributions after that time. Nonetheless, Provident, First Sentinel, the exchange agent or any other person will not be liable to any First Sentinel stockholder for any amount properly delivered to a public official under applicable abandoned property, escheat or similar laws.

Treatment of First Sentinel Stock Options

Each option to purchase shares of First Sentinel common stock outstanding and unexercised immediately prior to the effective time of the merger will be cancelled and all rights under such option will be extinguished in exchange for a cash payment equal to \$22.25 less the exercise price per share of the stock option, multiplied by the number of shares of First Sentinel common stock subject to the stock option, less any required tax withholding.

Provident will be entitled to deduct and withhold from the consideration otherwise payable pursuant to the merger agreement to any First Sentinel optionholder any amount that Provident is required to deduct and withhold under any provision of federal, state, local or foreign tax law. Any withheld amounts will be treated for all purposes of the merger agreement as having been paid to the First Sentinel optionholder from whom the amount was withheld by Provident.

Employee Matters

The First Sentinel employee stock ownership plan will be terminated upon consummation of the merger. The employee stock ownership plan loan will be paid in full and the remaining assets of the employee stock ownership plan will be allocated and distributed to the employee stock ownership plan participants in cash or shares of Provident common stock, in accordance with their elections and the allocation and proration procedures set forth in the merger agreement. Provident will review all other First Sentinel compensation and employee benefit plans that do not otherwise terminate (whether pursuant to the terms of any such plan or the merger agreement) to determine whether to maintain, terminate or continue such plans. Each person who is an employee of First Savings Bank as of the closing of the merger (whose employment is not specifically terminated upon the closing) will become an

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employee of Provident. In the event employee compensation or benefits as currently provided by First Sentinel or First Savings Bank are changed or terminated by Provident, Provident has agreed to provide compensation and benefits that are, in the aggregate, substantially similar to the compensation and benefits provided to similarly situated Provident employees.

All First Sentinel employees who become employees of Provident at the effective time generally will be given credit for service at First Sentinel or its subsidiaries for eligibility to participate in and the satisfaction of vesting requirements (but not for pension benefit accrual purposes) under Provident's compensation and benefit plans (but not for any purpose under the Provident employee stock ownership plan). Provident has also agreed to honor the First Savings Bank Employee Severance Plan.

See Interests of Directors and Officers In the Merger below for a discussion of employment agreements.

Interests of Directors and Officers In the Merger

Employment Agreements. The existing employment agreements First Sentinel and First Savings Bank have entered into with its President and Chief Executive Officer, Christopher Martin, will be honored by Provident. The consummation of the merger constitutes a change in control under the employment agreements. The employment agreements provide that, in the event of termination of employment following a change in control, the covered executive will be entitled to a payment in an amount equal to the greater of: (1) the payments and benefits due for the remaining term of the agreement (including, among other things, salary, bonus, tax-qualified and non-qualified benefit plan payments and accruals) and (2) three times the average of the three preceding years' compensation (excluding compensation attributable to the exercise of stock options). In addition, the employment agreements with First Sentinel also contain provisions that would increase Mr. Martin's payment to cover any excise and other taxes that may be incurred if Mr. Martin's payments under the employment agreements are considered excess parachute payments under Section 280G of the Internal Revenue Code. First Sentinel, First Savings Bank, Provident and Mr. Martin have agreed that Mr. Martin will receive, upon the consummation of the merger, a cash severance payment of \$2,488,932 and continued life, medical, health, disability and dental insurance coverage for 36 months in full settlement of his rights. It was agreed that such payment would be made to Mr. Martin regardless of whether Mr. Martin's employment is terminated as an inducement to Mr. Martin to play a role in the combined company following the merger. Mr. Martin has waived his rights to receive a tax indemnity payment under his employment agreements. Mr. Martin has also agreed that if he has an excess parachute payment under Section 280G of the Internal Revenue Code, he will reduce a portion of the cash severance payment payable to him in 2004 to an amount sufficient to avoid such excess parachute payment.

In connection with the merger, Provident has asked Mr. Martin to serve as President of Provident and The Provident Bank and Provident has entered into an employment agreement with Mr. Martin, effective as of the merger closing date. Under the terms of the employment agreement, Mr. Martin will receive an annual base salary of \$365,000. In addition, the agreement provides for participation in bonus programs and other employee pension benefit and fringe benefit plans applicable to executive employees, reasonable vacation and sick leave, reimbursement of certain club membership fees, the use of a company-owned automobile and reimbursement of costs associated with the use of such automobile. In the event Mr. Martin's employment is terminated for reasons other than for cause, for retirement or for disability or following a change in control, he would be entitled to a cash amount equal to the greater of: the payments due for the remaining term of the employment agreement, or three times the sum of (i) the highest annual rate of base salary and (ii) the greater of (x) the average cash bonus paid over the last three years or (y) the cash bonus paid in the year ended prior to the event of termination, as well as the continuation of life, medical, dental and disability insurance coverage for three years. Mr. Martin may resign from employment and receive the benefits described above as a result of (i) a material change in the nature or scope of his function, duties or responsibilities, (ii) a material reduction in benefits and perquisites, including base salary, from those being provided immediately following the effective date of the employment agreement, (iii) a relocation of where he is required to perform services to a location more than 25 miles from The Provident Bank's principal executive offices, (iv) a failure to elect or reelect or to appoint or reappoint him to the position

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of President of The Provident Bank or Provident, (v) a liquidation or dissolution of The Provident Bank or Provident, or (vi) a material breach of the employment agreement by The Provident Bank or Provident. The employment agreement with Provident provides that following a change in control (as defined in the agreement), Mr. Martin will receive the severance payments and insurance benefits described above if he resigns during the one-year period following the change in control or if he is terminated during the remaining term of the employment.

Change in Control Agreements. First Savings Bank has entered into three-year and two-year change in control agreements with twelve of its officers other than Mr. Martin. Each of Messrs. Richard Spengler and Thomas M. Lyons and Ms. Ann C. Clancy, Ms. Nancy E. Graves and Ms. Karen Iacullo-Martino, executive officers of First Sentinel or First Savings Bank, is a party to a three-year change in control agreement. Certain other three-year and the two-year change in control agreements are with non-executive officers of First Sentinel. The three-year change in control agreements contain daily renewal provisions while the two-year change in control agreements contain annual renewal provisions. Both the three-year and two-year change in control agreements contain double-triggers requiring both a change in control and an executive's subsequent termination of employment due to dismissal or voluntary resignation following a demotion, loss of title, office or significant authority, reduction in benefits or annual compensation or if the executive's office is relocated by more than 25 miles. In such case, the executive will be paid an amount either in a lump sum, or at the executive's election in three equal annual installments, equal to three times the executive's average annual compensation (defined as base salary, income related to granting or vesting of restricted stock, commissions, bonuses, contributions to pensions and profit sharing plans, severance, directors and committee fees, and fringe benefits) for the three preceding taxable years. The executive will also be provided, at no cost to the executive, with continued life, medical and disability coverage for thirty-six months or twenty-four months following termination, based on the term of the agreement.

If each person covered by a three-year change in control agreement was terminated, the aggregate change in control cash severance payment under the change in control agreements would be approximately \$5,100,128. Of this amount, the cash severance payments to each of Messrs. Spengler and Lyons and Ms. Clancy, Ms. Graves and Ms. Iacullo-Martino would be approximately \$1,119,517, \$587,404, \$729,717, \$806,031 and \$696,097, respectively. If each person covered by a two-year change in control agreement was terminated, the aggregate change in control cash severance payment to such persons would be approximately \$1,479,710. Both the three-year change in control agreements and the two-year change in control agreements require a cut-back in the severance benefit payments to the covered executive to the extent necessary to avoid an excess parachute payment. First Sentinel, First Savings Bank, Provident and each of the 12 individuals who have change in control agreements with First Savings Bank have agreed that the change in control severance payments described above will be paid on consummation of the merger whether or not his or her employment terminates. Such payments are intended as an inducement to these individuals to consider possible offers of employment with Provident after the merger without regard to the effect of such employment on their existing contract rights.

In connection with the merger, each of Richard Spengler, Nancy E. Graves and Thomas M. Lyons will be offered management level positions at Provident and/or The Provident Bank and each of them have entered into two-year change in control agreements with Provident to be effective as of the merger closing date.

Supplemental Executive Retirement Plans. First Savings Bank has adopted two supplemental executive retirement plans (SERP I and SERP II). A participant's benefit under SERP I is equal to (i) the excess of 75% of the participant's base salary payments during the 12 consecutive months in which he received the greatest amount of payments over (ii) the amount of the participant's Pension Plan Annual Benefit and Primary Social Security Benefit. The SERP I benefit is reduced by 4% for each year of benefit service less than 25. In the event of a change in control, the SERP I benefit is not subject to reduction based on years of service or early payment. The SERP I benefits First Sentinel's former Chief Executive Officer, John P. Mulkerin, who retired in 2002, and First Sentinel's current Chief Executive Officer, Christopher Martin. Under the terms of the merger agreement and SERP I, all benefits under SERP I were paid in full to the plan's two beneficiaries as of

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December 31, 2003. Mr. Mulkerin received a payment of \$1,318,362 and Mr. Martin received \$2,560,807, each in satisfaction of all unpaid benefits due under SERP I, and SERP I was terminated.

Under SERP II, Mr. Martin is entitled to receive additional retirement benefits that cannot be provided under the First Savings Bank 401(k) plan and employee stock ownership plan due to tax law limitations. SERP II also makes up for benefits lost under the employee stock ownership plan if a participant retires or otherwise terminates employment before the employee stock ownership plan loan is repaid. For these purposes, a change in control is deemed to result in a termination of employment regardless of whether the employee's employment is actually terminated. Under the terms of the merger agreement and SERP II, all benefits under SERP II were paid in full to the plan's only participant as of December 31, 2003. Mr. Martin received a payment of \$466,517 in satisfaction of all unpaid benefits due under SERP II, and SERP II was terminated.

Indemnification. Pursuant to the merger agreement, Provident 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 First Sentinel 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, which approval shall not be unreasonably withheld) of or in connection with any 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 First Sentinel 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, First Sentinel's certificate of incorporation and bylaws, and Provident's certificate of incorporation and bylaws. Provident will pay expenses in advance of the final disposition of any such action or proceeding to the fullest extent permitted to 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 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 First Sentinel immediately prior to the effective date to continue to be covered by First Sentinel's current directors' and officers' liability insurance policies (provided that Provident may substitute policies of at least the same coverage and amounts containing terms and conditions which are not materially less favorable than First Sentinel'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 is not required to spend more than 150% of the annual cost currently incurred by First Sentinel for its insurance coverage.

Appointment of Three First Sentinel Board Members to the Boards of Directors of Provident and The Provident Bank. As of the closing of the merger, the number of persons constituting the boards of directors of Provident and The Provident Bank will be increased by two persons, and two persons who are directors of First Sentinel and who have been designated by First Sentinel and approved by the board of directors of Provident shall be appointed and elected to the Provident and The Provident Bank boards, one to serve for a term of office expiring at the annual meeting of stockholders to be held following the year ending December 31, 2005 and the other to serve for a term of office expiring at the annual meeting of stockholders to be held following the year ending December 31, 2006. The boards of directors of Provident and The Provident Bank, or their nominating/governance committees, shall consider nominating such persons for an additional three-year term in a manner consistent with its consideration of other incumbent directors, if these persons continue to meet the qualifications for election as a director of Provident and The Provident Bank. In addition, during the calendar year 2005, the boards of directors of Provident and The Provident Bank, or their nominating/governance committees, will appoint either Mr. Martin or one of the members of the advisory board established as part of the merger as a director of Provident and The Provident Bank, for a term of office expiring at the annual meeting of stockholders to be held following the year ending December 31, 2005.

Appointment to Advisory Board. Effective as of the closing of the merger, Provident shall establish an advisory board. Each person who served on the board of directors of First Sentinel or First Savings Bank as of

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December 19, 2003 as well as immediately prior to the closing of the merger will be appointed to the advisory board, except for Mr. Martin and those First Sentinel board members who join the Provident board. The advisory board will meet quarterly, and each advisory board member will receive health insurance coverage and an annual advisory board fee, the aggregate cost of which will not exceed \$24,000 per year per advisory board member. The advisory board shall be continued for a period of three years.

First Savings Bank Non-Employee Director Retirement Plan. The First Savings Bank Non-Employee Director Retirement Plan will be terminated immediately prior to the consummation of the merger, and the benefits under the Plan will be paid, in cash, in accordance with the terms of the plan.

Summary of Payments and Benefits. The following table summarizes, for the individuals and groups specified, the estimated value of payments and benefits (other than insurance continuation) the payment of which is contingent on, or accelerated by, the merger:

	Employment/ Change in Control Agreements	Unvested Restricted Stock (a)	Unvested Stock Options (a)	SERP I (b)	SERP II (b)	Total
Mr. Martin	\$ 2,488,932	\$ 178,000	\$	\$ 2,560,807	\$ 466,517	\$ 5,694,256
Ms. Clancy	729,717	36,156				765,873
Ms. Graves	806,031	74,159	112,005			992,195
Mr. Lyons	587,404	36,156				623,560
Ms. Iacullo-Martino	696,097	25,031				721,128
Mr. Spengler	1,119,517	61,188				1,180,705
Other Officers (7 individuals)	2,641,072	33,376				2,674,448
Total	\$ 9,068,770	\$ 444,066	\$ 112,005	\$ 2,560,807	\$ 466,517	\$ 12,652,165

(a) Does not include shares that have vested or are expected to vest according to their ordinary vesting schedule prior to the merger. Values calculated on the basis of an assumed merger consideration of \$22.25 per share.

(b) Payment made in 2003 in full settlement of plan obligation upon the plan's termination.

Conduct of Business Pending the Merger

The merger agreement contains various restrictions on the operations of First Sentinel and Provident before the effective time of the merger. In general, the merger agreement obligates First Sentinel and Provident 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, First Sentinel 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, it will not, among other things:

change or waive any provision of its certificate of incorporation or bylaws, except as required by law;

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

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open or close any branch or automated banking facility;

change compensation or benefits, except for merit increases or bonuses consistent with past practice in the ordinary course of business;

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 \$100,000 individually or \$250,000 in the aggregate other than pursuant to binding commitments or 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;

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issue any additional shares of capital stock except under outstanding options, or grant any options, or declare or pay any dividend other than its regular quarterly dividend; and

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

except for prior commitments previously disclosed to Provident, make any new loan or other credit facility commitment to any borrower or group of affiliated borrowers in excess of \$10,000,000 for a commercial real estate loan, \$5,000,000 for a construction loan, \$1,000,000 for a commercial business loan or \$1,000,000 for a residential loan; or

make or change any material banking policies.

Provident has also agreed that, without the prior written consent of First Sentinel, it will not, among other things:

change or waive any provision of its certificate of incorporation or bylaws, except as required by law; or

change any accounting method or practice, except as required by generally accepted accounting principles in the United States.

In addition to these covenants, the merger agreement contains various other customary covenants, including, among other things, access to information, maintenance of insurance, 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 and First Sentinel 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 and 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 the Securities and Exchange Commission;

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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, terminate upon the closing of the merger.

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Conditions to the Merger

The respective obligations of Provident and First Sentinel 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 Federal Reserve Bank of New York and the Federal Deposit Insurance Corporation approval or non-objection of the merger and the bank merger and the expiration of all statutory waiting periods; and no such regulatory approval shall include any non-standard condition or requirement that would in the good faith reasonable judgment of the board of directors of Provident, materially and adversely affect the business, operations, financial condition, property or assets of the combined entity or otherwise materially impair the value of First Sentinel or First Savings Bank to Provident.

approval of the merger agreement by the affirmative vote of a majority of the issued and outstanding shares of First Sentinel and Provident;

the absence of any litigation, statute, law, regulation, 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 tax opinions delivered by counsel to Provident and First Sentinel to the effect that the merger will qualify as a tax-free reorganization under United States federal income tax laws;

obtaining any necessary third party consents;

listing with the New York Stock Exchange of the Provident common stock to be issued to First Sentinel stockholders; and

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

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

Regulatory Approvals Required for the Merger

General. First Sentinel and Provident have agreed to use all reasonable efforts to obtain all permits, consents, approvals, non-objections and authorizations of all third parties and governmental entities that are necessary or advisable to consummate the merger. This includes the approval of the New Jersey Department of Banking and Insurance, the Federal Deposit Insurance Corporation and the non-objection of the Federal Reserve Bank of New York. Provident has filed the application materials necessary to obtain the required approvals. Provident will file a waiver notice with the Federal Reserve Bank of New York after the Federal Deposit Insurance Corporation approval is obtained. The merger cannot be completed without such approvals and non-objections. We cannot assure you that we will obtain the required regulatory approvals and

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non-objections, when they will be received or whether there will be conditions in the approvals or any litigation challenging the approvals. We 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.

We are not aware of any material governmental approvals or actions that are required prior to the merger other than those described in this Joint Proxy Statement/Prospectus. We presently contemplate that we will seek any additional governmental approvals or actions that may be required in addition to those requests for approval currently pending; however, we cannot assure you that we will obtain any such additional approvals or actions.

Federal Deposit Insurance Corporation. The merger is subject to approval by the Federal Deposit Insurance Corporation. We have filed the required application, but we have not yet received the Federal Deposit Insurance Corporation's approval.

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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. Both The Provident Bank and First Savings Bank have 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. In this regard, and in connection with the application for approval of the merger filed with the FDIC, Provident has committed to take additional corrective actions to enhance and monitor its compliance under the Bank Secrecy Act. Failure to take the actions as committed could result in further regulatory action, including limitations on future expansion through acquisition.

Federal law requires publication of notice of, and the opportunity for public comment on, the applications submitted by Provident 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 bank merger is also subject to the prior approval of the New Jersey Department of Banking and Insurance under certain provisions of the New Jersey Banking Act of 1948. We filed an application with the New Jersey Department of Banking and Insurance in March, 2004 for approval of the bank merger but we have not yet received approval. 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 bank merger, has the minimum capital stock and surplus required under the New Jersey Banking Act of 1948.

No Solicitation

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

initiate, solicit or knowingly encourage any inquiries or the making of any proposal to acquire First Sentinel, whether by merger, acquisition of 25% or more of First Sentinel's stock or otherwise;

enter into, maintain or continue any discussions or negotiations regarding any such acquisition proposal; or

agree to or endorse any such other acquisition proposal.

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First Sentinel may, however, furnish information regarding First Sentinel 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:

First Sentinel's board of directors determines in good faith, after consultation with its financial and legal advisors, that such proposal, if consummated, is reasonably likely to result in a transaction more favorable to First Sentinel's stockholders from a financial point of view than the merger with Provident;

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First Sentinel's board of directors determines in good faith, after consultation with its financial and legal advisors, that the failure to take such actions would likely cause First Sentinel's directors to breach their fiduciary obligations under applicable law;

First Sentinel promptly notifies Provident of such inquiries, 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 First Sentinel annual 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 First Sentinel's stockholders, as follows:

by mutual written agreement of Provident and First Sentinel;

by either Provident or First Sentinel if the closing of the merger has not occurred on or before September 30, 2004, 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 or First Sentinel if the stockholders of Provident or First Sentinel 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 or is not curable prior to September 30, 2004;

by either party if any required regulatory approvals for consummation of the merger or the bank 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 September 30, 2004;

by Provident if First Sentinel shall have received a superior proposal, as defined in the merger agreement, and the First Sentinel 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 First Sentinel approve the merger agreement, or withdraws, modifies or changes such recommendation in a manner which is adverse to Provident; or

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

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If the merger agreement is terminated under either of the latter two scenarios described above, First Sentinel shall pay to Provident a fee of \$24,000,000. The fee would also be payable to Provident if First Sentinel enters into a merger agreement with a third party within twelve months of the termination of the merger agreement by Provident due to a willful breach of a representation, warranty, covenant or agreement by First Sentinel or the failure of the stockholders of First Sentinel to approve the merger agreement after First Sentinel's receipt of a third party acquisition proposal.

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Additionally, First Sentinel may terminate the merger agreement at any time during the five business-day period commencing on the first date on which all regulatory approvals and non-objections (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 average of the daily closing sales prices of Provident common stock for the twenty consecutive trading days immediately preceding the determination date (the Provident market value) is less than \$16.30; and

the number obtained by dividing the Provident market value by the average of the daily closing sales prices of Provident common stock for the twenty consecutive trading days immediately preceding the public announcement of the merger agreement (the initial Provident market value) is less than the quotient (the index ratio) obtained by dividing (i) the sum of the average of the daily closing sales prices for the twenty consecutive trading days immediately preceding the determination date of the common stock of a group of financial institution holding companies listed in the merger agreement (the index group) multiplied by the appropriate weighting included in the merger agreement (the final index price), by (ii) the sum of the daily closing sales prices of the common stock of those financial institution holding companies on the trading day immediately preceding the public announcement of the merger agreement multiplied by the appropriate weighting (the initial index price), minus 0.175.

If First Sentinel elects to exercise its termination right as described above, it must give prompt written notice to Provident. During the five business-day period commencing with its receipt of such notice, Provident shall have the option to increase the consideration to be received by the holders of First Sentinel common stock who elect to receive Provident common stock by adjusting the exchange ratio from 1.0920 to one of the following quotients at its sole discretion: (i) a quotient, the numerator of which is equal to the product of the initial Provident market value, 1.0920 and the index ratio minus 0.175 and the denominator of which is equal to the Provident market value on the determination date; or (ii) a quotient determined by dividing the initial Provident market value by the Provident market value on the determination date, and multiplying the quotient by the product of 1.0920 and 0.80. If Provident elects, it shall give, within such five business-day period, written notice to First Sentinel of such election and the revised exchange ratio, whereupon no termination shall be deemed to have occurred and the merger agreement shall remain in full force and effect in accordance with its terms (except as the exchange ratio shall have been so modified).

Because the formula is dependent on the future price of Provident'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 common stock issued, to take into account the extent of the decline in the value of Provident's common stock as compared to the changes in the value of the common stock of the index group.

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

Management and Operations After the Merger

Upon closing of the merger between First Sentinel and Provident, First Savings Bank will be merged into The Provident Bank and the separate existence of First Sentinel will cease. The directors and officers of Provident and The Provident Bank immediately prior to the merger will continue as directors and officers of Provident and The Provident Bank after the merger. Upon the closing of the merger, Mr. Martin will become

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President of Provident and The Provident Bank and two current directors of First Sentinel will be added to the boards of Provident and The Provident Bank. In addition, Richard Spengler, Nancy E. Graves and Thomas M. Lyons, officers of First Sentinel or First Savings Bank, will be offered management level positions at Provident or The Provident Bank.

Effective Date of Merger

The parties expect that the merger will be effective on or about June 30, 2004 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 Secretary of State of the State of Delaware. If the merger is not consummated by September 30, 2004, the merger agreement may be terminated by either First Sentinel or Provident, 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 on page 70.

Under the terms of the merger agreement, the certificate of incorporation and bylaws of Provident will be the certificate of incorporation and bylaws of the combined entity which will retain the name of Provident Financial Services, Inc. Provident, as the resulting entity, will continue to operate under the policies, practices and procedures currently in place. All assets and property owned by First Sentinel will immediately become the property of Provident. Pursuant to the Plan of Bank Merger entered into by The Provident Bank and First Savings Bank, immediately following consummation of the merger, First Savings Bank will merge with and into The Provident Bank, with The Provident Bank surviving the bank merger. Provident does not currently anticipate closing any branches of either bank. The net result of the merger will be a greater number of branches, a stronger presence in existing markets and the addition of new market areas for Provident. Provident will also recognize cost savings through consolidation of back office functions.

Public Trading Markets

Provident common stock is currently traded on the New York Stock Exchange under the symbol PFS. First Sentinel common stock is currently traded on the Nasdaq National Market under the symbol FSLA. Upon completion of the merger, First Sentinel common stock will be delisted from the Nasdaq National Market and deregistered under the Securities Exchange Act of 1934, as amended. The shares of Provident common stock issued pursuant to the merger agreement will be traded on the New York Stock Exchange.

The shares of Provident 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 First Sentinel, as discussed in Resale of Provident Common Stock on page 79.

Provident may from time to time repurchase shares of Provident common stock and purchase shares of First Sentinel common stock, and, if consented to by Provident, First Sentinel may from time to time repurchase shares of First Sentinel common stock and purchase shares of Provident common stock. During the course of the solicitation being made by this Joint Proxy Statement/Prospectus, Provident may be bidding for and purchasing shares of First Sentinel common stock, but not for Provident common stock.

First Sentinel Rights Agreement

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On December 19, 2001, First Sentinel entered into a rights agreement with Registrar and Transfer Company, as rights agent, pursuant to which First Sentinel's stockholders of record as of January 1, 2002 each received a dividend of one preferred share purchase right for each outstanding share of First Sentinel common stock. In connection with the execution of the merger agreement, First Sentinel's board of directors determined that Provident will not be an acquiring person, as defined in the rights agreement, by virtue of entering into the merger agreement.

Provident Dividends

Provident currently pays a quarterly dividend of \$0.06 per share, which is expected to continue, although the Provident board of directors may change this dividend policy at any time. First Sentinel currently pays a

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quarterly dividend of \$0.105 per share, which is expected to continue but may not be increased without Provident's prior approval. During 2003, First Sentinel paid cash dividends totaling \$0.42 per share, and Provident paid cash dividends totaling \$0.14 per share.

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

Fees and Expenses

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

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 First Sentinel 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 U.S. Treasury Department 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.

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This discussion assumes that you hold your shares of First Sentinel 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 U.S. 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;

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

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

a holder of options granted under any First Sentinel benefit plan; or

a First Sentinel stockholder who holds First Sentinel 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 First Sentinel 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.

Based on representations contained in letters provided by Provident and First Sentinel and on certain customary factual assumptions, all of which must continue to be true and accurate in all material respects as of the effective time of the merger, it is the opinion of Luse Gorman Pomerenk & Schick, P.C., counsel to Provident, and Thacher Proffitt & Wood LLP, counsel to First Sentinel, that the material United States federal income tax consequences of the merger are as follows:

the merger will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code or will be treated as part of a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and the merger of First Savings Bank into The Provident Bank will not adversely affect this result;

no gain or loss will be recognized by Provident or its subsidiaries or First Sentinel or First Savings Bank by reason of the merger;

you will not recognize gain or loss if you exchange your First Sentinel common stock solely for Provident common stock, except to the extent of any cash received in lieu of a fractional share of Provident common stock;

you will recognize gain or loss if you exchange your First Sentinel common stock solely for cash in the merger (or receive cash in lieu of fractional shares) in an amount equal to the difference between the amount of cash you receive and your tax basis in your shares of First Sentinel common stock;

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subject to the following paragraph, you will recognize gain (but not loss) if you exchange your First Sentinel common stock for a combination of Provident common stock and cash in an amount equal to the lesser of:

the excess, if any, of:

the sum of the cash (excluding any cash received in lieu of a fractional share of Provident common stock) and the fair market value of the Provident common stock you receive (including any fractional share of Provident common stock you are deemed to receive and exchange for cash); over

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your tax basis in the First Sentinel common stock surrendered in the merger; or

the cash that you receive in the merger.

your tax basis in the Provident common stock that you receive in the merger (including any fractional share interest you are deemed to receive and exchange for cash), will equal your tax basis in the First Sentinel common stock you exchange in the merger, increased by the amount of taxable gain, if any, you recognize on the exchange and decreased by the amount of any cash received by you in the merger; and

your holding period for the Provident common stock that you receive in the merger will include your holding period for the shares of First Sentinel common stock that you exchange in the merger.

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

Additional Considerations Recharacterization of Gain as a Dividend. All or part of the gain you recognize could be treated as ordinary dividend income rather than capital gain if (i) you are a significant stockholder of Provident or (ii) if taking into account constructive ownership rules, your percentage ownership in Provident after the merger is not less than 80% of what your percentage ownership would have been if you had received Provident common stock rather than cash in the merger. This could happen, for example, because of your purchase of additional Provident common stock, a purchase of Provident common stock by a person related to you or a share repurchase by Provident from other Provident stockholders. The test for dividend treatment is made as though you received solely Provident common stock in the exchange, and subsequently had a portion of such stock redeemed for cash. If this redemption (i) does not result in a meaningful reduction in your interest in the company (which should not be the case as long as you are a minority stockholder, taking into account the attribution rules under Section 318 of the Internal Revenue Code) or (ii) decreases your stock ownership in Provident by 20% or less, dividend treatment could apply. Because the possibility of dividend treatment depends upon your particular circumstances, including the application of certain constructive ownership rules, you should consult your own tax advisor regarding the potential tax consequences of the merger to you.

Cash in Lieu of Fractional Shares. You will generally recognize capital gain or loss on any cash received in lieu of a fractional share of Provident common stock equal to the difference between the amount of cash received and the basis allocated to such fractional share.

Dissenting Stockholders. Holders of First Sentinel common stock who dissent with respect to the merger as discussed in *Dissenters' Rights of Appraisal* beginning on page 97, and who receive cash in respect of their shares of First Sentinel common stock will recognize capital gain or loss equal to the difference between the amount of cash received and their aggregate tax basis in their shares.

Taxation of Capital Gain. Any gain or loss that you recognize in connection with the merger will generally constitute capital gain or loss and will constitute long-term capital gain or loss if your holding period in your First Sentinel common stock is greater than one year as of the date of the merger. For the rate of tax on capital gains, see below under *Tax Rate Changes*. The deductibility of capital losses is subject to limitations.

Holding Provident Common Stock. The following discussion describes the U.S. federal income tax consequences to a holder of Provident common stock after the merger. Any cash distribution paid by Provident out of earnings and profits, as determined under U.S. federal income tax

law, will be subject to tax as ordinary dividend income and will be includible in your gross income in accordance with your method of accounting. See below under Tax Rate Changes for information regarding the rate of tax on dividends. Cash distributions

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paid by Provident in excess of its earnings and profits will be treated as (i) a tax-free return of capital to the extent of your adjusted basis in your Provident common stock (reducing such adjusted basis, but not below zero), and (ii) thereafter as gain from the sale or exchange of a capital asset.

Upon the sale, exchange or other disposition of Provident common stock, you will generally recognize gain or loss equal to the difference between the amount realized upon the disposition and your adjusted tax basis in the shares of Provident common stock surrendered. Any such gain or loss generally will be long-term capital gain or loss if your holding period with respect to the Provident common stock surrendered is more than one year at the time of the disposition. For the rate of tax on capital gains, see below under Tax Rate Changes.

Tax Rate Changes. Under the recently enacted Jobs and Growth Tax Relief Reconciliation Act of 2003, the individual tax rates on long-term capital gains and dividend income have been reduced. The top individual rate for long-term capital gains from sales or exchanges on or after May 6, 2003 is 15%. The top individual rate for qualified dividend income received after December 31, 2002 is also 15%. To be considered qualified dividend income to a particular holder, the holder must have held the common stock for more than 60 days during the 120 day period beginning 60 days before the ex-dividend period as measured under section 246(a) of the Internal Revenue Code. Dividend income that is not qualified dividend income will be taxed at ordinary income rates. You are urged to consult your tax advisor to determine whether a dividend, if any, would be treated as qualified dividend income.

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 First Sentinel common stock or other payee is entitled pursuant to the merger, unless the stockholder or other payee provides his or her tax identification number (social security number or employer identification number) and certifies that the number is correct. Each First Sentinel 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 and the exchange agent.

First Savings Bank Employee Stock Ownership Plan and 401(k) Plan. Under the First Savings Bank employee stock ownership plan, participant accounts are invested in First Sentinel common stock, and under the First Savings Bank 401(k) plan, participant accounts may be invested in First Sentinel common stock. The instruction by a participant in the 401(k) plan to convert the common stock into cash, into Provident common stock, or partly into cash and partly into Provident common stock pursuant to the merger will not result in a taxable event for the plan participant at the time of the merger. However, the decision may have a long-term tax impact on the plan participant. The employee stock ownership plan will be terminated upon consummation of the merger. Participants will be able to take a distribution of their employee stock ownership plan account in cash or shares of Provident common stock or a combination of cash and Provident common stock, in accordance with their elections.

Under the terms of the plans, the common stock may be distributed in kind at the election of the plan participant. In the event that the common stock is distributed in kind as part of a benefit payment which qualifies as a lump sum distribution and the participant so elects, only the plans original cost or basis of the common stock will be taxed at that time to the participant; any unrealized appreciation will not be taxed until such time as the common stock is disposed of by the participant in a subsequent taxable transaction. To the extent that gain recognized from the disposition does not exceed the net unrealized appreciation at the time of the distribution from the plan, the gain recognized will be taxed as long-term capital gain, even if the disposition occurs shortly after the distribution from the plan. Any additional unrealized appreciation, such as growth in value subsequent to the distribution, will also be taxed as a long-term capital gain if the stock has been held for more than one year after the distribution date.

The net unrealized appreciation rules provide a tax planning opportunity for a plan participant who receives common stock in a lump sum distribution. For any participant interested in maximizing the portion of share value that is attributed to appreciation as opposed to basis in the

common stock, the instruction to the plan trustee

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concerning the election to exchange the First Sentinel common stock into cash or Provident common stock will be important. In the case of the 401(k) plan, an exchange into cash and subsequent investment by the participant in Provident common stock will result in a new, presumably higher, basis and lower future appreciation. An exchange into Provident common stock will result in the transfer in basis by the plan trustee from the participant's allocable interest in First Sentinel common stock to the participant's allocable interest in Provident common stock.

Limitations on Tax Opinion and Discussion. As noted earlier, the tax opinion is subject to certain assumptions, relating to, among other things, the truth and accuracy of certain representations made by Provident and First Sentinel, and the consummation of the merger in accordance with the terms of the merger agreement and applicable state law. Furthermore, the tax opinion will not bind the Internal Revenue Service and, therefore, the IRS is not precluded from asserting a contrary position. The tax opinion and this discussion are based on currently existing provisions of the Internal Revenue Code, existing and proposed Treasury regulations, and current administrative rulings and court decisions. There can be no assurance that future legislative, judicial or administrative changes or interpretations will not adversely affect the accuracy of the tax opinion or of the statements and conclusions set forth herein. Any such changes or interpretations could be applied retroactively and could affect the tax consequences of the merger.

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 First Sentinel 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 Common Stock

All shares of Provident common stock received by First Sentinel stockholders in the merger will be registered under the Securities Act of 1933 and will be freely transferable, except that shares of Provident common stock received by persons who are deemed to be affiliates, as the term is defined under the Securities Act of 1933, of Provident or First Sentinel at the time of the annual meeting may be resold by them only in transactions permitted by the resale provisions of Rule 145 under the Securities Act of 1933 or as otherwise permitted under the Securities Act of 1933. Persons who may be deemed to be affiliates of Provident or First Sentinel generally include individuals or entities that control, are controlled by, or are under common control with, the party and may include certain officers and directors of such party as well as principal stockholders of such party. Affiliates of both parties have previously been notified of their status. The merger agreement requires First Sentinel to use reasonable efforts to receive a letter agreement from each person who is an affiliate of First Sentinel restricting the transferability of any shares of Provident common stock received in the merger.

This Joint Proxy Statement/Prospectus does not cover resales of Provident common stock received by any person who may be deemed to be an affiliate of First Sentinel or Provident.

Accounting Treatment

In accordance with accounting principles generally accepted in the United States of America, the merger will be accounted for using the purchase method. As a result, the recorded assets and liabilities of Provident will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and that the assets and liabilities from the acquisition of First Sentinel will be adjusted to fair value at the date of completion of the merger. In addition, all identified intangibles, which presently consists of a core deposit intangible, will be recorded at fair value and included as part of the net assets acquired. To the extent that the purchase price, consisting

of cash plus the number of shares of Provident common stock to be issued to former First Sentinel stockholders at fair value and amounts paid for merger and closing costs, exceeds the fair value of the net assets including identifiable intangibles of First Sentinel at the merger date, that

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amount will be reported as goodwill. In accordance with Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, goodwill will not be amortized but will be evaluated for impairment annually. Identified intangibles will be amortized over their estimated lives. Further, the purchase accounting method results in the operating results of First Sentinel being included in the consolidated income of Provident beginning from the date of consummation of the merger.

Dissenters Rights of Appraisal

Under Delaware law, stockholders of First Sentinel, including employee stock ownership plan participants with respect to the shares allocated to their accounts, have the right to dissent from the merger and to receive payment in cash for the fair value of their shares of First Sentinel common stock instead of the merger consideration. First Sentinel stockholders electing to do so must comply with the provisions of Section 262 of the Delaware General Corporation Law in order to perfect their rights of appraisal. A copy of the applicable Delaware statute is attached as *Appendix D* of this document.

Ensuring perfection of appraisal rights can be complicated. The procedural rules are specific and must be followed precisely. A First Sentinel stockholder's failure to comply with these procedural rules may result in such stockholder becoming ineligible to pursue appraisal rights.

The following is intended as a brief summary of the material provisions of the Delaware statutory procedures that a First Sentinel stockholder must follow in order to dissent from the merger and obtain payment of the fair value of his or her shares of First Sentinel 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 Section 262 of the Delaware General Corporation Law, the full text of which appears in *Appendix D* of this Joint Proxy Statement/Prospectus. Under Section 262 of the Delaware General Corporation Law, not less than 20 days before First Sentinel's annual meeting of stockholders, First Sentinel must notify each of the holders of record of its capital stock that appraisal rights are available and include in the notice a copy of Section 262 of the Delaware General Corporation Law. First Sentinel intends that this Joint Proxy Statement/Prospectus constitutes this notice.

If you are a First Sentinel stockholder and you wish to exercise your appraisal rights, you must satisfy the provisions of Section 262 of the Delaware General Corporation Law. Section 262 requires the following:

You must make a written demand for appraisal: You must deliver a written demand for appraisal to First Sentinel before the vote on the merger agreement is taken at the First Sentinel annual meeting of stockholders. This written demand for appraisal must be separate from your proxy card. A vote against the merger agreement alone will not constitute a demand for appraisal.

You must refrain from voting for adoption of the merger agreement: You must not vote for adoption of the merger agreement. If you vote, by proxy or in person, in favor of the merger agreement, this will terminate your right to appraisal. You can also terminate your right to appraisal if you return a signed proxy card and:

fail to vote against adoption of the merger agreement; or

fail to note that you are abstaining from voting.

If you do either of these two things, your appraisal rights will terminate even if you previously filed a written demand for appraisal.

You must continuously hold your First Sentinel common stock: You must continuously hold your shares of First Sentinel common stock from the date you make the demand for appraisal through the effective date of the merger. If you are the record holder of First Sentinel common stock on the date the written demand for appraisal is made but thereafter transfer the shares prior to the effective date of the merger, you will lose any right to appraisal for those shares.

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A written demand for appraisal of First Sentinel common stock is only effective if it is signed by, or for, the stockholder of record who owns such shares at the time the demand is made. The demand must also be signed precisely as the stockholder's name appears on his or her stock certificate. If you are the beneficial owner of First Sentinel common stock, but not the stockholder of record, you must have the stockholder of record sign any demand for appraisal.

If you own First Sentinel common stock in a fiduciary capacity, such as a trustee, guardian or custodian, you must disclose the fact that you are signing the demand for appraisal in that capacity.

If you own First Sentinel common stock with more than one person, such as in a joint tenancy or tenancy in common, all the owners must sign, or have signed for them, the demand for appraisal. An authorized agent, including an agent for one or more of the joint owners, may sign the demand for appraisal for a stockholder of record; however, the agent must expressly disclose who the stockholder of record is and that the agent is signing the demand as that stockholder's agent.

If you are a record owner, such as a broker, who holds First Sentinel common stock as a nominee for others, you may exercise a right of appraisal with respect to the shares of First Sentinel common stock held for one or more beneficial owners, while not exercising such right for other beneficial owners. In such a case, you should specify in the written demand the number of shares of First Sentinel common stock as to which you wish to demand appraisal. If you do not expressly specify the number of shares, the demand will be presumed to cover all the shares of First Sentinel common stock that are in your name.

If you are a First Sentinel stockholder who elects to exercise appraisal rights, you should mail or deliver a written demand to: First Sentinel Bancorp, Inc., 1000 Woodbridge Center Drive, Woodbridge, New Jersey 07095, Attention: Ann C. Clancy, Esq., Corporate Secretary.

It is important that First Sentinel receive all written demands for appraisal before the vote concerning the merger agreement is taken at the First Sentinel annual meeting of stockholders. As explained above, this written demand would be signed by, or on behalf of, the stockholder of record. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares of common stock owned, and that the stockholder is demanding appraisal of such stockholder's shares.

If the merger is completed, each holder of First Sentinel common stock who has perfected appraisal rights in accordance with Section 262 of the Delaware General Corporation Law will be entitled to be paid by Provident for such stockholder's shares of First Sentinel common stock the fair value in cash of those shares. The Delaware Court of Chancery will determine the fair value of the shares, exclusive of any element of value arising from the completion or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the court may take into account all relevant factors and upon such determination will then direct the payment of the fair value of the shares, together with any interest, to the holders of First Sentinel common stock who have perfected their appraisal rights. The shares of First Sentinel common stock with respect to which holders have perfected their appraisal rights in accordance with Section 262 and have not effectively withdrawn or lost their appraisal rights are referred to in this document as the dissenting shares.

Stockholders considering seeking appraisal for their shares should note that the fair value of their shares determined under Section 262 of Delaware 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. The Delaware Court of Chancery may determine the costs of the appraisal proceeding and allocate them among the parties as the court deems equitable under the circumstances. Upon application of a stockholder, the court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys' fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal. In the absence of such determination or

assessment, each stockholder bears its own expenses.

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If you fail to comply with any of these conditions and the merger becomes effective, you will only be entitled to receive the consideration provided in the merger agreement for your shares.

Within ten days after the effective date of the merger, Provident must give written notice that the merger has become effective to each stockholder who has fully complied with the conditions of Section 262 of the Delaware General Corporation Law.

Within 120 days after the effective date of the merger, either Provident or any stockholder who has complied with the conditions of Section 262 may file a petition in the Delaware Court of Chancery. This petition should request that the Delaware Court of Chancery determine the value of the shares of First Sentinel common stock held by all the stockholders who are entitled to appraisal rights. If you intend to exercise your appraisal rights, you should file this petition in the Delaware Court of Chancery. Provident has no obligation to file this petition, and if you do not file this petition within 120 days after the effective date of the merger, you will lose your rights of appraisal. A dissenting stockholder must also serve a copy of the petition on Provident.

If you change your mind and decide you no longer wish to exercise your appraisal rights, you may withdraw your demand for appraisal rights at any time within 60 days after the effective date of the merger. A withdrawal request received more than 60 days after the effective date of the merger is effective only with the written consent of Provident. If you effectively withdraw your demand for appraisal rights, you will receive the merger consideration provided in the merger agreement.

If you have complied with the conditions of Section 262, you are entitled to receive a statement from Provident. This statement will set forth the number of shares not voted in favor of the merger agreement and that have demanded appraisal rights and the number of stockholders who own those shares. In order to receive this statement you must send a written request to Provident within 120 days after the effective date of the merger. Provident must mail this statement within ten days after it receives the written request or within ten days after the expiration of the period for the delivery of demands, whichever is later.

If you properly file a petition for appraisal in the Chancery Court and deliver a copy to Provident, Provident will then have 20 days to provide the Chancery Court with a list of the names and addresses of all stockholders who have demanded appraisal rights and have not reached an agreement with Provident as to the value of their shares. The Registry in the Court of Chancery, if so ordered by the Court of Chancery, will give notice of the time and place fixed for the hearing of such petition to the stockholders on the list. At the hearing, the Chancery Court will determine the stockholders who have complied with Section 262 and are entitled to appraisal rights. The Chancery Court may also require you to submit your stock certificates to the Registry in the Court of Chancery so that it can note on the certificates that an appraisal proceeding is pending. If you do not follow the Chancery Court's directions, you may be dismissed from the proceeding.

After the Chancery Court determines which stockholders are entitled to appraisal rights, the Chancery Court will appraise the shares of stock that are the subject of the demand for appraisal. To determine the fair value of the shares, the Chancery Court will consider all relevant factors except for any appreciation or depreciation due to the anticipation or accomplishment of the merger. After the Chancery Court determines the fair value of the shares, it will direct Provident to pay that value to the stockholders who have successfully sought appraisal rights. The Chancery Court can also direct Provident to pay interest, simple or compound, on that value if the Chancery Court determines that interest is appropriate. In order to receive payment for your shares under an appraisal procedure, you must surrender your stock certificates to Provident.

If you demand appraisal rights, after the effective date of the merger you will not be entitled:

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to vote the shares of common stock for which you have demanded appraisal rights for any purpose;

to receive payment of dividends or any other distribution with respect to the shares of common stock for which you have demanded appraisal, except for dividends or distributions, if any, that are payable to holders of record as of a record date prior to the effective date of the merger; or

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to receive the payment of the consideration provided for in the merger agreement (unless you properly withdraw your demand for appraisal).

If you do not file a petition for an appraisal within 120 days after the effective date of the merger, your right to an appraisal will terminate. You may withdraw your demand for appraisal and accept the merger consideration by delivering to Provident a written withdrawal of your demand, except that:

any attempt to withdraw made more than 60 days after the effective date of the merger will require the written approval of Provident; and

an appraisal proceeding in the Chancery Court cannot be dismissed unless the Chancery Court approves.

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

First Sentinel Stock Trading and Dividend Information

First Sentinel common stock is currently listed on the Nasdaq National Market under the symbol FSLA. The following table sets forth the high and low bid prices for a share of First Sentinel common stock and cash dividends paid per share for the periods indicated. As of 2004, there were _____ shares of First Sentinel common stock issued and outstanding, and approximately _____ stockholders of record.

Year Ended			Dividend Paid
December 31, 2004	High	Low	Per Share
First quarter	\$ 21.77	\$ 20.78	\$ 0.105
Second quarter (through April 30, 2004)			

Year Ended			Dividend Paid
December 31, 2003	High	Low	Per Share
Fourth quarter	\$ 21.54	\$ 17.58	\$ 0.105
Third quarter	17.88	15.57	0.105
Second quarter	16.11	14.03	0.105
First quarter	14.95	13.82	0.105

Year Ended	High	Low	Dividend Paid
December 31, 2002			Per Share

Fourth quarter	\$ 14.96	\$ 12.71	\$ 0.095
Third quarter	14.67	12.90	0.095
Second quarter	15.58	13.04	0.095
First quarter	13.55	12.05	0.075

On December 19, 2003, the business day immediately preceding the public announcement of the merger, the closing price of First Sentinel common stock as reported on the Nasdaq National Market was \$18.78 per share. Based on the closing price of \$20.37 per share of Provident common stock on that date, the equivalent per share market value of each share of First Sentinel common stock to be exchanged solely for Provident common stock would be \$22.24, based on the exchange ratio of 1.0920 shares of Provident common stock for each share of First Sentinel common stock, and the equivalent per share market value of each share of First Sentinel common stock to be exchanged solely for cash would be \$22.25. On _____, 2004, the closing price of Provident common stock was \$ _____ per share.

Table of Contents**Provident Stock Trading and Dividend Information**

Provident common stock is currently listed on the New York Stock Exchange under the symbol PFS. The following table sets forth the high and low trading prices for a share of Provident common stock and cash dividends paid per share for the periods indicated. As of 2004, there were _____ shares of Provident common stock issued and outstanding, and approximately _____ stockholders of record.

Year Ended	High	Low	Dividend Paid Per Share
December 31, 2004			
First quarter	\$ 19.70	\$ 18.25	\$ 0.06
Second quarter (through April 30, 2004)			

Year Ended	High	Low	Dividend Paid Per Share
December 31, 2003			
Fourth quarter	\$ 21.36	\$ 18.90	\$ 0.05
Third quarter	20.74	18.32	0.05
Second quarter	19.11	15.80	0.04
First quarter (beginning January 15, 2003)	15.85	15.00	N/A

On December 19, 2003, the business day immediately preceding the public announcement of the merger, the closing price of Provident common stock as reported on the New York Stock Exchange was \$20.37 per share. On _____, 2004, the closing price was \$ _____ per share.

Comparison of Stockholders Rights

Provident and First Sentinel are incorporated under the laws of the State of Delaware and, accordingly, the rights of Provident stockholders and First Sentinel stockholders are governed by the laws of the State of Delaware. As a result of the merger, First Sentinel stockholders who receive shares of Provident common stock will become stockholders of Provident. Thus, following the merger, the rights of First Sentinel stockholders who become Provident stockholders in the merger will continue to be governed by the laws of the State of Delaware and will also then be governed by the Provident certificate of incorporation and the Provident bylaws. The Provident certificate of incorporation and bylaws will be unaltered by the merger. There are no material differences in the rights of First Sentinel and Provident stockholders.

Description of Capital Stock of Provident

Provident 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 _____, 2004, there were _____ shares of Provident common stock issued and outstanding. Provident has no

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outstanding shares of preferred stock. Each share of Provident 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 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 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 is subject to limitations that are imposed by law and applicable regulation. The holders of common stock of Provident will be entitled to receive and share equally in dividends as may be declared by the board of directors of Provident out of funds legally available for the payment of dividends. If Provident issues shares of preferred stock, the holders thereof may have a priority over the holders of the common stock with respect to dividends.

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Voting Rights. The holders of common stock of Provident have exclusive voting rights in Provident. They elect Provident'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. If Provident 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's certificate of incorporation limiting voting rights. This provision provides that stockholders who beneficially own in excess of 10% of the then outstanding shares of common stock of Provident 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.

Liquidation. In the event of any liquidation, dissolution or winding up of The Provident Bank, Provident, 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 a liquidation, dissolution or winding up of Provident, 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 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 a liquidation or dissolution.

Preemptive Rights. Holders of the common stock of Provident 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'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'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 Certificate of Incorporation and Bylaws

The following discussion is a general summary of the material provisions of Provident'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. The following description of certain of these provisions is necessarily general and, with respect to provisions contained in Provident's certificate of incorporation and bylaws, reference should be made in each case to the document in question.

Provident'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 more difficult.

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The following description is a summary of the provisions of the certificate of incorporation and bylaws. See [Where You Can Find More Information](#) 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 are elected for a term of three years and only one class of directors is elected annually. Thus, it would take at least two annual elections to replace a majority of Provident'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 an annual meeting of stockholders.

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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'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 has authorized but unissued shares of common and preferred stock. See *Description of Capital Stock of Provident*. The certificate of incorporation authorizes 50,000,000 shares of serial preferred stock. Provident 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 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. 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's board of directors and also by a majority of the outstanding shares of Provident'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;
- (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;
- (vi)

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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;

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(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.

The bylaws may be amended by the affirmative vote of a majority of the total number of directors which Provident would have if there were no vacancies on the board of directors of Provident 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's certificate of incorporation provides that any business combination (as defined below) involving Provident 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 incorporation) of Provident 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 incorporation) of more than 10% of Provident's outstanding common stock;

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

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

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

any merger or consolidation of Provident or any subsidiary with or into an interested stockholder or affiliate of an interested stockholder;

the disposition of the assets of Provident or any subsidiary having an aggregate value of 25% or more of the combined assets of Provident and its subsidiaries to or with any interested stockholder or affiliate of an interested stockholder;

the issuance or transfer by Provident 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 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

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the adoption of any plan for the liquidation or dissolution of Provident 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. However, it is not intended to, and will not, prevent or deter all tender offers for shares of Provident.

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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 66²/₃% 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's certificate of incorporation or bylaws contains an election, as permitted by Delaware law, to be exempt from the requirements of Section 203.

PROVIDENT PROPOSAL II ELECTION OF PROVIDENT DIRECTORS (FOR CONSIDERATION AND VOTE BY PROVIDENT STOCKHOLDERS ONLY)

Provident's board of directors currently consists of eleven members and is divided into three classes, with one class of directors elected each year. Directors of Provident are generally elected to serve for a three-year term and until their respective successors shall have been elected and qualified. Four directors will be elected at the Provident annual meeting to serve for a three-year term and until their respective successors shall have been elected and shall qualify. On the recommendation of Provident's Governance/Nominating Committee, the board of directors has nominated John G. Collins, Frank L. Fekete, David Leff and Paul M. Pantozzi for election as directors at the Provident annual meeting.

The following table sets forth certain information, as of March 1, 2004, regarding the nominees for election as directors and the continuing directors, including the terms of office of each director, as well as information regarding the executive officers of Provident and its wholly-owned subsidiary, The Provident Bank. It is intended that the proxies solicited on behalf of the board of directors (other than proxies in which the vote is withheld as to the nominees) will be voted at the Provident annual meeting for the election of the nominees identified below. **Unless authority to vote for the directors is withheld, it is intended that the shares represented by the enclosed [INSERT COLOR] proxy card, if executed and returned, will be voted FOR the election of all nominees.** If the nominees are unable to serve, the shares represented by all such proxies will be voted for the election of such substitute nominee as the board of directors may recommend. At this time, the board of directors knows of no reason why any of the nominees would be unable to serve, if elected. The current bylaws of Provident provide that no director shall serve beyond the annual meeting of stockholders after attaining age 72. Mr. Leff will retire after serving the first two years of his

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three-year term if he is elected by the stockholders. Provident's board of directors may appoint a successor to serve the balance of Mr. Leff's three-year term or may reduce the size of the board. Except as otherwise disclosed in this Joint Proxy Statement/Prospectus, there are no

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arrangements or understandings between the nominees and any other person pursuant to which such nominees were selected.

Names	Position (s) held with Provident	Age	Director Since ⁽¹⁾	Expiration of Term	Beneficial Ownership	Percent of Class
	Financial Services, Inc. and/or The Provident Bank					
NOMINEES						
John G. Collins	Director	67	2003	2004	11,000 ⁽²⁾	*
Frank L. Fekete	Director	52	1995	2004	97,500 ⁽³⁾	*
David Leff	Director	70	1992	2004	105,000 ⁽⁴⁾	*
Paul M. Pantozzi	Chairman, Chief Executive Officer and President	59	1989	2004	308,788 ⁽⁵⁾	*
DIRECTORS CONTINUING IN OFFICE						
Carlos Hernandez	Director	54	1996	2005	81,870 ⁽⁶⁾	*
William T. Jackson	Director	65	1974	2005	105,200 ⁽⁷⁾	*
Arthur McConnell	Director	65	1990	2005	100,000 ⁽⁸⁾	*
J. Martin Comey	Director	70	1975	2006	127,000 ⁽⁹⁾	*
Geoffrey M. Connor	Director	57	1996	2006	105,000 ⁽¹⁰⁾	*
Edward O. Donnell	Director	53	2002	2006	96,000 ⁽¹¹⁾	*
Thomas E. Sheenan	Director	68	1990	2006	110,389 ⁽¹²⁾	*
EXECUTIVE OFFICERS WHO ARE NOT DIRECTORS						
Kevin J. Ward	Executive Vice President and Chief Operating Officer	55	N/A	N/A	118,298 ⁽¹³⁾	*
Linda A. Niro	Senior Vice President and Chief Financial Officer	49	N/A	N/A	49,838 ⁽¹⁴⁾	*
Kenneth J. Wagner	Senior Vice President Investor Relations	53	N/A	N/A	22,618 ⁽¹⁵⁾	*
John F. Kuntz	General Counsel and Corporate Secretary	48	N/A	N/A	16,451 ⁽¹⁶⁾	*
Glenn H. Shell**	Executive Vice President	60	N/A	N/A	93,876 ⁽¹⁷⁾	*
Gregory French**	Senior Vice President Market Development	47	N/A	N/A	16,603 ⁽¹⁸⁾	*
C. Gabriel Haagenzen**	and Delivery and Distribution Executive Vice President Human Capital Management	62	N/A	N/A	71,865 ⁽¹⁹⁾	*
Donald W. Blum**	Senior Vice President and Chief Lending Officer	47	N/A	N/A	16,218 ⁽²⁰⁾	*
Charles Firestone**	Senior Vice President Risk Management	52	N/A	N/A	19,753 ⁽²¹⁾	*
Giacomo Novielli**	First Vice President and Chief Information Officer	44	N/A	N/A	12,793 ⁽²²⁾	*
Angel R. Denis**	First Vice President and Comptroller	44	N/A	N/A	11,867 ⁽²³⁾	*
All directors and executive officers as a group (22 persons)					1,697,927	2.8%

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* Less than 1%; based on 60,328,600 shares of Provident common stock outstanding as of March 1, 2004.

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

(1) Includes initial appointment to the board of directors of The Provident Bank, the wholly-owned subsidiary of Provident.

(2) Includes 10,000 shares held by Mr. Collins in an individual retirement account.

(footnotes continued on following page)

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- (3) Includes 7,500 shares held by Mr. Fekete's spouse, 10,000 shares held by a custodian for a retirement account for Mr. Fekete's benefit, 2,000 shares held by Mr. Fekete's spouse as custodian for Mr. Fekete's minor son, 1,000 shares held by Mr. Fekete's spouse as trustee of a trust for the benefit of a relative, 2,000 shares held by Mr. Fekete's daughter and 75,000 shares granted under the stock award plan that are not vested.
- (4) Includes 75,000 shares granted under the stock award plan.
- (5) Includes 1,000 shares held by Mr. Pantozzi as custodian for his grandchildren, 22,000 shares held by Mr. Pantozzi through the Supplemental Executive Retirement Plan, 5,797 shares held by Mr. Pantozzi through the Employee Savings Incentive Plan, 1,091 shares allocated to Mr. Pantozzi pursuant to the ESOP and 250,000 shares granted under the stock award plan that are not vested.
- (6) Includes 1,450 shares held by Dr. Hernandez's spouse in an individual retirement account and 75,000 shares granted under the stock award plan that are not vested.
- (7) Includes 200 shares held by Mr. Jackson's spouse and 75,000 shares granted under the stock award plan that are not vested.
- (8) Includes 75,000 shares granted under the stock award plan.
- (9) Includes 8,600 shares held by Mr. Comey in the Voluntary Fee Deferral Plan for the board of directors and 75,000 shares granted under the stock award plan that are not vested.
- (10) Includes 7,500 shares held in an individual retirement account, 5,000 shares held as custodian for Mr. Connor's children, 1,000 shares held by an adult child of Mr. Connor and 75,000 shares granted under the stock award plan that are not vested.
- (11) Includes 1,000 shares held by Mr. O'Donnell in an individual retirement account and 75,000 shares granted under the stock award plan that are not vested.
- (12) Includes 2,000 shares held by Mr. Sheenan's spouse, 200 shares held by Mr. Sheenan's daughter, 30,189 shares held in the Voluntary Fee Deferral Plan for the board of directors and 75,000 shares granted under the stock award plan that are not vested.
- (13) Includes 30,907 shares held by Mr. Ward through the Employee Savings Incentive Plan, 2,400 shares held by Mr. Ward through the Supplemental Executive Retirement Plan, 3,800 shares held by Mr. Ward's spouse, 1,091 shares allocated to Mr. Ward pursuant to the ESOP and 75,000 shares granted under the stock award plan that are not vested.
- (14) Includes 6,245 shares held by Ms. Niro through the Employee Savings Incentive Plan, 943 shares allocated to Ms. Niro pursuant to the ESOP and 40,000 shares granted under the stock award plan that are not vested.
- (15) Includes 1,870 shares held by Mr. Wagner through the Employee Savings Incentive Plan, 748 shares allocated to Mr. Wagner pursuant to the ESOP and 20,000 shares granted under the stock award plan that are not vested.
- (16) Includes 500 shares held by Mr. Kuntz's spouse in an individual retirement account, 951 shares allocated to Mr. Kuntz pursuant to the ESOP and 15,000 shares granted under the stock award plan that are not vested.
- (17) Includes 22,500 shares held by Mr. Shell in an individual retirement account, 7,500 shares held by the estate of Mr. Shell's deceased spouse, 10,785 shares held through the Employee Savings Incentive Plan, 2,000 shares held in the Supplemental Executive Retirement Plan, 1,091 allocated to Mr. Shell pursuant to the ESOP and 50,000 shares granted under the stock award plan that are not vested.
- (18) Includes 512 shares held by Mr. French through the Employee Savings Plan, 1,091 shares allocated to Mr. French pursuant to the ESOP and 15,000 shares granted under the stock award plan that are not vested.
- (19) Includes 20,774 shares held by Mr. Haagensen through the Employee Savings Incentive Plan, 1,091 shares allocated to Mr. Haagensen pursuant to the ESOP and 50,000 shares granted under the stock award plan that are not vested.
- (20) Includes 219 shares held by Mr. Blum through the Employee Savings Incentive Plan, 999 shares allocated to Mr. Blum pursuant to the ESOP and 15,000 shares granted under the stock award plan that are not vested.
- (21) Includes 4,027 shares held by Mr. Firestone through the Employee Savings Incentive Plan, 726 shares allocated to Mr. Firestone pursuant to the ESOP and 15,000 shares granted under the stock award plan that are not vested.
- (22) Includes 5,485 shares held by Mr. Novielli through the Employee Savings Incentive Plan, 798 shares held by Mr. Novielli's spouse as custodian for his minor children, 130 shares held by Mr. Novielli as custodian for his minor son, 780 shares allocated to Mr. Novielli pursuant to the ESOP and 5,000 shares granted under the stock award plan that are not vested.
- (23) Includes 5,382 shares held by Mr. Denis through the Employee Savings Incentive Plan, 585 shares allocated to Mr. Denis pursuant to the ESOP and 5,000 shares granted under the stock award plan that are not vested.

Directors

The business experience for the past five years of each of Provident's directors and executive officers is as follows:

John G. Collins. Mr. Collins is retired. He previously served as President of Fleet NJ from March 2001 until March 2003. Prior to 2001, Mr. Collins was Vice Chairman of Summit Bancorp and was a member of the board of directors of Summit Bancorp, and its predecessor, UJB Financial Corp., from 1986 to 2001. Mr. Collins is a member of the board of trustees of CentraState Healthcare System.

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

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

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

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

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

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

Arthur McConnell. Mr. McConnell is the President of McConnell Realty, which owns and manages commercial and residential real estate, and is located in Atlantic Highlands, New Jersey.

Edward O. Donnell. Mr. O. Donnell is President of Tradelinks Transport, Inc., a transportation consulting company located in Westfield, New Jersey. From March 1995 to July 1999, Mr. O. Donnell was a Director and Executive Vice President of NPR, Inc. (Navieras), a transportation company located in Edison, New Jersey. Mr. O. Donnell is a member of the management committee of North Bay Equity Partners, LLC.

Paul M. Pantozzi. Mr. Pantozzi has been the Chairman the Chief Executive Officer and President of Provident since January 2003. He has served as the Chief Executive Officer and President of The Provident Bank since 1993 and Chairman since 1998.

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

Executive Officers Who are Not Directors

Kevin J. Ward. Mr. Ward has been Executive Vice President and Chief Operating Officer of Provident since January 2003 and has been Executive Vice President and Chief Operating Officer of The Provident Bank since 2000. In April 2004, Mr. Ward was appointed Vice Chairman of The Provident Bank, an executive position. He served as Executive Vice President, Chief Operating Officer and Chief Financial Officer of The Provident Bank from January to November 2000. Prior to that time, he was Executive Vice President and Chief Financial Officer of The Provident Bank.

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Glenn H. Shell. Mr. Shell has been Executive Vice President of The Provident Bank since November 2003. Prior to that time, he served as Executive Vice President and Chief Lending Officer of The Provident Bank.

Gregory French. Mr. French has been Senior Vice President – Market Development and Delivery and Distribution of The Provident Bank since November 2003. He served as Senior Vice President of the Market Development Group of The Provident Bank from February 2001 to October 2003. He was Vice President of Marketing, eBusiness for American International Group in New York, New York from January 2000 to February 2001. Prior to that time he served as Vice President, Citibank National Director, Field Marketing of Citigroup in New York, New York.

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

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Kenneth J. Wagner. Mr. Wagner has been Senior Vice President – Investor Relations of Provident since January 2003 and has been Senior Vice President of Strategic Business Development of The Provident Bank since 2001. He served as Senior Vice President of Customer Relationship Management of The Provident Bank from 1998 to 2001. Prior to that time he was Senior Vice President and Comptroller of The Provident Bank.

Linda A. Niro. Ms. Niro has been Senior Vice President and Chief Financial Officer of Provident since January 2003 and has served as Senior Vice President and Chief Financial Officer of The Provident Bank since 2000. Prior to that time, she served as Vice President and Treasurer of The Provident Bank.

John F. Kuntz. Mr. Kuntz has been General Counsel and Corporate Secretary of Provident since January 2003 and has been Senior Vice President and General Counsel of The Provident Bank since November 2002. Prior to that he was Vice President and General Counsel of The Provident Bank since September 2001. He was Vice President and Assistant General Counsel of Mellon Investor Services LLC in Ridgefield Park, New Jersey from August 2000 to September 2001. Prior to that time he was a Partner with the law firm of Bourne Noll & Kenyon P.C., Summit, New Jersey.

Donald W. Blum. Mr. Blum has served as Senior Vice President and Chief Lending Officer of The Provident Bank since December 2001. Prior to that time he was Senior Vice President – Real Estate Lending at Summit Bancorp from October 1992 to November 2001.

Charles Firestone. Mr. Firestone has served as Senior Vice President – Risk Management of The Provident Bank since 2001. Prior to that time he was Senior Vice President and General Auditor of The Provident Bank.

Angel R. Denis. Mr. Denis has served as First Vice President and Comptroller of The Provident Bank since November 2002. Prior to that time he was Vice President and Comptroller of The Provident Bank.

Giacomo Novielli. Mr. Novielli has served as First Vice President and Chief Information Officer since November 2003. Prior to that time he was First Vice President – Delivery and Distribution for The Provident Bank.

Director Independence

The board of directors has determined that each of the continuing directors and nominees for re-election, except for Mr. Pantozzi, has no material relationship with Provident and is independent within the meaning of Provident's director independence standards which reflect exactly the New York Stock Exchange director independence standards. Mr. Pantozzi is not considered independent because he is an executive officer of Provident and The Provident Bank.

Board Meetings and Committees

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The board of directors of Provident meets quarterly or more often as may be necessary. The board of directors maintains three standing committees: the Compensation Committee, Audit Committee and Governance/Nominating Committee. The Provident board of directors met eight times in 2003. All directors attended no fewer than 75% of the total number of meetings held by the Provident board of directors and all committees of the board on which they served (during the period they served) in 2003. When the Provident and The Provident Bank board of directors and committee meetings are aggregated, all directors attended no fewer than 75% of the aggregated total number of meetings in 2003. Provident encourages its directors to attend each annual meeting of stockholders. All Provident directors attended the annual meeting of stockholders held on July 17, 2003.

The board of directors has adopted Corporate Governance Principles which are posted on The Provident Bank's website at www.providentnj.com and were appended to last year's proxy statement. The Corporate Governance Principles provide for the board of directors to meet in regularly scheduled executive sessions

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without management at least two times a year. Two executive sessions of the board of directors were conducted in 2003. The board of directors has designated William T. Jackson to preside over these executive sessions conducted by the non-employee directors.

The Compensation Committee

The Compensation Committee consists of directors Comey (Chairman), Fekete, and Sheenan. Each member of the Compensation Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards. The Compensation Committee reviews and administers compensation policy, including setting performance measures and goals, administering stock-based compensation plans, approving benefit programs, establishing compensation of the Chief Executive Officer and President and other senior executive officers and other matters of personnel policy and practice. The Compensation Committee's charter is posted on The Provident Bank's website at www.providentnj.com. The Compensation Committee met 10 times during 2003. The Compensation Committee's Report on Executive Compensation appears later in this Joint Proxy Statement/Prospectus.

The Governance/Nominating Committee

The Governance/Nominating Committee consists of directors Leff (Chairman), Jackson and O'Donnell. Each member of the Governance/Nominating Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards. The Governance/Nominating Committee's charter is posted on The Provident Bank's website at www.providentnj.com. The Committee met nine times during 2003.

The functions of the Governance/Nominating include, among other things:

to evaluate and make recommendations to the board concerning the number of directors, committee assignments and committee membership rotation practices;

to establish the qualifications, desired background, and selection criteria for board members;

to make recommendations to the board concerning board nominees;

to conduct evaluations of the effectiveness of the operation of the board;

to develop corporate governance principles applicable to Provident;

to recommend the adoption of a code of business conduct and ethics;

to make recommendations to the board regarding director, compensation, orientation and continuing education; and

to evaluate the Governance/Nominating Committee's performance on an annual basis.

The Governance/Nominating Committee identifies nominees by first evaluating the current members of the board of directors willing to continue in service. Current members of the board with skills and experience that are relevant to Provident's business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the board with that of obtaining a new perspective. If any member of the board does not wish to continue in service, or if the Committee or the board decides not to re-nominate a member for re-election or if the size of the board is increased, the Committee will solicit suggestions for director candidates from all board members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of director nominees. Candidates must have the

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highest personal and professional ethics and integrity. Additional criteria weighed by the Governance/Nominating Committee in the director identification and selection process include the relevance of a candidate's experience to the business of Provident, enhancement of the diversity of experience of the board, the needs of Provident and the board, the candidate's independence from conflict or direct economic relationship with Provident, and the candidate's ability and willingness to devote the proper time to prepare for and attend meetings. The Governance/Nominating Committee will also take into account whether a candidate satisfies the criteria for independence under the New York Stock Exchange corporate governance listing standards, and if a nominee is sought for service on the Audit Committee, the financial and accounting expertise of a candidate, including whether an individual qualifies as an audit committee financial expert.

Procedures for the Nomination of Directors by Stockholders

If a determination is made that an additional candidate is needed for the board, the Governance/Nominating Committee will consider candidates properly submitted by Provident's stockholders. Stockholders can submit the names of qualified candidates for director by writing to the Corporate Secretary, at Provident Financial Services, Inc., 830 Bergen Avenue, Jersey City, New Jersey 07306. The Corporate Secretary must receive a submission not less than ninety (90) days prior to the date of Provident's proxy materials for the preceding year's annual meeting. If the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, a stockholder's submission must be so delivered not later than the close of business on the tenth day following the day on which public announcement of the date of such annual meeting is first made. A stockholder submission must include the following information:

the name and address of the stockholder as they appear on Provident's books and the number of shares of Provident's common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder's ownership will be required);

the name, address and contact information for the candidate and the number of shares of common stock of Provident that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder's ownership should be provided);

a statement of the candidate's business and educational experience;

such other information regarding the candidate as would be required to be included in Provident's proxy statement pursuant to Securities and Exchange Commission Regulation 14A;

a statement detailing any relationship between the candidate and Provident, The Provident Bank and any subsidiaries of The Provident Bank;

a statement detailing any relationship between the candidate and any customer, supplier or competitor of Provident and The Provident Bank;

detailed information about any relationship or understanding between the proposing stockholder and the candidate; and

a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

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Stockholder submissions that are received and that meet the criteria outlined above will be forwarded to the Chair of the Governance/Nominating Committee for further review and consideration. A nomination submitted by a stockholder for presentation by the stockholder at an annual meeting of stockholders must comply with the procedural and informational requirements described in Advance Notice Of Business To Be Conducted at an Annual Meeting.

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Stockholder Communications with the Board

A stockholder of Provident who wants to communicate with the board or with any individual director can write to the Chair of the Governance/Nominating Committee, c/o Provident Financial Services, Inc., 830 Bergen Avenue, Jersey City, New Jersey 07306. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership.

Code of Business Conduct and Ethics

Provident has adopted a Code of Business Conduct and Ethics that is applicable to all directors, officers and employees of Provident and The Provident Bank, including the principal executive officer, principal financial officer, principal accounting officer or controller, and all persons performing similar functions. The Code of Business Conduct and Ethics is posted on The Provident Bank's website at www.providentnj.com. Amendments to and waivers from the Code of Business Conduct and Ethics will also be disclosed on The Provident Bank website.

The Audit Committee

The Audit Committee consists of directors Fekete (Chairman), Collins, McConnell, O'Donnell and Sheenan. Each member of the Audit Committee is considered independent as defined in the New York Stock Exchange corporate governance listing standards and under Securities and Exchange Commission Rule 10A-3. The duties and responsibilities of the Audit Committee include, among other things:

sole authority in retaining, overseeing and evaluating a firm of independent certified public accountants to audit the annual financial statements;

in consultation with the independent auditors and the internal auditor, reviewing the integrity of Provident's financial reporting processes, both internal and external;

reviewing the financial statements and the audit report with management and the independent auditors;

reviewing earnings and financial releases and quarterly reports filed with the Securities and Exchange Commission;

approving all engagements for audit and non-audit services by the independent auditors.

The Audit Committee met 10 times during 2003. The Audit Committee reports to the board on its activities and findings. The board of directors believes that Frank L. Fekete, the Chair of the Audit Committee, qualifies as an audit committee financial expert as that term is used in the rules and regulations of the Securities and Exchange Commission.

Audit Committee Report

The Audit Committee operates under a written charter adopted by the board of directors. A copy of the charter of the Audit Committee is available on The Provident Bank's website at www.providentnj.com and is included as *Appendix E* to this Joint Proxy Statement/Prospectus.

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

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

Reviewed and discussed with management and the independent auditors, the audited consolidated financial statements of Provident for the fiscal year ended December 31, 2003;

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

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

Based on the review and discussions referred to above, the Audit Committee has recommended to the board of directors that the audited consolidated financial statements be included in Provident's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and be filed with the Securities and Exchange Commission. In addition, the Audit Committee approved the appointment of KPMG LLP as independent auditors for the year ending December 31, 2004, subject to the ratification of this appointment by the stockholders of Provident.

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

The Audit Committee of Provident Financial Services, Inc.

Frank L. Fekete (Chairman)
John G. Collins Arthur McConnell
Edward O. Donnell Thomas E. Sheenan

Compensation of Directors

Fees. Provident pays to each non-employee director a fee of \$1,000 per board meeting attended. The members of the Audit Committee, Compensation Committee, and the Governance/Nominating Committee receive \$800 for each committee meeting they attend. The Chair of the Audit Committee receives \$2,000 for each committee meeting attended. The Chairs of the Compensation Committee and the Governance/Nominating Committee receive \$1,200 for each committee meeting they attend.

Each of the members of the board of directors of Provident serves on the board of directors of The Provident Bank. The Provident Bank board of directors has two standing committees: the Executive Committee and Directors Trust Committee. The Provident Bank pays to each non-employee director an annual retainer of \$21,000 and a fee of \$1,000 per board meeting attended. Non-employee members of The Provident Bank's Executive Committee (directors Comey and Jackson) receive an additional annual retainer of \$25,000. The non-employee rotating director of the Executive Committee and the non-employee director members of The Provident Bank Directors Trust Committee (directors

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Connor and McConnell) receive \$800 for each committee meeting attended. The Chair of the Directors Trust Committee (Dr. Hernandez) receives \$1,200 for each committee meeting attended. The Provident Bank pays the premiums for a life insurance policy, in the face amount of \$10,000, for each non-employee director, until the director attains the age of 72 or has received such benefit for ten years, whichever occurs later.

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Retirement Plan for the Board of Directors of The Provident Bank. The Provident Bank maintains the Retirement Plan for the board of directors of The Provident Bank, a non-qualified plan which provides cash payments for up to ten years to eligible retired board members based on age and length of service requirements. The maximum payment under this plan to a board member who terminates service on or after the age of 72 with at least ten years of service on the board, is forty quarterly payments of \$1,250. The Bank may suspend payments under this plan if it does not meet Federal Deposit Insurance Corporation or New Jersey Department of Banking and Insurance minimum capital requirements. The Provident Bank may terminate this plan at any time although such termination may not reduce or eliminate any benefit previously accrued to a board member without his or her consent. The plan has been amended to provide that, in the event of a change in control (as defined in the plan), the undistributed balance of a director's accrued benefit will be distributed to him or her within 60 days of the change in control. For the year ended December 31, 2003, The Provident Bank paid \$9,000 to former board members under this plan.

Voluntary Fee Deferral Plan for Directors. Provident and The Provident Bank each maintain a Voluntary Fee Deferral Plan, each of which is a non-qualified plan that allows for the deferral of board fees by non-employee directors who elect to defer fees. Under both plans, non-employee directors may elect to defer the receipt of 25%, 50%, 75% or 100% of board fees to a future year as determined by that director, so long as the distribution of such fees does not begin beyond the year of the director's normal retirement date. Deferred fees are credited to an account established for the benefit of each participant which receives interest at the prevailing prime rate. A participating director may receive the deferred payments pursuant to the director's election in a lump sum or over a three-year period, except in the event of a change in control, death or disability, under which circumstances a lump sum payment shall be made. In connection with The Provident Bank's mutual-to-stock conversion effective January 15, 2003, The Provident Bank board of directors Voluntary Fee Deferral Plan was amended to allow participating directors a one-time election to invest their account balances in shares of Provident common stock. The amendment also provided that in the event of a change in control (as defined in the plan), the undistributed balance of a participant's separate account will be distributed within 60 days of the change in control. As of December 31, 2003, Provident's board of directors Voluntary Fee Deferral Plan had a balance of \$8,670 on behalf of one present director and The Provident Bank board of directors Voluntary Fee Deferral Plan had accounts totaling \$954,488 on behalf of two present directors and one former director who participate in this plan.

Stock Benefit Plans

Directors are eligible to participate in and receive awards of stock options and restricted stock under the Provident Financial Services, Inc 2003 Stock Option Plan and the Provident Financial Services, Inc. 2003 Stock Award Plan. On July 17, 2003, each non-employee director, other than Mr. Collins, was granted a non-qualified stock option to purchase 160,000 shares of Provident common stock. Mr. Collins was granted a non-qualified stock option to purchase 100,000 shares of Provident common stock on July 17, 2003. All of the non-qualified stock options granted to the outside directors were granted at an exercise price of \$18.57 per share, the fair market value of Provident common stock on the grant date. On August 17, 2003 each non-employee director, with the exception of Mr. Collins, was granted a restricted stock award of 75,000 shares of common stock. All stock options and restricted stock awards vest in 20% increments over a five-year period. Stock options will vest and become immediately exercisable and restricted stock awards will vest upon the director's death, disability or following a change in control of Provident.

Table of Contents**Executive Compensation**

The following table sets forth for the years ended December 31, 2003, 2002 and 2001, certain information as to the total remuneration paid to the Chief Executive Officer and President, as well as to the four most highly compensated executive officers, other than the Chief Executive Officer and President, who received total annual compensation in excess of \$100,000. Each of the individuals listed in the table below are referred to in this Joint Proxy Statement/Prospectus as a Named Executive Officer.

Name and Principal Position	Year	Long-Term Compensation						
		Annual Compensation			Awards		Payouts	
		Salary	Bonus (1)	Other Annual Compensation (2)	Restricted Stock Awards \$(3)	Securities Underlying Options/SARs # (4)	LTIP Payouts	All Other Compensation (5)
Paul M. Pantozzi Chairman, Chief Executive Officer and President	2003	\$ 600,000	\$	\$ 51,101	\$ 5,075,000	1,120,000		\$ 49,118
	2002	560,000	473,760	66,693				49,323
	2001	500,000	375,000	53,440				51,503
Kevin J. Ward Executive Vice President and Chief Operating Officer	2003	290,000			1,522,500	330,000		28,220
	2002	270,300	96,893					29,876
	2001	255,000	99,450					31,302
Glenn H. Shell Executive Vice President	2003	245,500	12,889		1,015,000	250,000		23,441
	2002	238,500	71,704					26,047
	2001	225,000	92,250					27,405
Gregory French Senior Vice President, Market Development and Delivery and Distribution	2003	233,000	10,485		1,015,000	250,000		23,594
	2002	223,000	57,466					24,236
	2001	177,692	101,425					27,202
C. Gabriel Haagensen Executive Vice President, Human Capital Management	2003	205,000			1,015,000	250,000		16,830
	2002	196,100	42,112					21,320
	2001	185,000	50,413					22,432

- (1) Bonus payments earned pursuant to the Incentive Program for Senior Executives of The Provident Bank. In addition, Mr. French was paid a \$40,000 signing bonus in February 2001.
- (2) The Provident Bank provides certain of its executive officers with non-cash benefits and perquisites, such as the use of employer-owned automobiles, club membership dues and certain other personal benefits. Management believes that the aggregate value of these benefits for 2001, 2002 and 2003 did not, in the case of any Named Executive Officer, exceed \$50,000 or 10% of the aggregate salary and annual bonus reported for him in the Summary Compensation Table, except for Mr. Pantozzi, who had \$53,440 in 2001, \$66,693 in 2002 and \$51,101 in 2003 of such benefits, including a stipend of \$18,000 for 2001 and 2002 and \$25,000 in 2003; club membership dues of \$17,500 in 2001, \$24,000 in 2002 and \$12,000 in 2003 and automobile-related expenses of \$17,940 in 2001, \$24,693 in 2002 and \$14,101 in 2003.
- (3) Restricted stock awards granted under the Provident Financial Services, Inc. Stock Award Plan were made on August 21, 2003. The awards vest in 20% increments over a five-year period. The stock awards were valued using the closing price of Provident common stock on the grant date of \$20.30 per share. Stock award recipients are entitled to vote the unvested restricted stock and to receive any dividends declared on the unvested restricted stock.
- (4) Stock options were granted under the Provident Financial Services, Inc. Stock Option Plan on July 17, 2003. Stock options vest and become exercisable in 20% increments over a five-year period. The stock options were granted at an exercise price of \$18.57 per share, the fair market value of Provident common stock on the grant date.

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- (5) Includes the following components: (i) employer payment of health insurance premiums of \$9,763, \$8,444, \$7,154, \$9,763 and \$5,700 for Messrs. Pantozzi, Ward, Shell, French and Haagensen in 2001, \$10,383, \$8,980, \$7,564, \$10,383 and \$6,055 in 2002, and \$6,443, \$7,507, \$6,973, \$9,157 and \$4,941 in 2003 respectively; (ii) employer payment of dental insurance premiums of \$380 in 2001 and 2002 each, and \$375, \$439, \$407, \$544 and \$375 for Messrs. Pantozzi, Ward, Shell, French and Haagensen respectively in 2003; (iii) employer payment of life insurance premiums of \$4,560, \$2,736, \$2,451, \$798 and \$2,029 in 2001, \$4,560, \$3,082, \$2,719, \$2,542 and \$2,236 in 2002, and \$4,844, \$2,559, \$2,259, \$2,111 and \$1,857 in 2003 for Messrs. Pantozzi, Ward, Shell, French and Haagensen, respectively; (iv) employer payment of long-term disability insurance premiums of \$1,800, \$1,892, \$1,670, \$1,561 and \$1,373 in 2001 and 2002, and \$3,144, \$1,518, \$1,339, \$1,252 and \$1,101 in 2003 for Messrs. Pantozzi, Ward, Shell, French and Haagensen respectively; (v) employer contributions to the Employee Savings Incentive Plan of \$11,900 each for Messrs. Pantozzi, Ward, Shell and Haagensen in 2001, and a payment in lieu of first year participation in the Savings Incentive Plan of \$14,700 to Mr. French; employer contributions to the Savings Incentive Plan of \$9,775 each for Messrs. Pantozzi, Ward, Shell and Haagensen and \$9,370 for Mr. French in 2002 and employer contributions to the Savings Incentive Plan of \$16,312, \$12,147, \$10,413, \$10,530 and \$8,331 in 2003 for Messrs. Pantozzi, Ward, Shell, Haagensen and French respectively; and (vi) employer contributions to the Supplemental Executive Savings Plan of \$23,100, \$5,950, \$3,850, \$0 and \$1,050 in 2001, \$22,425, \$5,767, \$3,939, \$0 and \$1,501 in 2002, and \$18,000, \$4,050, \$2,048, \$0 and \$225 in 2003 for Messrs. Pantozzi, Ward, Shell, French and Haagensen respectively.

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Compensation Committee Report on Executive Compensation

Pursuant to the rules and regulations of the Securities and Exchange Commission, this Executive Compensation Committee Report shall not be deemed incorporated by reference to any general statement incorporating by reference this Joint Proxy Statement/Prospectus into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Provident specifically incorporates this information by reference.

The following report was prepared by Provident's Compensation Committee regarding its overall approach to executive compensation.

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

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

Compensation Philosophy

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

The Provident Compensation Committee uses a total compensation approach in establishing executive compensation opportunities, consisting of base salary, annual incentives, and long-term incentives. Provident has included stock options and stock awards as key elements in their total compensation package. This approach is designed such that the executive receives value when Provident's financial objectives are achieved and/or the stock performs.

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

Base Salaries

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

Annual Incentives

Annual incentive opportunities are provided to Provident's executives to link the attainment of annual performance objectives with executive compensation. Under the annual incentive plan, at the beginning of each

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year, the Provident Compensation Committee assigns a target and range of annual incentive award opportunities to each proxy reported executive. The award opportunities are linked with a specific target and range of performance results on one or more performance measures, which may include earnings per share, efficiency ratio and other company or area specific measures. Payouts under the plan are determined at the end of the year considering actual performance on the measures selected.

Long-Term Incentives (Stock Option and Stock Award Program)

The Provident Compensation Committee believes that long-term incentives, specifically stock options and stock awards, should be a key element in the executive compensation program. These incentives strongly align the rewards provided to executives with the value created for stockholders through stock price appreciation.

Provident made initial stock option and stock award grants to executive officers and a broader employee population. The factors considered in determining eligibility and the number of shares to be granted were an individual's position and responsibilities, length of service and performance.

Chief Executive Officer

Provident entered into an employment agreement with Mr. Pantozzi upon completion of the conversion. This agreement has a term of thirty-six months. The agreement renews for an additional year beginning on the first anniversary date of the agreement and on each anniversary date thereafter, so that the remaining term is thirty-six months.

It was the decision of the Provident Compensation Committee that the Chief Executive Officer receive neither a base salary increase nor an annual incentive award for 2003.

Tax Deductibility of Executive Compensation

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

The Provident Compensation Committee does not believe the results of operations of Provident will be materially affected by the provisions of Section 162(m).

Compensation Committee of Provident Financial Services, Inc.

J. Martin Comey (Chairman)

Frank L. Fekete

Thomas E. Sheenan

Compensation Committee Interlocks and Insider Participation

Messrs. Comey, Fekete and Sheenan served as members of the Provident Compensation Committee in 2003. None of these directors had any transactions or relationships with Provident in 2003 requiring specific disclosures under Securities and Exchange Commission rules.

Table of Contents**Stock Performance Graph**

Pursuant to the rules and regulations of the Securities and Exchange Commission, the Stock Performance Graph shall not be deemed incorporated by reference to any general statement incorporating by reference this Joint Proxy Statement/Prospectus into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Provident specifically incorporates this information by reference.

Set forth below is a stock performance graph comparing (a) the cumulative total return on Provident common stock for the period beginning January 16, 2003, the first date that Provident common stock traded, as reported by the New York Stock Exchange (at a closing price of \$15.50 per share on such date), through December 31, 2003, (b) the cumulative total return on stocks included in the Russell 2000 Index over such period, and (c) the cumulative total return of the SNL Thrift Index over such period. The SNL Thrift Index, produced by SNL Financial LC., contains all thrift institutions traded on the New York, American and Nasdaq stock exchanges. Cumulative return assumes the reinvestment of dividends, and is expressed in dollars based on an assumed investment of \$100.

<i>Index</i>	<i>Period Ending</i>				
	01/16/03	03/31/03	06/30/03	09/30/03	12/31/03
Provident Financial Services, Inc.	100.00	102.00	123.17	124.19	122.81
Russell 2000	100.00	92.62	114.32	124.69	142.80
SNL Thrift Index	100.00	99.66	115.82	122.49	137.31

Table of Contents**Employment Agreements**

Provident entered into employment agreements with Messrs. Pantozzi, Ward and Shell, which became effective on January 15, 2003 upon completion of the mutual-to-stock conversion of The Provident Bank. Each of these agreements has a term of thirty-six months. The agreements renew for an additional year beginning on the first anniversary date of the agreement, and on each anniversary date thereafter, so that the remaining term is thirty-six months. However, if timely written notice of nonrenewal is provided to the executive, the employment under the agreement ceases at the end of thirty-six months following such anniversary date. On an annual basis, the board of directors of Provident shall conduct a performance review of the executive for purposes of determining whether to provide a notice of nonrenewal. The board of directors provided a notice of non-renewal to Mr. Shell and Provident and Mr. Shell have agreed in principle to an amendment to his employment agreement as further described below. Under the agreements, the base salaries for Messrs. Pantozzi, Ward and Shell are \$600,000, \$290,000 and \$245,500, respectively. In addition to the base salary, each agreement provides for, among other things, participation in bonus programs, and other employee pension benefit and fringe benefit plans applicable to executive employees. In addition, the agreements provide for reasonable vacation and sick leave, reimbursement of certain club membership fees incurred by each executive and the use of a company-owned automobile. The agreements provide for termination by Provident for cause at any time, in which event the executive would have no right to receive compensation or other benefits for any period after termination. In the event the executive's employment is terminated for reasons other than for cause, for retirement or for disability or following a change in control, the executive would be entitled to a lump sum payment equivalent to the greater of: the payments due for the remaining term of the employment agreement, or three times the sum of (i) the highest annual rate of base salary and (ii) the greater of (x) the average cash bonus paid over the last three years or (y) the cash bonus paid in the last year, as well as the continuation of life, medical, dental and disability insurance coverage for three years. The executive may resign from employment and receive the benefits described above as a result of (i) a material change in the nature or scope of the executive's function, duties or responsibilities, (ii) a material reduction in benefits and perquisites, including base salary, from those being provided as of the effective date of the employment agreement, (iii) a relocation where the executive is required to perform services at a location more than 25 miles from The Provident Bank's principal executive offices, (iv) a failure to elect or reelect or to appoint or reappoint the executive to certain position(s) at Provident or The Provident Bank, or, in the case of Mr. Pantozzi, to nominate or elect the executive to the board(s) of directors of Provident or The Provident Bank, (v) a liquidation or dissolution of The Provident Bank or Provident, or (vi) a material breach of the employment agreement by The Provident Bank or Provident. Each employment agreement generally provides that following a change in control (as defined in the agreement), the executive will receive the severance payments and insurance benefits described above if he resigns during the one-year period following the change in control or if he is terminated during the remaining term of the employment agreement following the change in control. Messrs. Pantozzi, Ward and Shell would receive an aggregate of \$2,648,784, \$1,066,343 and \$913,344, respectively, pursuant to their employment agreements upon a change in control of Provident, based upon current levels of compensation.

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

Provident has reached an agreement in principle with Mr. Shell to amend his employment agreement. The amendment will provide that Mr. Shell's employment will terminate effective September 1, 2004. Until the date of termination, Mr. Shell will continue to serve as Executive Vice President of The Provident Bank, largely in the role of a new business producer. The Provident Bank paid Mr. Shell as compensation at a rate commensurate with base salary of \$245,500 through April 30, 2004. Thereafter, until September 1, 2004, The Provident Bank will compensate Mr. Shell at the rate of \$10,000 per month. Mr. Shell will be entitled to vest in stock options and

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restricted stock grants through September 1, 2004, at which time any unvested stock options and restricted stock awards will be forfeited. Upon termination of his employment, Mr. Shell will be entitled to the payments due to him under his employment agreement in the approximate amount of \$913,000 plus life, medical, dental and disability coverage for the balance of the term of that agreement. He will also be paid a lump sum payment of \$700,000 at the time of the termination of his employment. The amendment to the employment agreement also contains a release of any claims Mr. Shell may have against Provident arising out of his employment relationship with Provident and The Provident Bank.

Change in Control Agreements

Provident entered into change in control agreements with six other officers including Messrs. Blum, Kuntz, French and Haagensen, Ms. Niro and Ms. Hynes (First Vice President-Employee Relations, The Provident Bank), which provide certain benefits in the event of a change in control of Provident or The Provident Bank. Each of the change in control agreements provides for a term of 24 months. Commencing on the first anniversary date of the change in control agreement, and on each anniversary date thereafter, the term of the change in control agreement extends for an additional 12 months unless the board of directors of Provident provides the executive timely notice of nonrenewal. In the event notice of nonrenewal is provided to the executive, the change in control agreement terminates 24 months following the applicable anniversary date. On an annual basis the board of directors of Provident shall conduct a performance review of the executive for purposes of determining whether to provide a notice of nonrenewal. No notices of nonrenewal have been provided to any of the executives with change in control agreements. For these purposes, a change in control is defined generally to mean: (i) approval by stockholders of a plan of reorganization, merger or consolidation of The Provident Bank or Provident where The Provident Bank or Provident is not the surviving entity; (ii) changes to the board of directors of The Provident Bank or Provident whereby individuals who constitute the current board of directors cease to constitute a majority of the board of directors, subject to certain exceptions; (iii) the acquisition of all or substantially all of the assets of Provident or the beneficial ownership of 20% or more of the voting securities of Provident; or (iv) a complete liquidation or dissolution of Provident or The Provident Bank or approval by the stockholders of Provident of a plan for such dissolution or liquidation. Although the change in control agreements may have the effect of making a takeover more expensive to an acquiror, Provident believes that the benefits of enhancing Provident's ability to attract and retain qualified management persons by offering the change in control agreements outweigh any disadvantage of such agreements.

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

Benefit Plans

Pension Plan. The Provident Bank maintains The Provident Bank Pension Plan, a tax-qualified plan generally covering employees age 21 or older who have worked at The Provident Bank for at least one year in

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which they have

accrued 1,000 or more hours of service. The Provident Bank