VALLEY NATIONAL BANCORP
Form S-4/A
October 28, 2011
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As filed with the Securities and Exchange Commission on October 28, 2011

Registration No. 333-175269

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 1

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

VALLEY NATIONAL BANCORP

(Exact name of registrant as specified in its charter)

New Jersey	**6711**	**22-2477875**
(State or other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

1455 Valley Road

Wayne, New Jersey 07470

973-305-8800

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Gerald H. Lipkin, Chairman, President and Chief Executive Officer

Valley National Bancorp

1455 Valley Road

Wayne, New Jersey 07470

973-305-8800

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please send copies of all communications to:

RONALD H. JANIS	**ROBERT C. AZAROW**
MICHAEL T. RAVE	**Arnold & Porter LLP**
Day Pitney LLP	**399 Park Avenue**
One Jefferson Road	**New York, NY 10022**
Parsippany, NJ 07054	**(212) 715-1000**
(973) 966-6300	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed proxy statement-prospectus.

If the securities being registered on this Form are being 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 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 number of the earlier effective registration statement for the same offering. ¨

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

Large Accelerated Filer x	Accelerated Filer ¨
Non-Accelerated Filer ¨ (Do not check if a smaller reporting company)	Smaller Reporting Company ¨

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

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨
Exchange Act Rule 14d-1(d) (Cross Border Third-Party Tender Offer) ¨

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	**Amount to be registered***	**Proposed maximum offering price per unit**	**Proposed maximum aggregate offering price****	**Amount of registration fee*****
Common stock, no par value	17,609,727 Shares	N/A	$237,291,071.30	$27,549.49

* The maximum number of shares of Valley National Bancorp (referred to as Valley) common stock estimated to be issuable upon the completion of the merger of State Bancorp, Inc. (referred to as State Bancorp) with and into Valley, based on the number of shares of State Bancorp common stock outstanding immediately prior to the merger and the exchange of each share of State Bancorp common stock for shares of Valley common stock pursuant to the formula set forth in the Agreement and Plan of Merger, dated as of April 28, 2011, by and between Valley and State Bancorp.

** Estimated solely for the purpose of calculating the registration fee for the filing of this Registration Statement on Form S-4 pursuant to Rule 457(f)(1) under the Securities Act of 1933 based on the average ($13.475) of the high ($13.58) and low ($13.37) prices reported on the New York Stock Exchange for Valley common stock as of June 29, 2011, a date within five business days prior to the initial filing of the Form S-4.

*** Previously paid in connection with the filing of the initial Registration Statement on Form S-4

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 Statement 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 Commission, acting pursuant to Section 8(a), may determine.

Information in this proxy statement-prospectus is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement-prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

Proxy Statement of State Bancorp, Inc. **Prospectus of Valley National Bancorp**

PRELIMINARY SUBJECT TO COMPLETION DATED OCTOBER 28, 2011

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

To the Stockholders of State Bancorp, Inc.:

The Board of Directors of State Bancorp, Inc. has approved an Agreement and Plan of Merger (referred to as the merger agreement) for the merger of State Bancorp, Inc. (referred to as State Bancorp) into Valley National Bancorp (referred to as Valley).

If the merger contemplated by the merger agreement is completed, you will be entitled to receive one share of Valley common stock, no par value per share, for each share of State Bancorp common stock, par value $0.01 per share, you own. On October [ ], 2011, a date immediately preceding the printing of this proxy statement-prospectus, the closing price of Valley common stock was $[ ].

Valley common stock is listed on the New York Stock Exchange under the symbol VLY . State Bancorp common stock is listed on the NASDAQ Global Market under the symbol STBC .

We generally expect the merger to be tax-free with respect to Valley common stock you receive, except with respect to any cash received in lieu of a fractional share of Valley common stock.

If the merger is completed, State Bancorp stockholders will own approximately 17 million shares, or approximately 10% of Valley s common stock.

The merger cannot be completed unless State Bancorp s stockholders approve the merger agreement. We have scheduled a special meeting so you can vote to approve the merger agreement and to approve, on a non-binding advisory basis, the compensation of the named executive officers of State Bancorp based upon or related to the merger and the agreements and understandings concerning such compensation. You will also be asked to approve the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or postpone or vote on other matters properly before the special meeting. **The State Bancorp Board of Directors unanimously recommends that you vote to approve the merger agreement, vote to approve, on a non-binding advisory basis, the compensation of the named executive officers of State Bancorp based upon or related to the merger and the agreements and understandings concerning such compensation, and vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.**

The date, time and place of the meeting are as follows:

December 5, 2011

Residence Inn by Marriott

9 Gerhard Road

Plainview, New York 11803

10:00 am local time

Only stockholders of record as of October 21, 2011 are entitled to attend and vote at the meeting.

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. Approval of the merger agreement by State Bancorp stockholders requires the approval by holders of a majority of the shares of State Bancorp common stock outstanding. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of approval of the merger agreement, in favor of approval of the compensation of the named executive officers of State Bancorp based upon or related to the merger and the agreements and understandings concerning such compensation, and in favor of authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. If you do not vote by proxy, telephone or internet or vote in person at the State Bancorp special meeting, it will have the effect of a vote against the merger agreement, but will have no effect on the vote to approve, on a non-binding advisory basis, executive compensation and agreements and understandings or the vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

This document describes the special meeting, the merger, the documents related to the merger and other related matters. **Please carefully read this entire document, including the Risk Factors beginning on page 28 for a discussion of the risks related to the proposed merger.** You can also obtain information about both State Bancorp and Valley from documents that each of us has filed with the Securities and Exchange Commission.

Thomas M. O Brien

President and Chief Executive Officer

State 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.

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

This proxy statement-prospectus is dated October [ ], 2011, and is first being mailed to State Bancorp stockholders on or about November [ ], 2011.

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State Bancorp, Inc.

Two Jericho Plaza

Jericho, New York 11753

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON DECEMBER 5, 2011

At the direction of the Board of Directors of State Bancorp, NOTICE IS HEREBY GIVEN that a special meeting of Stockholders of State Bancorp will be held at Residence Inn by Marriott, 9 Gerhard Road, Plainview, New York 11803, on December 5, 2011, at 10:00 am (local time) to consider and vote upon the following matters:

(1) Approval of the Agreement and Plan of Merger dated as of April 28, 2011 between Valley National Bancorp and State Bancorp, Inc. pursuant to which State Bancorp will merge with and into Valley National Bancorp;

(2) Approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation; and

(3) Authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

The Board of Directors has fixed October 21, 2011, as the record date for the determination of the stockholders entitled to notice of and to vote at the special meeting, and only stockholders of record on said date will be entitled to receive notice of and to vote at said meeting.

The State Bancorp Board of Directors recommends that stockholders vote:

(1) FOR approval of the merger agreement;

(2) FOR approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation; and

(3) FOR approval of authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

By Order of the Board of Directors,

Janice Clark
Secretary
Jericho, New York

October [ ], 2011

IMPORTANT WHETHER YOU PLAN TO ATTEND THE MEETING IN PERSON OR NOT, PLEASE VOTE PROMPTLY BY SUBMITTING YOUR PROXY BY INTERNET, PHONE OR BY COMPLETING, SIGNING, DATING AND RETURNING YOUR PROXY CARD IN THE ENCLOSED ENVELOPE. RETURNING THE PROXY CARD WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE MEETING.

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HOW TO GET COPIES OF RELATED DOCUMENTS

This document incorporates important business and financial information about Valley National Bancorp that is not included in or delivered with this document. State Bancorp stockholders may receive this information free of charge by writing or calling Stockholder Relations, Dianne Grenz, Valley National Bancorp, 1455 Valley Road, Wayne, New Jersey 07470; telephone number (973) 305-4005.

This document incorporates important business and financial information about State Bancorp that is not included in or delivered with this document. State Bancorp stockholders may receive this information free of charge by writing or calling Janice Clark, Secretary, State Bancorp, Inc., Two Jericho Plaza, Jericho, New York 11753; telephone number (516) 465-2200.

We will respond to your request as soon as practicable 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 meeting, any request must be made by November 28, 2011.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: WHAT IS THE PURPOSE OF THIS DOCUMENT?

A: This document serves as both a proxy statement of State Bancorp and a prospectus of Valley. As a proxy statement, it is being provided to you because the State Bancorp Board of Directors is soliciting your proxy for use at the State Bancorp special meeting of stockholders at which the State Bancorp stockholders will consider and vote on (i) approval of the merger agreement between State Bancorp and Valley, (ii) approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and (iii) authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. As a prospectus, it is being provided to you because Valley is offering to exchange shares of its common stock for your shares of State Bancorp common stock upon completion of the merger.

Q: **WHAT WILL I RECEIVE IN THE MERGER?**

A: Upon completion of the merger, you will receive one share of Valley common stock for each share of State Bancorp common stock you own. The closing price of Valley common stock on October [ ], 2011 was $[ ]. In the event that Valley declares a stock dividend or Valley s shares are otherwise reclassified, recapitalized or split, the exchange ratio would be adjusted to account for such action.

Q: **HOW DO I VOTE?**

A: *Shares Held of Record.* If you hold your shares in your own name as an owner of record, you may vote your shares either in person or by proxy. If you wish to vote by proxy, you must do one of the following:

- Complete the enclosed proxy card and mail it in the envelope provided.
- Use the Internet to vote at www.eproxy.com/stbc/. Please have your proxy card in hand as you will be prompted to enter your control number and to create and submit an electronic vote. The deadline for Internet voting is 1:00 p.m., Eastern Time, on December 4, 2011.
- Use any touch-tone telephone to vote by calling 1-800-560-1965; have your proxy card in hand as you will be prompted to enter your control number to submit your vote. The deadline for telephone voting is 1:00 p.m., Eastern Time, on December 4, 2011.

If you wish, you can vote your shares in person by attending the meeting. You will be given a ballot at the meeting to complete and return. Returning a proxy card will not prevent you from voting in person if you attend the meeting.

Shares Held in Brokerage Accounts. If you hold your shares in street name (that is, you hold your shares through a broker, bank or other holder of record), your bank, broker or other holder of record will forward proxy materials and voting instructions that you must follow in order to vote your shares. You may receive more than one proxy card if your shares are registered in different names or are held in more than one account. If you hold your shares in street name and plan to attend the meeting, you should bring either a copy of the voting instruction card provided by your broker or nominee or a recent brokerage statement showing your ownership as of October 21, 2011.

Shares Held in the ESOP. If you are a participant in the State Bancorp, Inc. Employee Stock Ownership Plan (referred to as the ESOP), you may vote the shares of common stock held in your ESOP account as of the record date ONLY by following the separate voting instructions provided by the ESOP s administrator. You may not vote the shares by proxy or by ballot at the meeting.

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Shares Held in the 401(k) Plan. If you are a participant in the State Bank of Long Island 401(k) Retirement Plan and Trust (referred to as the 401(k) Plan), you may vote the shares of common stock held in your 401(k) Plan account as of the record date ONLY by following the separate voting instructions provided by the 401(k) Plan s administrator. You may not vote the shares by proxy or by ballot at the meeting.

Q: **WHY IS MY VOTE AS A HOLDER OF STATE BANCORP COMMON STOCK IMPORTANT?**

A: The approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the State Bancorp common stock outstanding. If you do not vote by proxy, telephone or internet or vote in person at the State Bancorp special meeting, it will have the effect of a vote AGAINST approval of the merger agreement, but will have no effect on the vote to approve, on a non-binding advisory basis, executive compensation and agreements and understandings concerning such compensation or the vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

The vote to approve, on a non-binding advisory basis, compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation requires the affirmative vote of the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote. This proposal is advisory in nature and a vote for or against approval will not be binding on State Bancorp or the State Bancorp Board of Directors.

The vote on the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting requires the affirmative vote of the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote.

Q: **WHAT DOES THE STATE BANCORP BOARD OF DIRECTORS RECOMMEND?**

A: The State Bancorp Board of Directors has unanimously approved the merger agreement and believes that the proposed merger is in the best interests of State Bancorp and its stockholders. Accordingly, the State Bancorp Board of Directors unanimously recommends that you vote FOR approval of the merger agreement.

The State Bancorp Board of Directors also unanimously recommends a vote FOR the proposal to approve, on a non-binding advisory basis, the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and FOR the proposal to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

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

A: No. Your broker cannot vote your shares without instructions from you. You should instruct your broker as to how to vote your shares, following the directions your broker provides to you. Please check the voting form used by your broker. Without instructions, your shares will not be voted, which will have the effects described above.

Q: **WHAT IF I ABSTAIN FROM VOTING OR FAIL TO INSTRUCT MY BROKER?**

A: Abstentions will count as shares represented and entitled to vote at the special meeting and will have the same effect as a vote AGAINST each of the proposals. Broker non-votes are proxies received from brokers who, in the absence of specific voting instructions from beneficial owners of shares held in brokerage name, are unable to vote such shares in those instances where discretionary voting by brokers is not permitted. Broker non-votes

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will be counted toward a quorum at the State Bancorp special meeting and will have the effect of a vote AGAINST the merger agreement, but will have no effect on the vote to approve, on a non-binding advisory basis, executive compensation and agreements and understandings concerning such compensation or the vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

Q: **CAN I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY?**

A: You may revoke your grant of a proxy at any time before it is voted by:

- filing a written revocation of the proxy with our Secretary;
- submitting a signed proxy card bearing a later date; or
- attending and voting in person at the special meeting, but you must also file a written revocation with the Secretary at the special meeting prior to voting.

Written revocations should be sent to Janice Clark, Secretary, State Bancorp, Inc., Two Jericho Plaza, Jericho, New York 11753. Attendance at the special meeting will not in and of itself revoke a proxy.

If you use the Internet, you can change your vote at the Internet address shown on your proxy card. The Internet voting system is available 24 hours a day until 1:00 p.m., Eastern Time, on December 4, 2011.

If you vote by telephone, you can change your vote by using the toll free telephone number shown on your proxy card. The telephone voting system is available 24 hours a day in the United States until 1:00 p.m., Eastern Time, on December 4, 2011.

You may revoke your instructions to the ESOP s administrator with respect to voting of the shares held in your ESOP account by submitting to the ESOP administrator a signed instruction card bearing a later date, provided that your new instruction card must be received by the ESOP administrator on or prior to the last date for such instructions with respect to the special meeting designated in the separate voting instructions provided by the ESOP s administrator.

You may revoke your instructions to the 401(k) Plan s administrator with respect to voting of the shares held in your 401(k) Plan account by submitting to the 401(k) Plan administrator a signed instruction card bearing a later date, provided that your new instruction card must be received by the 401(k) Plan administrator on or prior to the last date for such instructions with respect to the special meeting designated in the separate voting instructions provided by the 401(k) Plan s administrator.

Q: **IF I AM A HOLDER OF STATE BANCORP COMMON STOCK WITH SHARES REPRESENTED BY STOCK CERTIFICATES, SHOULD I SEND IN MY STATE BANCORP STOCK CERTIFICATES NOW?**

A: No. Following the merger you will receive a letter of transmittal from American Stock Transfer & Trust Company who has been appointed as the exchange agent for the merger, which will provide you with instructions as to how you will exchange your State Bancorp common stock for Valley common stock. The shares of Valley common stock that State Bancorp stockholders will receive in the merger will be issued in book-entry form. Please do not send in your stock certificates with your proxy card.

Q: **WHAT SHOULD I DO IF I HOLD MY SHARES OF STATE BANCORP COMMON STOCK IN BOOK-ENTRY FORM?**

A: You are not required to take any specific actions if your shares of State Bancorp common stock are held in book-entry form. After the completion of the merger, shares of State Bancorp common stock held in book-entry form will automatically be exchanged for shares of Valley common stock in book-entry form.

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Q: **WHO CAN I CONTACT IF I CANNOT LOCATE MY STATE BANCORP STOCK CERTIFICATE(S)?**

A: If you are unable to locate your original State Bancorp stock certificate(s), you should contact Janice Clark, Secretary, State Bancorp, Inc., Two Jericho Plaza, Jericho, New York 11753; telephone number (516) 465-2200.

Q: **WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO ME?**

A: We expect that for federal income tax purposes, the merger will not be a taxable event to State Bancorp stockholders.

State Bancorp will have no obligation to complete the merger unless tax counsel for State Bancorp provides a legal opinion that the merger will qualify as a transaction that is generally tax-free for federal income tax purposes.

We urge you to consult with your tax advisor to gain a full understanding of the tax consequences of the merger to you. Tax matters are very complicated, and in many cases, the tax consequences of the merger will depend on your particular facts and circumstances. See Proposal 1 The Merger Material Federal Income Tax Consequences of the Merger, beginning at page 72.

Q: **DO I HAVE THE RIGHT TO DISSENT FROM THE MERGER?**

A: No.

Q: **ARE THERE ANY REGULATORY OR OTHER CONDITIONS TO THE MERGER REQUIRED?**

A: Yes. The merger must be approved by the Office of the Comptroller of the Currency (referred to as the OCC) and a waiver or approval must be received from the Board of Governors of the Federal Reserve System (referred to as the FRB). In addition, the merger agreement must be approved by the State Bancorp stockholders and each share of State Bancorp s Fixed Rate Cumulative Perpetual Preferred Stock, Series A must be purchased by either Valley or State Bancorp from the United States Department of the Treasury which also requires the approval of the FRB. On July 7, 2011, we received the written approval of the OCC for the merger. On July 15, 2011, we received written confirmation that the transaction may proceed without the prior approval of the FRB.

Valley stockholders do not have to approve the merger agreement; accordingly, Valley stockholders will not vote on the merger agreement.

Completion of the merger is also subject to certain other conditions, including there being no material adverse change in the financial condition of State Bancorp. See Proposal 1 The Merger The Merger Agreement Conditions to Complete the Merger, beginning at page 84.

Q: **IS THERE OTHER INFORMATION I SHOULD CONSIDER?**

A: Yes. Much of the business and financial information about Valley and State Bancorp that may be important to you is not included in this document. Instead, that information is incorporated by reference to documents separately filed by Valley and State Bancorp with the Securities and Exchange Commission (referred to as the SEC). This means that each of Valley and State Bancorp, respectively, may satisfy its disclosure obligations to you by referring you to one or more documents separately filed by it with the SEC. See Information Incorporated by Reference beginning at page 103 for a list of documents that each of Valley and State Bancorp, respectively, has incorporated by reference into this proxy statement-prospectus and for instructions on how to obtain copies of those documents. The documents are available to you without charge.

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Q: **WHAT IF THERE IS A CONFLICT BETWEEN DOCUMENTS?**

A: You should rely on the LATER FILED DOCUMENT. Information in this proxy statement-prospectus may update information contained in one or more of the Valley or State Bancorp documents incorporated by reference. Similarly, information in documents that Valley or State Bancorp may file after the date of this proxy statement-prospectus may update information contained in this proxy statement-prospectus or information contained in previously filed documents. Later dated documents filed with the SEC and incorporated by reference update and, in the event of a conflict, supersede earlier documents filed with the SEC.

Q: **WHEN DO YOU EXPECT TO COMPLETE THE MERGER?**

A: We are working toward completing the merger as quickly as possible and expect the merger to be effective in early January 2012. We cannot close the merger until after State Bancorp stockholders approve the merger agreement and all regulatory approvals have been obtained.

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

A: If you have questions about the special meeting or if you need additional copies of this proxy statement-prospectus, you should contact:

Janice Clark

Secretary

State Bancorp, Inc.

Two Jericho Plaza, Jericho, New York 11753

Telephone number (516) 465-2200

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SUMMARY

This is a summary of certain information regarding the proposed merger and the stockholder meeting to vote on the merger. We urge you to carefully read the entire proxy statement-prospectus, including the appendices, before deciding how to vote.

This proxy statement-prospectus, including information included or incorporated by reference in this proxy statement-prospectus, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the benefits of the merger between Valley and State Bancorp, including future financial and operating results and performance; statements about Valley s and State Bancorp s plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as expects, anticipates, intends, plans, believes, views, seeks, estimates, predicts, continues, allows, reflects, typically, usually, will, should, may or the negative of these terms or words of similar meaning. These forward-looking statements are based upon the current beliefs and expectations of Valley s and State Bancorp s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of Valley and State Bancorp. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements. See Forward-Looking Statements on page 26.

What this Document is About

The Board of Directors of State Bancorp and the Board of Directors of Valley have each approved an Agreement and Plan of Merger for the merger of State Bancorp into Valley. In order to complete the merger, the stockholders of State Bancorp must approve the merger agreement. The State Bancorp Board of Directors has called a special meeting of State Bancorp stockholders to vote on approval of the merger agreement, to vote on approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and to vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. This document is the proxy statement used by the State Bancorp Board of Directors to solicit proxies for the meeting. It is also the prospectus of Valley regarding the Valley common stock to be issued to State Bancorp stockholders if the merger is completed.

Voting on the Merger

Shares Entitled to Vote	The State Bancorp Board of Directors has selected October 21, 2011 as the record date for the meeting. Each of the 16,959,792 shares of State Bancorp common stock outstanding on the record date are entitled to vote at the meeting.
	As of September 30, 2011, directors and executive officers of State Bancorp and their affiliates owned or had the right to vote 2,090,924 shares or 12.33% of the outstanding State Bancorp common stock on such date. As of September 30, 2011, none of Valley s directors or executive officers, or their respective affiliates, had the right to vote any shares of State Bancorp common stock entitled to be voted at the meeting.

Quorum	The presence at the special meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of State Bancorp common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the special meeting to vote in person, your shares of common stock will be considered part of the quorum. Abstentions and broker non-votes will be counted as present to determine if a quorum for the transaction of business is present.
Vote Required to Approve the Merger Agreement	Approval by the holders of a majority of the shares of State Bancorp common stock outstanding is required to approve the merger agreement.
Vote Required to Approve, on a Non-Binding Advisory Basis, Compensation of the Named Executive Officers of State Bancorp Based on or Related to the Merger	Approval by the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote is required to approve, on a non-binding advisory basis, the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation.
Vote Required to Authorize the Board of Directors, in its Discretion, to Adjourn or Postpone the Special Meeting to Solicit Additional Proxies in favor of Approval of the Merger Agreement or Vote on Other Matters Properly Before the Special Meeting	Approval by the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote is required to approve the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

The Companies

Valley	Valley, a New Jersey corporation, is the bank holding company for Valley National Bank. Valley is a regional bank holding company with over $14 billion in assets, headquartered in Wayne, New Jersey. Its principal subsidiary, Valley National Bank, currently operates 197 branches in 134 communities serving 14 counties throughout northern and central New Jersey, Manhattan, Brooklyn and Queens. Valley s principal executive offices are located at 1455 Valley Road, Wayne, New Jersey 07470 and its telephone number is (973) 305-8800.
State Bancorp	State Bancorp, a New York corporation, is the bank holding company for State Bank of Long Island, or SBLI. SBLI is a New York-chartered commercial bank that operates 16 full-service branches located in Queens and Manhattan as well as Nassau and Suffolk counties in New York. At September 30, 2011, State Bancorp had consolidated assets of $1.6 billion. State Bancorp s principal executive offices are located at Two Jericho Plaza, Jericho, New York 11753 and its telephone number is (516) 465-2200.

The Merger

General Description	State Bancorp will merge with Valley, with Valley as the surviving entity. The merger will occur on the day which is five business days after receipt of all regulatory approvals and all material conditions to closing have been met or such other date as the parties agree. The terms of the proposed merger are set forth in a merger agreement signed by State Bancorp and Valley. A copy of the merger agreement is attached as Appendix A to this document and is incorporated herein by reference.
Consideration to State Bancorp Stockholders	In the merger, you will receive one share of Valley common stock for each share of State Bancorp common stock that you own. On April 28, 2011, the last trading day before the merger was publicly announced, the closing price of Valley common stock was $13.72 (as adjusted for the 5% stock dividend issued by Valley to stockholders on May 20, 2011). On October [ ], 2011, a date which is shortly before the date of this proxy statement-prospectus, the closing price of Valley common stock was $[ ].
	The parties currently estimate that Valley will issue approximately 17 million shares of its common stock in connection with the merger.
	In the event that Valley declares a stock dividend or Valley s shares are otherwise reclassified, recapitalized or split prior to closing of the merger, the exchange ratio for State Bancorp common stock would be adjusted to account for such action.
Stock Options	Upon completion of the merger, each outstanding option or similar right to acquire State Bancorp common stock granted under any State Bancorp equity plan or other compensatory arrangement will convert automatically into a fully vested and exercisable option to purchase a number of shares of Valley common stock equal to the number of shares of State Bancorp common stock underlying such State Bancorp stock option or similar right immediately prior to the merger, with an exercise price that equals the exercise price of such State Bancorp stock option or similar right immediately prior to the merger and otherwise on the same terms and conditions as were in effect immediately prior to the completion of the merger, except that options will continue to be exercisable until the final termination date of the option.
	In the event that Valley declares a stock dividend or Valley s shares are otherwise reclassified, recapitalized or split prior to closing of the merger, the conversion ratio for outstanding options or similar rights to acquire State Bancorp common stock would be adjusted to account for such action.

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Treatment of State Bancorp TARP Preferred Stock and TARP Warrant in the Merger	The merger agreement provides that each outstanding share of Fixed Rate Cumulative Perpetual Preferred Stock, Series A (referred to as the State Bancorp TARP Preferred Stock) must be repurchased or redeemed from the United States Department of the Treasury (referred to as Treasury) at least five business days prior to the closing of the merger. Valley may, but is not required to, repurchase the outstanding warrant (referred to as the State Bancorp TARP Warrant), to purchase State Bancorp common stock, which was issued on December 5, 2008 to Treasury, prior to the closing of the merger. If the State Bancorp TARP Warrant is not repurchased prior to closing it will be converted into a warrant to purchase Valley common stock, subject to appropriate adjustments to reflect the exchange ratio. The redemption or repurchase of the State Bancorp TARP Preferred Stock held by Treasury is subject to approval of the FRB.
Listing of Valley common stock	The shares of Valley common stock to be issued in the merger will be listed on the New York Stock Exchange under the symbol VLY.
Tax-Free Nature of the Merger	The merger is intended to be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, and it is a condition to our respective obligations to complete the merger that each of Valley and State Bancorp receive a legal opinion to that effect. Accordingly, the merger generally will be tax-free to you for United States federal income tax purposes as to the shares of Valley common stock you receive in the merger.
	Tax matters are very complicated, and the tax consequences of the merger to each State Bancorp stockholder will depend on the facts of that stockholder s particular situation. We urge you to read the more complete description of the merger s tax consequences beginning on page 72 and to consult with your own tax advisors regarding the specific tax consequences of the merger to you under applicable tax laws.
Voting Agreements	In connection with the execution of the merger agreement, Valley entered into voting agreements with each State Bancorp director. Pursuant to the voting agreements, the State Bancorp directors have each agreed to vote the shares of State Bancorp beneficially owned by them and over which they have sole voting power, and to use their reasonable efforts to vote the shares of State Bancorp beneficially owned by them and over which they have joint voting power with their spouse, in favor of approval of the merger agreement. As of September 30, 2011, a total of 1,081,914 shares of common stock representing approximately 6.38% of the outstanding State Bancorp common stock on such date are covered by the voting agreements, of which 462,388 shares are permitted to be transferred under certain conditions prior to the stockholder meeting to vote on the merger agreement.

Exchanging Your Stock Certificates	Shortly following the closing you will receive a letter of transmittal and instructions for exchanging your State Bancorp stock certificates. In order to receive your Valley common stock, you must send your stock certificates to American Stock Transfer & Trust Company, the exchange agent. You will need to carefully review and complete these materials and return them as instructed along with your stock certificates for State Bancorp common stock. If you do not have stock certificates but hold shares of State Bancorp common stock with your broker in street name , the shares will be exchanged for you by your broker.
Dividends	Valley and State Bancorp agreed in the merger agreement that State Bancorp may continue to pay a quarterly cash dividend equal to $0.05 per share with respect to the quarterly periods following the signing of the merger agreement, subject to the discretion of the State Bancorp Board of Directors. Valley has further agreed that State Bancorp may pay an increased cash dividend equal to $0.10 per share with respect to the fourth quarter of 2011.
Reselling the Stock You Receive in the Merger	The shares of Valley common stock to be issued in the merger will be registered under the Securities Act of 1933, as amended. Except as noted in the section Resale Considerations Regarding Valley Common Stock on page 71, you may freely transfer those shares after you receive them.
Recommendation of State Bancorp s Board of Directors	State Bancorp s Board of Directors has determined that the merger is fair and in the best interests of State Bancorp and its stockholders. The State Bancorp Board of Directors unanimously recommends that State Bancorp stockholders vote **FOR** approval of the merger agreement, **FOR** approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and **FOR** authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn or postpone the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. See the section entitled Proposal 1 The Merger Recommendation of State Bancorp s Board of Directors and Reasons for the Merger beginning on page 50 for a description of the factors considered by State Bancorp s Board of Directors in reaching its decision to approve the merger agreement.
Risk Factors	An investment in Valley common stock includes substantial risks. See the section entitled Risk Factors beginning on page 28 for a discussion of risks associated with the merger and an investment in Valley common stock.
Opinion of State Bancorp s Financial Advisor	In deciding to approve the merger agreement, the State Bancorp Board of Directors considered the opinion of its financial advisor, Sandler O Neill & Partners, L.P. (referred to as Sandler O Neill),

	dated as of April 28, 2011, that the exchange ratio was fair to State Bancorp stockholders from a financial point of view. The opinion is attached to this proxy statement-prospectus as Appendix B. We encourage you to read this opinion. This opinion does not constitute a recommendation as to how any stockholder should vote on the merger. For information on how Sandler O Neill arrived at its opinion, see pages 59-70.
Holders of State Bancorp Common Stock Do Not Have Dissenters Rights	Dissenters rights are statutory rights that, if applicable under law, enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the extraordinary transaction. Dissenters rights are not available in all circumstances, and exceptions to these rights are provided under the New York Business Corporation Law (referred to as the NYBCL). As a result of the provisions of the NYBCL, the holders of State Bancorp common stock are not entitled to dissenters rights in the merger. See the section entitled Proposal 1-The Merger No Dissenters Rights on page 74.
Conditions That Must Be Satisfied or Waived for the Merger to Occur	Currently, we expect the merger to be effective in early January 2012. As more fully described in this document and in the merger agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. These conditions include, among others, receipt of the requisite approvals of State Bancorp s stockholders, the receipt of all required regulatory approvals and consents (including from the OCC and the FRB), the repurchase or redemption of the State Bancorp TARP Preferred Stock from Treasury at least five business days prior to the closing date, and the receipt of legal opinions by each company regarding the United States federal income tax treatment of the merger. On July 7, 2011, we received the written approval of the OCC for the merger. On July 15, 2011, we received written confirmation that the transaction may proceed without the prior approval of the FRB.
	We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.
Termination of the Merger Agreement	State Bancorp and Valley may mutually agree to terminate the merger agreement before completing the merger, even after State Bancorp stockholder approval.
	The merger agreement can be terminated by either party in any of the following circumstances:
	if the merger has not been completed on or before January 31, 2012, unless the failure to complete the merger by that date is due to the breach of the merger agreement by the party seeking to terminate the merger agreement;
	if there has been a final, non-appealable action denying any required regulatory approval for the merger or the transactions contemplated by the merger agreement unless the failure to

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obtain the regulatory approval is due to the breach of the merger agreement by the party seeking to terminate the merger agreement;

if the requisite stockholder vote in connection with the merger agreement is not obtained at the State Bancorp special meeting (or any adjournment or postponement thereof); or

if there is a breach of the representations and warranties or other covenants in the merger agreement by one of the parties that is not cured within 30 days following notice or cannot be cured prior to January 31, 2012, and would result in (i) the failure to satisfy any of the closing conditions by January 31, 2012, or (ii) a material adverse effect on the party committing such breach, provided that the terminating party is not in breach of the merger agreement.

The merger agreement can be terminated by Valley in any of the following circumstances:

if, prior to receipt of the State Bancorp stockholder approval, State Bancorp, its Board of Directors or any committee of its Board of Directors (1) withdraws, modifies or qualifies in a manner adverse to Valley, or refuses to make, the recommendation that its stockholders approve the merger agreement or adopts, approves, recommends, endorses or otherwise declares advisable certain other business combination proposals, (2) fails to recommend the merger and the approval of the merger agreement by its stockholders, (3) breaches its non-solicitation obligations under the merger agreement in any material respect adverse to Valley, or (4) in response to a tender or exchange offer for 25% or more of the outstanding shares of State Bancorp s common stock being commenced (other than by Valley or a subsidiary thereof), recommends that its stockholders tender their shares or otherwise fails to recommend that their stockholders reject such offer within a 10-business day period; or

if State Bancorp cannot meet the closing conditions by January 31, 2012.

The merger agreement can be terminated by State Bancorp in any of the following circumstances:

if Valley cannot meet the closing conditions by January 31, 2012;

if State Bancorp receives a proposal that the State Bancorp Board of Directors concludes to be more favorable than the merger with Valley and enters into an acquisition agreement with a third-party with respect to such superior proposal; or

if a majority of the entire State Bancorp Board of Directors determines that, as of a specified determination date (which shall be the later of (i) the day that all required regulatory approvals

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	have been obtained, (ii) the day of the expiration of the last waiting period with respect to the required regulatory approvals, and (iii) the day the State Bancorp stockholders have approved the merger agreement), the average closing price of Valley s common stock over a period of 10 trading days immediately preceding such determination date is less than $11.04 and, during such period, Valley s common stock underperforms the Nasdaq Bank Index by more than 20%.
	For a more complete description of these and other termination rights available to State Bancorp and Valley, see pages 84-85.
Termination Fee	Under certain circumstances, if the merger agreement is terminated and State Bancorp is acquired or executes a definitive agreement to be acquired by another entity within 12 months after the termination, Valley is entitled to receive a termination fee from State Bancorp of $8.75 million. For a more complete description of the termination fee, see page 86.
Valley Board of Directors Following Completion of the Merger	Upon completion of the merger, the number of directors constituting Valley s and Valley National Bank s respective Boards of Directors will each be increased by one member and an individual who is currently a director of State Bancorp will be appointed to each of Valley s and Valley National Bank s respective Boards of Directors from among three directors selected by State Bancorp s Board of Directors and who meet Valley s director qualifications as determined by Valley s Nominating and Corporate Governance Committee. As of this date, State Bancorp has not selected the three directors it will propose to Valley s Nominating and Corporate Governance Committee.
State Bancorp has Agreed Not to Solicit Alternative Transactions	In the merger agreement, State Bancorp has agreed not to initiate, solicit or knowingly encourage or facilitate inquiries with, or engage in negotiations with, or provide any information to, any person other than Valley concerning an acquisition transaction involving State Bancorp or SBLI. However, State Bancorp may take certain of these actions if its Board of Directors determines that it should do so. This determination by the Board of Directors must be made after the Board of Directors consults with counsel and its financial advisors, and must be based in accordance with the Board of Director s fiduciary duties. This restriction may deter other potential acquirers of State Bancorp.
The Rights of State Bancorp Stockholders Will Change as a Result of the Merger	The rights of State Bancorp stockholders are governed by New York law, as well as the State Bancorp restated certificate of incorporation and the State Bancorp bylaws, as amended and restated. After completion of the merger, the rights of former State Bancorp stockholders who receive Valley common stock in the merger will be governed by New Jersey law and Valley s restated certificate of incorporation and the Valley bylaws. A description of the material differences in stockholder rights begins on page 89.

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Share Information and Market Prices

Valley common stock is listed on the New York Stock Exchange under the symbol VLY and State Bancorp common stock is traded on the Nasdaq Global Select Market under the symbol STBC . The following table lists the closing prices of Valley common stock and State Bancorp common stock on April 28, 2011, the last trading day before the announcement of the merger, and on October [ ], 2011, a date shortly before the date of this proxy statement-prospectus as well as the implied value of one share of State Bancorp common stock on each date based on the one-for-one exchange ratio. You should obtain current market quotations for Valley and State Bancorp common stock. Because the exchange ratio is fixed and trading prices fluctuate, State Bancorp stockholders are not assured of receiving any specific market value of Valley common stock.

Date	**Closing Sale Price Per Share of Valley Common Stock***	**Closing Sale Price Per Share of State Bancorp Common Stock**	**Equivalent Value of Consideration Per Share of State Bancorp Common Stock**
April 28, 2011	$ 13.72	$ 10.96	$ 13.72
October [ ], 2011	$ [ ]	$ [ ]	$ [ ]

* As adjusted for the 5% stock dividend distributed to stockholders on May 20, 2011.

Financial Interests of State Bancorp s Directors and Executive Officers in the Merger

On September 30, 2011, directors and executive officers of State Bancorp and their affiliates owned or had the right to vote 2,090,924 shares or 12.33% of the outstanding State Bancorp common stock on such date.

State Bancorp directors and executive officers may have interests in the merger as individuals in addition to, or different from, their interests as stockholders, such as receiving salaries or other benefits. For example, Valley has agreed to appoint one director of State Bancorp to the Valley Board of Directors when the merger occurs, subject to such director complying with Valley s director qualification guidelines.

Pursuant to the merger agreement, Valley will honor the existing change of control, employment and retirement benefit agreements between State Bancorp and its officers and has entered into retention agreements with certain State Bancorp executive officers. The purpose of the retention agreements is to facilitate retaining the officers services for a minimum period of time following the merger and serve as an inducement to Valley to enter into the merger agreement by (i) eliminating a financial incentive for each executive to resign following the closing of the merger in the event of a diminution of position, duties or responsibilities, relocation, or other circumstances giving rise to a right to severance on resignation for good reason , and (ii) providing additional compensation for continuing to provide services to Valley following the closing of the merger at least through a transition period.

	Valley has agreed to indemnify the directors and officers of State Bancorp against certain liabilities for a six-year period following the merger.
	For additional information on the benefits of the merger to State Bancorp directors and management, see pages 53-59.
Litigation Relating to the Merger	State Bancorp, State Bancorp s Directors and Valley are named as defendants in a purported class action lawsuit brought by a State Bancorp stockholder challenging the proposed merger and seeking, among other things, to enjoin completion of the merger on the agreed-upon terms. See Proposal 1-The Merger Litigation Relating to the Merger beginning on page 74 for more information about the purported class action lawsuit related to the merger that has been filed.
Approval, on a Non-Binding Advisory Basis, of Compensation of the Named Executive Officers of State Bancorp Based on or Related to the Merger	In accordance with SEC rules, State Bancorp is providing stockholders with the opportunity to vote on approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, as reported on the Golden Parachute Compensation Subject to Advisory Vote table on page 99, and the associated narrative discussion. The State Bancorp Board of Directors unanimously recommends that you vote FOR the proposal to approve, on a non-binding advisory basis, the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation.
Approval of Authorization of Board of Directors, in its Discretion, to Adjourn or Postpone the Special Meeting to Solicit Additional Proxies in Favor of Approval of the Merger Agreement or Vote on Other Matters Properly Before the Special Meeting	You are being asked to approve a proposal to authorize the State Bancorp Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. The State Bancorp Board of Directors unanimously recommends that you vote FOR the proposal to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

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RECENT DEVELOPMENTS

Valley s Third Quarter Earnings

On October 27, 2011, Valley reported its unaudited preliminary financial results for the quarter ended September 30, 2011.

Valley reported net income for the third quarter of 2011 of $35.4 million, or $0.21 per diluted common share, as compared to the third quarter of 2010 earnings of $32.6 million, or $0.19 per diluted common share. Valley also reported that net interest income increased $4.2 million to $121.9 million for the quarter ended September 30, 2011 as compared to $117.7 million for the quarter ended June 30, 2011. On a tax equivalent basis, Valley reported that net interest margin increased 15 basis points to 3.86 percent in the third quarter of 2011 as compared to 3.71 percent for the second quarter of 2011, and was 8 basis points higher than the 3.78 percent net interest margin for the third quarter of 2010. The increases in the net interest income and margin were mainly due to additional cash flows on covered loan pools and an increase in non-covered loan prepayment fees and recovered interest on non-accrual loans.

Valley also reported that total non-covered loans (i.e., loans which are not subject to Valley s loss-sharing agreements with the FDIC) increased by $35.1 million to $9.3 billion at September 30, 2011 from June 30, 2011. Total covered loans (i.e., loans subject to Valley s loss-sharing agreements with the FDIC) decreased to $282.4 million, or 2.9 percent of Valley s total loans, at September 30, 2011 as compared to $308.4 million at June 30, 2011 mainly due to normal payment activity. Total loans past due 30 days or more were 1.73 percent of the loan portfolio at September 30, 2011 compared to 1.66 percent at June 30, 2011. Total non-accrual loans were $107.7 million, or 1.12 percent of Valley s entire loan portfolio of $9.6 billion, at September 30, 2011.

Valley reported that the provision for losses on non-covered loans and unfunded letters of credit increased to $7.8 million for the third quarter of 2011 as compared to $6.8 million for the second quarter of 2011 and declined from $9.3 million for the third quarter of 2010. Net loan charge-offs on non-covered loans declined to $4.8 million for the three months ended September 30, 2011 compared to $6.2 million for the second quarter of 2011 and $6.1 million for the third quarter of 2010. At September 30, 2011, Valley s allowance for losses on non-covered loans and unfunded letters of credit totaled $125.1 million and was 1.34 percent of non-covered loans, as compared to 1.32 percent and 1.28 percent at June 30, 2011 and September 30, 2010, respectively. Valley reported that allowance for losses on covered loans totaled $12.6 million at September 30, 2011 as compared to $18.7 million at June 30, 2011 and was reduced by loan charge-offs totaling $6.1 million in impaired loan pools during the third quarter of 2011.

The foregoing is only a summary and is not intended to be a comprehensive statement of Valley s unaudited preliminary financial results for the quarter ended September 30, 2011.

State Bancorp s Third Quarter Earnings

On October 19, 2011, State Bancorp reported its unaudited preliminary financial results for the quarter ended September 30, 2011.

State Bancorp announced earnings of $7.1 million for the quarter ended September 30, 2011, or $0.39 per diluted common share, compared with net income of $3.2 million, or $0.17 per diluted common share, a year ago. The 122% increase in third quarter earnings was primarily attributable to a $3.5 million credit to the provision for loan losses, a $0.9 million reduction in total operating expenses, a $0.3 million increase in net interest income and a $0.2 million increase in net gains on the sale of securities in 2011 versus 2010. The third quarter net interest margin expanded by seven basis points in 2011 to 4.23% from 4.16% in the comparable 2010 period.

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Net income for the first nine months of 2011 was $13.0 million or $0.68 per diluted common share versus $7.9 million or $0.39 per diluted common share in the comparable 2010 period. The increase in net income in the first nine months of 2011 versus 2010 resulted from a $10.7 million reduction in the provision for loan losses and a $1.6 million decline in total operating expenses. State Bancorp s results reflect expenses of $1.5 million (pre-tax) incurred in the September 2011 year-to-date period related to the pending merger with Valley.

At September 30, 2011, State Bancorp had total assets of $1.6 billion, loans of $1.1 billion, deposits of $1.4 billion and stockholders equity of $167 million. In addition, the Board of Directors of State Bancorp declared a quarterly cash dividend of $0.10 per common share at their October 25, 2011 meeting. The dividend is payable on December 16 to stockholders of record on November 11, 2011.

The foregoing is only a summary and is not intended to be a comprehensive statement of State Bancorp s unaudited preliminary financial results for the quarter ended September 30, 2011.

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SUMMARY FINANCIAL DATA OF VALLEY

Valley is providing the following information to aid you in your analysis of the financial aspects of the merger. Valley derived the financial information as of and for the fiscal years ended December 31, 2006 through December 31, 2010 from its historical audited financial statements for these fiscal years. Valley derived the financial information as of and for the six months ended June 30, 2010 and June 30, 2011 from its unaudited financial statements, which financial statements include, in the opinion of Valley s management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of those results. The per common share data below have been restated to give retroactive effect to stock splits and stock dividends.

The results for the six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2011. This information is only a summary, and you should read it in conjunction with Valley s consolidated financial statements and the related notes contained in Valley s periodic reports filed with the Securities and Exchange Commission that have been incorporated by reference in this proxy statement-prospectus. See Information Incorporated by Reference beginning on page 103. See also Recent Developments beginning on page 16.

	As of and for the Six Months Ended June 30, 2011	2010	As of and for the Years Ended December 31, 2010	2009	2008	2007	2006
(in thousands, except per share data)							
Selected Financial Condition Data:							
Total assets	$ 14,469,776	$ 14,112,481	$ 14,143,826	$ 14,284,153	$ 14,718,129	$ 12,748,959	$ 12,395,027
Loans and loans held for sale	9,619,408	9,438,313	9,424,753	9,395,563	10,148,232	8,499,205	8,336,359
Allowance for loan losses	(138,626)	(110,645)	(124,704)	(101,990)	(93,244)	(72,664)	(74,718)
Securities	2,887,947	2,975,070	2,991,169	2,969,819	2,624,415	2,885,100	2,784,051
Cash and interest bearing deposits with banks	526,663	346,121	366,286	661,337	580,507	228,465	244,149
Goodwill	317,891	310,147	317,891	296,424	295,146	179,835	181,497
Deposits	9,706,447	9,420,421	9,363,614	9,547,285	9,232,923	8,091,004	8,487,651
Borrowings	3,083,482	3,262,197	3,313,098	3,343,617	3,814,447	3,569,582	2,847,529
Stockholders equity	1,311,218	1,268,667	1,295,205	1,252,854	1,363,609	949,060	949,590
Selected Operating Data:							
Net interest income	$ 234,562	$ 231,877	$ 462,752	$ 449,314	$ 420,799	$ 381,685	$ 391,121
Provision for credit losses	30,188	25,049	49,456	47,992	28,282	11,875	9,270
Gains (losses) on securities transactions, net	19,171	4,519	11,598	8,005	5,020	2,139	(742)
Net impairment losses on securities recognized in earnings	(825)	(4,642)	(4,642)	(6,352)	(84,835)	(17,949)	(4,722)
Gains on sale of assets, net	203	304	619	605	518	16,051	3,849
All other non-interest income	59,773	37,972	83,752	69,993	82,553	88,787	73,679
FDIC insurance assessment	6,631	6,976	13,719	20,128	1,985	1,003	1,085
All other non-interest expense	160,278	151,351	303,963	285,900	283,263	252,909	249,255
Net income	73,479	60,373	131,170	116,061	93,591	153,228	163,691
Dividends on preferred stock and accretion				19,524	2,090		
Net income available to common stockholders	73,479	60,373	131,170	96,537	91,501	153,228	163,691
Selected Financial Ratios and Other Data:							
Performance Ratios:							
Return on average assets	1.03%	0.85%	0.93%	0.81%	0.69%	1.25%	1.33%
Return on average stockholders equity	11.24	9.58	10.32	8.64	8.74	16.43	17.24
Net interest margin	3.67	3.64	3.65	3.45	3.40	3.37	3.40
Efficiency ratio	53.35	58.63	57.34	58.67	67.27	53.94	54.00
Average interest-earning assets to average interest-bearing liabilities	1.24	1.22	1.22	1.23	1.20	1.21	1.22
Per Common Share Data:							

Basic earnings per share	$ 0.43	$ 0.36	$ 0.78	$ 0.61	$ 0.61	$ 1.05	$ 1.10
Diluted earnings per share	0.43	0.36	0.78	0.61	0.61	1.05	1.10
Dividends declared	0.34	0.34	0.69	0.69	0.69	0.69	0.67
Book value (end of period)	7.72	7.51	7.64	7.43	6.86	6.51	6.45
Tangible book value(1)	5.71	5.53	5.61	5.53	4.80	5.11	5.01
Dividend payout ratio	79%	94%	88%	113%	113%	66%	61%

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	As of and for the Six Months Ended June 30, 2011	2010	As of and for the Years Ended December 31, 2010	2009	2008	2007	2006
(in thousands, except per share data)							
Capital Ratios:							
Average stockholders equity to average assets	9.18	8.90	9.00%	9.40%	7.94%	7.58%	7.72%
Stockholders equity to total assets	9.06	8.99	9.16	8.77	9.26	7.44	7.66
Tangible common equity to tangible assets(2)	6.86	6.78	6.90	6.68	5.22	5.94	6.06
Regulatory Capital Ratios:							
Tier 1 capital	11.07	10.72	10.94%	10.64%	11.44%	9.55%	10.56%
Total capital	13.09	12.74	12.91	12.54	13.18	11.35	12.44
Leverage capital	8.37	8.16	8.31	8.14	9.10	7.62	8.10
Asset Quality Ratios:							
Non-performing assets (NPAs)	$ 125,477	$ 109,809	$ 117,260	$ 98,398	$ 45,668	$ 32,698	$ 28,867
Non-accrual loans to total loans	1.19%	1.10%	1.12%	0.98%	0.33%	0.36%	0.33%
NPAs to total loans and NPAs	1.29	1.15	1.24	1.04	0.45	0.38	0.35
Net loan charge-offs to average loans	0.33	0.34	0.28	0.40	0.21	0.14	0.12
Allowance for loan losses to total loans	1.45	1.17	1.33	1.09	0.92	0.86	0.90
Allowance for credit losses to total loans	1.47	1.19	1.35	1.11	0.93	0.88	0.90

(1) Tangible book value per common share, which is a non-GAAP measure, is computed by dividing stockholders equity less preferred stock, and less goodwill and other intangible assets by common shares outstanding.

(2) Tangible common stockholders equity to tangible assets, which is a non-GAAP measure, is computed by dividing tangible stockholders equity (stockholders equity less preferred stock, and less goodwill and other intangible assets) by tangible assets, as follows:

($ in thousands)	At June 30, 2011	2010	At December 31, 2010	2009	2008	2007	2006
Tangible common equity to tangible assets:							
Tangible stockholders equity	$ 969,325	$ 934,831	$ 951,664	$ 932,125	$ 750,970	$ 744,513	$ 738,235
Total assets	14,469,776	14,112,481	14,143,826	14,284,153	14,718,129	12,748,959	12,395,027
Less: Goodwill and other intangible assets	341,893	333,836	343,541	320,729	321,100	204,547	211,355
Tangible assets	14,127,883	13,778,645	$ 13,800,285	$ 13,963,424	$ 14,397,029	$ 12,544,412	$ 12,183,672
Tangible common equity to tangible assets	6.86%	6.78%	6.90%	6.68%	5.22%	5.94%	6.06%

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SUMMARY FINANCIAL DATA OF STATE BANCORP

State Bancorp is providing the following information to aid you in your analysis of the financial aspects of the merger. State Bancorp derived the financial information as of and for the fiscal years ended December 31, 2006 through December 31, 2010 from its historical audited financial statements for these fiscal years. State Bancorp derived the financial information as of and for the six months ended June 30, 2010 and June 30, 2011 from its unaudited financial statements, which financial statements include, in the opinion of State Bancorp s management, all adjustments, consisting of normal and recurring adjustments, necessary for a fair statement of those results. The per common share data below have been restated to give retroactive effect to stock splits and stock dividends.

The results for the six months ended June 30, 2011 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2011. This information is only a summary, and you should read it in conjunction with State Bancorp s consolidated financial statements and the related notes contained in State Bancorp s periodic reports filed with the Securities and Exchange Commission that have been incorporated by reference in this proxy statement-prospectus. See Information Incorporated by Reference beginning on page 103. See also Recent Developments beginning on page 16.

	As of and for the Six Months Ended June 30,		As of and for the Years Ended December 31,				
(in thousands, except per share data)	**2011**	**2010**	**2010**	**2009**	**2008**	**2007**	**2006**
Selected Financial Condition Data:							
Total assets	$ 1,626,136	$ 1,614,885	$ 1,589,979	$ 1,607,712	$ 1,693,495	$ 1,628,014	$ 1,788,722
Loans & Loans Held For Sale	1,143,218	1,101,343	1,131,370	1,098,305	1,122,538	1,041,009	983,725
Allowance for loan losses	(27,731)	(31,259)	(33,078)	(28,711)	(18,668)	(14,705)	(16,412)
Securities	355,602	369,125	383,158	415,985	412,379	401,229	517,781
Cash and cash equivalents	78,170	64,593	23,121	28,624	102,988	96,380	206,211
Goodwill							2,391
Deposits	1,400,807	1,388,841	1,348,735	1,349,562	1,481,048	1,324,853	1,566,183
Borrowings	52,620	52,620	74,620	97,620	33,620	169,651	30,676
Stockholders equity	161,321	152,951	154,852	148,515	153,919	113,638	104,141
Selected Operating Data:							
Net interest income	$ 31,985	$ 32,873	$ 64,690	$ 62,079	$ 62,870	$ 60,165	$ 62,237
Provision for loan losses	3,000	7,700	12,900	39,500	17,226	4,464	2,490
Gains (losses) on securities	113	2,781	3,519	994	48	(219)	(69)
Net impairment losses on securities recognized in earnings				(4,000)	(6,203)		
All other non-interest income	1,981	1,767	4,726	4,505	6,520	5,595	5,760
FDIC & NYS insurance assessment	1,153	1,356	2,686	3,628	866	265	962
Non-interest expense	20,407	20,821	39,338	44,875	42,885	51,648	36,664
Net income (loss)	5,917	4,676	11,441	(14,820)	1,807	6,229	11,494
Dividends on preferred stock and accretion	1,042	1,036	2,071	2,058	143		
Net income available to common stockholders	$ 4,875	$ 3,640	9,370	(16,878)	1,664	6,229	11,494
Selected Financial Ratios And Other Data:							
Performance Ratios:							
Return on average assets	0.74%	0.58%	0.70%	(0.91)%	0.11%	0.37%	0.68%
Return on average stockholders equity	8.09	6.39	8.04	(14.71)	1.46	5.70	18.39
Net interest margin	4.24	4.33	4.21	4.03	4.12	3.82	4.01
Efficiency ratio	63.3	63.7	60.0	72.4	62.5	77.9	54.6
Average interest-earning assets to average interest-bearing liabilities	1.41	1.40	1.40	1.39	1.29	1.27	1.29
Per Common Share Data:							
Basic earnings per share (loss)	$ 0.30	$ 0.22	$ 0.57	$ (1.16)	$ 0.12	$ 0.45	$ 1.02
Diluted earnings per share (loss)	$ 0.29	$ 0.22	0.57	(1.16)	0.12	0.45	1.00
Common Dividends declared	$ 0.10	$ 0.10	0.20	0.20	0.50	0.45	0.45
Tangible Book value (end of period) per common share[1]	$ 7.30	$ 6.95	7.04	6.82	8.09	8.11	7.65
Dividend payout ratio	35%	45%	35%	N/M%[3]	430%	100%	44%

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(in thousands, except per share data)	As of and for the Six Months Ended June 30, 2011	2010	As of and for the Years Ended December 31, 2010	2009	2008	2007	2006
Capital Ratios:							
Average stockholders equity to average total assets	9.85%	9.28%	9.41%	9.29%	7.18%	6.63%	3.71%
Stockholders equity to total assets	9.92%	9.47%	9.74	9.24	9.09	6.98	5.82
Tangible common equity to tangible assets(2)	7.62%	7.17%	7.39	6.93	6.91	6.98	5.69
Regulatory Capital Ratios:							
Tier I leverage capital	10.07%	8.93%	9.53%	8.68%	9.38%	7.03%	6.30%
Tier I risk-based capital	12.74	12.02	12.29	11.26	12.03	10.04	9.48
Total risk-based capital	14.00	13.28	13.55	12.52	14.07	12.11	11.58
Asset Quality Ratios:							
Non-performing assets	$ 11,590	$ 7,376	$ 14,857	$ 10,533	$ 16,075	$ 5,820	$ 2,190
Non-performing loans to total loans	1.01%	0.67%	1.31%	0.96%	1.44%	0.56%	0.22%
Net loan charge-offs (annualized) to average loans	1.48	0.94	0.77	2.64	1.04	0.61	0.19
Allowance for loan losses to non-performing	239	443	223	291	134	253	749
Allowance for loan losses to total loans	2.43	2.84	2.92	2.62	1.67	1.41	1.67

(1) Tangible book value per common share, which is a non-GAAP measure, is computed by dividing stockholders equity less preferred stock, and less goodwill and other intangible assets by common shares outstanding.

(2) Tangible common stockholders equity to tangible assets, which is a non-GAAP measure, is computed by dividing tangible stockholders equity (stockholders equity less preferred stock, and less goodwill and other intangible assets) by tangible assets, as follows:

($ in thousands)	At June 30, 2011	2010	At December 31, 2010	2009	2008	2007	2006
Tangible common equity to tangible assets:							
Tangible stockholders equity	$ 123,897	$ 115,763	$ 117,550	$ 111,442	$ 117,062	$ 113,638	$ 101,640
Total assets	1,626,136	1,614,885	1,589,979	1,607,712	1,693,495	1,628,014	1,788,722
Less: Goodwill and other intangible assets							2,501
Tangible assets	1,626,136	1,614,885	$ 1,589,979	$ 1,607,712	$ 1,693,495	$ 1,628,014	$ 1,786,221
Tangible common equity to tangible assets	7.62%	7.17%	7.39%	6.93%	6.91%	6.98%	5.69%

(3) N/M denotes percentage variance not meaningful for statistical purposes.

COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Set forth below are the earnings per share, period-end book value per share and cash dividends per share for the common stock of Valley and State Bancorp for the periods noted. The data is presented on a historical and pro forma basis. The historical per share data were derived from the financial statements of Valley and State Bancorp that are incorporated by reference herein. The pro forma combined share data have been derived after giving effect to the State Bancorp merger as if it occurred at the beginning of the period presented using the purchase method of accounting. The historical per share data for both Valley and State Bancorp have been restated to retroactively reflect the effect of stock dividends and stock splits. See Summary Financial Data of Valley on page 18 and Summary Financial Data of State Bancorp on page 20.

The preliminary pro forma financial information reflects estimated adjustments to record State Bancorp s assets and liabilities at their respective fair values based on Valley s management s best estimate using the information available at this time. The preliminary pro forma adjustments will be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after the completion of a final analysis to determine the fair values of State Bancorp s tangible and identifiable intangible assets and liabilities as of the closing date. The final purchase price adjustments may differ materially from the estimated pro forma adjustments reflected in the preliminary pro forma financial information. Increases or decreases in the fair value of certain balance sheet amounts and other items of State Bancorp as compared to the estimates reflected in the preliminary pro forma financial information may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of adjusted assets and liabilities.

It is anticipated that the merger will provide Valley with financial benefits, such as possible expense efficiencies and revenue enhancements, among other factors, although no assurances can be given that these benefits will actually be achieved. The impact of these benefits has not been reflected in the preliminary pro forma financial information.

The preliminary pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results of the combined companies had the merger actually been completed as of or at the beginning of each period presented nor does it indicate future results for any other interim or full-year period.

Due to the one-for-one exchange ratio, the pro forma equivalent per State Bancorp share will be the same as the pro forma combined per share data (after giving effect to the merger).

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The dividend per share data shown below do not necessarily indicate the dividends that you should expect for any future period. The amount of future dividends payable by Valley, if any, is at the discretion of Valley s Board of Directors. When declaring dividends, the directors normally consider Valley s and Valley National Bank s cash needs, general business conditions, dividends from subsidiaries and applicable governmental regulations and policies. Pro forma amounts assume that Valley would have declared cash dividends per share on Valley common stock, including the Valley common stock issued in the merger for State Bancorp common stock, equal to its historical cash dividends per share declared on Valley common stock.

	Historical Valley	Historical State Bancorp	Pro Forma Combined
Six Months Ended June 30, 2011			
Earnings per share:			
Basic	$ 0.43	$ 0.30	$ 0.42
Diluted	0.43	0.29	0.42
Period-End Book Value Per Share	7.72	7.30	8.18
Cash Dividends Per Share	0.34	0.10	0.34
Year Ended December 31, 2010			
Earnings per share:			
Basic	$ 0.78	$ 0.57	$ 0.76
Diluted	0.78	0.57	0.76
Period-End Book Value Per Share	7.64	7.04	8.12
Cash Dividends Per Share	0.69	0.20	0.69

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The first table below presents, for the periods indicated, the high and low closing prices per share of Valley common stock and State Bancorp common stock. The prices of Valley common stock and State Bancorp common stock have been restated to give retroactive effect to stock dividends and stock splits, including the Valley stock dividend issued on May 20, 2011. The second table presents the implied value of one share of State Bancorp common stock on April 28, 2011, computed by multiplying the Valley closing price on that date by the 1.00 exchange ratio. The second table also presents the implied value of one share of State Bancorp common stock on October [ ], 2011 by multiplying the 1.00 exchange ratio by the October [ ], 2011 Valley closing price. Valley common stock is listed on the New York Stock Exchange under the symbol VLY and State Bancorp common stock is traded on the Nasdaq Global Select Market under the symbol STBC . We urge you to obtain current market quotations for Valley common stock and State Bancorp common stock. Because the exchange ratio is fixed and trading prices fluctuate, State Bancorp stockholders are not assured of receiving any specific market value of Valley common stock. The price of Valley common stock when the merger becomes effective may be higher or lower than its price when the merger agreement was signed, when this proxy statement was mailed or when Valley or State Bancorp stockholders meet to vote on the merger.

	Closing Price Valley Common Stock		Closing Price State Bancorp Common Stock	
	High	**Low**	**High**	**Low**
2011:				
First Quarter	$ 14.20	$ 12.70	$ 11.09	$ 8.91
Second Quarter	13.72	12.82	13.34	10.03
Third Quarter	14.09	9.89	13.84	9.81
Fourth Quarter (through October [ ], 2011)	[ ]	[ ]	[ ]	[ ]
2010:				
First Quarter	$ 14.33	$ 11.91	$ 8.30	$ 6.95
Second Quarter	15.19	12.97	10.40	7.80
Third Quarter	14.17	11.83	9.98	8.17
Fourth Quarter	13.73	12.01	9.60	8.95
2009:				
First Quarter	$ 17.16	$ 7.60	$ 10.47	$ 4.10
Second Quarter	13.63	9.93	8.80	6.86
Third Quarter	12.30	9.90	9.20	7.73
Fourth Quarter	12.87	10.72	8.46	6.48

Date	**Closing Sale Price Per Share of Valley Common Stock**	**Closing Sale Price Per Share of State Bancorp Common Stock**	**Equivalent Value of Merger Consideration Per Share of State Bancorp Common Stock**
April 28, 2011	$ 13.72*	$ 10.96	$ 13.72
October [ ], 2011	$ [ ]	$ [ ]	$ [ ]

* As adjusted for the 5% stock dividend distributed to stockholders on May 20, 2011.

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INTRODUCTION

The Board of Directors of State Bancorp, Inc. and the Board of Directors of Valley National Bancorp have approved an Agreement and Plan of Merger, dated as of April 28, 2011 between Valley and State Bancorp. The merger agreement provides for State Bancorp to be merged with Valley, with Valley as the surviving corporation. The merger cannot be completed unless the stockholders of State Bancorp approve the merger agreement of State Bancorp and Valley. Under a separate merger agreement, State Bank of Long Island will be merged with and into Valley National Bank immediately following the merger of the holding companies.

This document serves two purposes. It is the proxy statement being used by the State Bancorp Board of Directors to solicit proxies for use at a special State Bancorp stockholders meeting called by the Board of Directors to seek approval of the merger agreement, approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and approval of the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting. It is also the prospectus of Valley regarding the Valley common stock to be issued if the merger is completed. Thus, we sometimes refer to this document as the proxy statement-prospectus.

This document describes the merger agreement in detail. A copy of the merger agreement is attached as Appendix A to this document and is incorporated herein by reference. We urge you to read this entire document and the appendices carefully.

All information and statements contained or incorporated by reference in this document about State Bancorp were supplied by State Bancorp and all information and statements about Valley were supplied by Valley.

No person has been authorized to give any information or to make any representation other than what is included in this document or incorporated by reference. If any information or representation is given or made, it must not be relied upon as having been authorized.

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FORWARD-LOOKING STATEMENTS

This proxy statement-prospectus, including information included or incorporated by reference in this proxy statement-prospectus, may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements about the benefits of the merger between Valley and State Bancorp, including future financial and operating results and performance; statements about Valley s and State Bancorp s plans, objectives, expectations and intentions with respect to future operations, products and services; and other statements identified by words such as expects, anticipates, intends, plans, believes, vie seeks, estimates, predicts, continues, allows, reflects, typically, usually, will, should, may or the negative of these terms or meaning. These forward-looking statements are based upon the current beliefs and expectations of Valley s and State Bancorp s management and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond the control of Valley and State Bancorp. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Actual results may differ materially from the anticipated results discussed in these forward-looking statements.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- the failure of the parties to satisfy the closing conditions in the merger agreement in a timely manner or at all;
- the failure of the stockholders of State Bancorp to approve the merger agreement;
- the failure to obtain governmental approvals of the merger or to satisfy other conditions to the merger on the proposed terms and within the proposed timeframe;
- the failure of Valley to purchase, or cause to be purchased, from the United States Department of the Treasury the State Bancorp TARP Preferred Stock five business days prior to the closing;
- the possibility that State Bancorp terminates the merger agreement because the average closing price of Valley s common stock, as of a specified period prior to the closing date, is less than $11.04 and, during such period, underperforms the Nasdaq Bank Index by more than 20%;
- disruptions to the businesses of Valley and State Bancorp as a result of the announcement and pendency of the merger;
- higher than expected increases in Valley s or State Bancorp s loan losses or in the level of nonperforming loans;
- the risk that the businesses of Valley and State Bancorp may not be combined successfully, or such combination may take longer or be more difficult, time-consuming or costly to accomplish than expected;
- a continued weakness or unexpected decline in the U.S. economy, in particular in New Jersey and the New York Metropolitan area including Long Island;

higher than expected costs and expenses incurred in connection with the merger, or in connection with litigation relating to the merger;

higher than expected charges Valley incurs in connection with marking State Bancorp s assets to fair value;

unexpected changes in interest rates;

a continued or unexpected decline in real estate values within Valley s and State Bancorp s market areas;

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other than temporary impairments or declines in value in Valley s or State Bancorp s investment portfolio;

charges against earnings related to the change in fair value of Valley s junior subordinated debentures;

higher than expected FDIC insurance assessments;

the failure of other financial institutions with whom Valley and State Bancorp have trading, clearing, counterparty and other financial relationships;

lack of liquidity to fund Valley s and State Bancorp s various cash obligations;

unanticipated reduction in Valley s and State Bancorp s deposit base;

government intervention in the U.S. financial system and the effects of and changes in trade and monetary and fiscal policies and laws, including the interest rate policies of the FRB;

legislative and regulatory actions (including the impact of the Dodd-Frank Wall Street Reform and Consumer Protection Act and related regulations) subject Valley and State Bancorp to additional regulatory oversight which may result in increased compliance costs and/or require Valley and State Bancorp to change their business model;

changes in accounting policies or accounting standards;

Valley s and State Bancorp s inability to promptly adapt to technological changes;

Valley s and State Bancorp s internal controls and procedures may not be adequate to prevent losses;

the possibility that litigation that may be brought pertaining to fiduciary responsibility, environmental laws and other matters;

the possibility that the expected benefits of this and other acquisitions by Valley will not be fully realized;

the inability to realize expected cost savings and synergies from the merger of State Bancorp with Valley in the amounts or in the timeframe anticipated;

costs or difficulties relating to integration matters might be greater than expected;

material adverse changes in Valley s or State Bancorp s operations or earnings;

- the inability to retain State Bancorp s customers and employees; and

- other unexpected material adverse changes in Valley s or State Bancorp s operations or earnings.

Additional factors that could cause Valley and State Bancorp s results to differ materially from those described in the forward-looking statements can be found in Valley s and State Bancorp s filings with the SEC, including their Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC.

You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this proxy statement-prospectus or the date of any document incorporated by reference in this proxy statement-prospectus. All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this proxy statement-prospectus and attributable to Valley or State Bancorp 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, Valley and State Bancorp undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date of this proxy statement-prospectus or to reflect the occurrence of unanticipated events.

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RISK FACTORS

In addition to the other information included and incorporated by reference in this document, State Bancorp stockholders should consider the matters described below in determining whether to approve the merger agreement.

State Bancorp stockholders cannot be sure of the market value of the merger consideration they will receive because the market price of Valley common stock may fluctuate.

Upon completion of the merger, each share of State Bancorp common stock will be converted into merger consideration consisting of one share of Valley common stock. The market value of the merger consideration may vary from the closing price of Valley common stock on the date we announced the merger, on the date that this document was mailed to State Bancorp stockholders, on the date of the special meeting of the State Bancorp stockholders and on the date we complete the merger and thereafter. Any change in the market price of Valley common stock prior to completion of the merger will affect the market value of the merger consideration that State Bancorp stockholders will receive upon completion of the merger. Accordingly, at the time of the special meeting, State Bancorp stockholders will not know or be able to calculate the market value of the merger consideration they would receive upon completion of the merger. State Bancorp is permitted to terminate the merger agreement if a majority of the State Bancorp Board of Directors determines that, as of a specified determination date, the average closing price of Valley s common stock over a period of 10 days ending on such determination date is less than $11.04 and, during such period, Valley s common stock underperforms the Nasdaq Bank Index by 20% or more.

There will be no adjustment to the merger consideration for changes in the market price of either shares of Valley common stock or shares of State Bancorp common stock. 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. You should obtain current market quotations for shares of Valley common stock and for shares of State Bancorp common stock before you vote.

The merger is subject to the receipt of consents and approvals from government entities that may not be received, or may impose burdensome conditions.

Before the merger may be completed, various approvals, waivers or consents must be obtained from the OCC, the FRB, and Treasury (in connection with the repurchase or redemption of the State Bancorp TARP Preferred Stock). These government entities, including the FRB, may refuse to approve the merger or impose conditions on their approval of the merger or require changes to the terms of the merger. Such conditions or changes could have the effect of delaying or preventing completion of the merger or imposing additional costs on or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger.

On July 7, 2011, we received the written approval of the OCC for the merger. On July 15, 2011, we received written confirmation that the transaction may proceed without the prior approval of the FRB.

We may fail to realize all of the anticipated benefits of the merger.

The success of the merger will depend, in part, on Valley s ability to realize anticipated cost savings and to combine the businesses of Valley and State Bancorp in a manner that permits growth opportunities to be realized and does not materially disrupt the existing customer relationships of State Bancorp nor result in decreased revenues due to any loss of customers. However, to realize these anticipated benefits, the businesses of Valley and State Bancorp must be successfully combined. If the combined company is not able to 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.

Valley and State Bancorp have operated and, until the completion of the merger, will continue to operate independently. The anticipated cost savings from the merger are largely expected to derive from the absorption by Valley of many of State Bancorp s back-office administrative functions and the conversion of State Bancorp s operating platform to Valley s systems. It is possible that the integration process could result in the loss of key employees, as well as the disruption of each company s ongoing businesses or inconsistencies in standards, controls, procedures and policies, any or all of which could adversely affect Valley s ability to maintain relationships with clients, customers, depositors and employees after the merger or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. A failure to successfully navigate the complicated integration process could have an adverse effect on the combined company.

Another expected benefit from the merger is an expected increase in the revenues of the combined company from anticipated sales of Valley s wide variety of financial products, and from increased lending out of Valley s substantially larger capital base, to State Bancorp s existing customers and to new customers in State Bancorp s market area who may be attracted by the combined company s enhanced offerings. An inability to successfully market Valley s products to State Bancorp s customer base could cause the earnings of the combined company to be less than anticipated.

The market price of Valley common stock after the merger may be affected by factors different from those currently affecting the shares of State Bancorp or Valley common stock.

The businesses of Valley and State Bancorp differ in important respects and, accordingly, the results of operations of the combined company and the market price of the combined company s shares of common stock may be affected by factors different from those currently affecting the independent results of operations of Valley and State Bancorp. For a discussion of the businesses of Valley and State Bancorp and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under Information Incorporated by Reference beginning on page 103.

Valley may reduce or eliminate the cash dividend on its common stock.

Valley s cash dividend payout per common share was approximately 88.5 percent of its earnings per share for the year ended December 31, 2010. Valley s low retention rate resulted from earnings being negatively impacted by net trading losses caused primarily by mark-to-market losses on the fair value of Valley s junior subordinated debentures, net impairment losses on certain investment securities, and the lack of loan growth mainly caused by the current economic conditions. A prolonged economic recovery or a downturn in the economy, an increase in Valley s costs to comply with current and future changes in banking laws and regulations, and other factors may negatively impact Valley s future earnings and ability to maintain its dividend at current levels.

Holders of Valley s common stock are only entitled to receive such cash dividends as Valley s Board of Directors may declare out of funds legally available for such payments. Although Valley has historically declared cash dividends on its common stock, it is not required to do so and may reduce or eliminate its common stock cash dividend in the future. This could adversely affect the market price of Valley s common stock. Also, as a bank holding company, Valley s ability to declare and pay dividends is dependent on federal regulatory considerations including the guidelines of the OCC and the FRB regarding capital adequacy and dividends.

The merger agreement limits State Bancorp s ability to pursue an alternative acquisition proposal and requires State Bancorp to pay a termination fee of $8.75 million under certain circumstances relating to alternative acquisition proposals.

The merger agreement prohibits State Bancorp from initiating, soliciting, encouraging or engaging in negotiations with, or providing any information to, any third party with respect to alternative acquisition proposals, subject to limited exceptions. The merger agreement also provides for the payment by State Bancorp of a termination fee in the amount of $8.75 million in the event that Valley or State Bancorp terminate the merger agreement for certain reasons. These provisions might discourage a potential competing acquiror that might have an interest in acquiring all or a significant part of State Bancorp. See Proposal 1-The Merger The Merger Agreement Agreement Not to Solicit Other Offers on page 82.

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If the merger is not completed, State Bancorp will have incurred substantial expenses without realizing the expected benefits of the merger.

State Bancorp has incurred substantial legal, accounting and investment banking expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, State Bancorp would have to recognize these expenses without realizing the expected benefits of the merger.

State Bancorp and Valley will be subject to business uncertainties and contractual restrictions while the merger is pending.

Uncertainties about the effect of the merger on their businesses may have an adverse effect on State Bancorp and Valley. These uncertainties may also impair State Bancorp s ability to attract, retain and motivate strategic personnel until the merger is consummated, and could cause their customers and others that deal with State Bancorp to seek to change their existing business relationship, which could negatively impact Valley upon consummation of the merger. In addition, the merger agreement restricts State Bancorp from taking certain specified actions without the Valley s consent until the merger is consummated. These restrictions may prevent State Bancorp from pursuing or taking advantage of attractive business opportunities that may arise prior to the completion of the merger.

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may cause the market price of State Bancorp common stock to decline.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals, the repurchase or redemption by Valley from Treasury, at least 5 business days prior to the closing date, of each share of the State Bancorp TARP Preferred Stock, and approval of the State Bancorp stockholders. If any condition to the merger is not satisfied or, where permitted, waived, the merger will not be completed. In addition, Valley and/or State Bancorp may terminate the merger agreement under certain circumstances even if the merger is approved by State Bancorp stockholders.

If the merger is not completed, the market price of State Bancorp common stock may decline to the extent that the current market price of its shares reflects a market assumption that the merger will be completed. If the merger is not completed, additional consequences could materialize, including any adverse effects from a failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger. For more information on closing conditions to the merger agreement, see the section entitled Proposal 1-The Merger Merger Agreement Conditions to Complete the Merger on page 84.

State Bancorp stockholders do not have dissenters appraisal rights in the merger.

Dissenters rights are statutory rights that, if applicable under law, enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with such extraordinary transaction. Under the NYBCL, stockholders do not have dissenters rights with respect to shares of any class of stock which, at the record date fixed to determine stockholders entitled to receive notice of and to vote at the meeting of stockholders at which a merger or consolidation was acted on, were listed on a national securities exchange. Because State Bancorp s common stock is listed on the Nasdaq, a national securities exchange, holders of State Bancorp common stock will not be entitled to dissenters appraisal rights in the merger with respect to their shares of State Bancorp common stock.

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State Bancorp s directors and executive officers may have interests in the merger that differ from the interests of State Bancorp s stockholders.

State Bancorp s executive officers and directors may have interests in the merger that are in addition to, and may be different from, the interests of State Bancorp stockholders generally. With respect to certain State Bancorp executive officers, these interests include acceleration of vesting and payouts of their State Bancorp equity compensation awards, the right to receive change-in-control payments, accelerated payouts of deferred compensation balances and other benefits under executive retention incentive agreements. See Proposal 1 The Merger Interests of Certain of Persons in the Merger Interests of State Bancorp Executive Officers and Directors in the Merger beginning on page 53 for a discussion of these interests.

A lawsuit has been filed against State Bancorp, State Bancorp s Directors and Valley challenging the merger, and an adverse judgment in such lawsuit may prevent the merger from being completed or from being completed within the expected timeframe.

State Bancorp, State Bancorp s directors and Valley are named as defendants in a purported class action lawsuit brought by a State Bancorp stockholder challenging the proposed merger and seeking, among other things, to enjoin completion of the merger on the agreed-upon terms. See Proposal 1-The Merger Litigation Relating to the Merger beginning on page 74 for more information about the purported class action lawsuit related to the merger that has been filed.

One of the conditions to the closing of the merger is that no order, injunction (whether temporary, preliminary or permanent) or decree issued by a governmental authority or other agency of competent jurisdiction that prohibits the completion of the merger shall be in effect. As such, if the plaintiffs are successful in obtaining an injunction prohibiting the completion of the merger on the agreed-upon terms, then such injunction may prevent the merger from being completed, or from being completed within the expected timeframe.

As disclosed under Proposal 1 The Merger Litigation Relating to the Merger the parties to the purported class action lawsuit have entered into an agreement in principle to settle the action. The parties proposed settlement is subject to, among other things, court approval and plaintiffs conducting confirmatory discovery to confirm the fairness and adequacy of the terms of the settlement and the disclosures made in connection with the proposed merger and the closing of the proposed merger.

The shares of Valley common stock to be received by State Bancorp stockholders as a result of the merger will have different rights from the shares of State Bancorp common stock.

Upon completion of the merger, State Bancorp stockholders will become Valley stockholders and their rights as stockholders will be governed by the Valley restated certificate of incorporation and the Valley bylaws. The rights associated with State Bancorp common stock are different from the rights associated with Valley common stock. Please see Comparison of the Rights of Stockholders of Valley and State Bancorp beginning on page 89 for a discussion of the different rights associated with Valley common stock.

State Bancorp stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

State Bancorp s stockholders currently have the right to vote in the election of State Bancorp s Board of Directors and on other matters affecting State Bancorp. When the merger occurs, each State Bancorp stockholder that receives shares of Valley common stock will become a stockholder of Valley with a percentage ownership of the combined organization that is much smaller than the stockholder s percentage ownership of State Bancorp. Because of this, State Bancorp stockholders will have less influence on the management and policies of Valley than they now have on the management and policies of State Bancorp.

State Bancorp has not obtained an updated fairness opinion from its financial advisor reflecting changes in circumstances that may have occurred since the signing of the merger agreement.

Sandler O Neill, State Bancorp s financial advisor in connection with the proposed merger, has delivered to the Board of Directors of State Bancorp its opinion, dated as of April 28, 2011, regarding the fairness, from a financial point of view, of the exchange ratio to be paid to State Bancorp stockholders in connection with the merger. State Bancorp has not obtained an updated opinion as of the date of this document from Sandler O Neill regarding the fairness, from a financial point of view, of the exchange ratio to be paid to State Bancorp stockholders in connection with the merger.

Changes in the operations and prospects of Valley or State Bancorp, general market and economic conditions and other factors which may be beyond the control of Valley and State Bancorp, and on which the fairness opinion was based, may have altered the value of Valley or State Bancorp or the prices of shares of Valley common stock and shares of State Bancorp common stock as of the date of this document, or may alter such values and prices by the time the merger is completed. The opinion does not speak as of any date other than the date of the opinion. For a description of the opinion that State Bancorp received from Sandler O Neill, please refer to Proposal 1-The Merger Fairness Opinion of State Bancorp s Financial Advisor beginning on page 59. For a description of the other factors considered by State Bancorp s Board of Directors in determining to approve the merger, please refer to Proposal 1 The Merger Recommendation of State Bancorp s Board of Directors and Reasons for the Merger beginning on page 50.

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CERTAIN INFORMATION ABOUT VALLEY

General

Valley National Bancorp, a New Jersey corporation, was organized in 1983 as a holding company for Valley National Bank. Valley indirectly owns additional subsidiaries through Valley National Bank. Valley is registered as a bank holding company with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act.

As of June 30, 2011, Valley had:

- consolidated total assets of $14.5 billion;
- total deposits of $9.7 billion;
- total loans of $9.6 billion; and
- total stockholders equity of $1.3 billion.

In addition to Valley s principal subsidiary, Valley National Bank, Valley owns all of the voting and common shares of VNB Capital Trust I and GCB Capital Trust III, through which trust preferred securities were issued.

Valley s principal executive offices and telephone number are:

1455 Valley Road

Wayne, New Jersey 07470

(973) 305-8800

Valley National Bank

Valley National Bank is a national banking association chartered in 1927 under the laws of the United States. Currently, Valley National Bank has 197 full-service banking offices located throughout northern and central New Jersey and the New York City boroughs of Manhattan, Brooklyn and Queens. The Bank provides a full range of commercial, retail and wealth management financial services products. The Bank provides a variety of banking services including automated teller machines, telephone and internet banking, drive-in and night deposit services, and safe deposit facilities. The Bank also provides certain international banking services to customers including standby letters of credit, documentary letters of credit and related products, and certain ancillary services such as foreign exchange, documentary collections, foreign wire transfers and the maintenance of foreign bank accounts. Valley also performs mortgage servicing for itself and third parties.

Valley National Bank s wholly-owned subsidiaries are all included in the consolidated financial statements of Valley. These subsidiaries include:

- a title insurance agency;
- asset management advisors which are Securities and Exchange Commission registered investment advisors;

an all-line insurance agency offering property and casualty, life and health insurance;

subsidiaries which hold, maintain and manage investment assets for Valley National Bank;

a subsidiary which owns and services auto loans;

a subsidiary which specializes in asset-based lending;

a subsidiary which offers financing for general aviation aircraft and servicing for existing commercial equipment leases;

a subsidiary which specializes in health care equipment and other commercial equipment leases; and

a subsidiary which owns and services New York commercial loans.

Valley National Bank s subsidiaries also include real estate investment trust subsidiaries which own real estate-related investments and a REIT subsidiary which owns some of the real estate utilized by Valley National Bank and related real estate investments.

Valley has grown significantly in the past five years primarily through both de novo branch expansion and bank acquisitions, including the following most recent bank transactions:

In July 2008, Valley acquired Greater Community Bancorp, the holding company of Greater Community Bank, a commercial bank with approximately $1.0 billion in assets, $812 million in loans (mostly commercial real estate loans), $715 million in deposits and 16 branches in northern New Jersey. The purchase price of $167.8 million was paid through a combination of Valley s common stock (9.6 million shares) and 964 warrants. Each warrant is entitled to 1.1025 Valley common shares issuable upon exercise at $17.24 per share. The warrants have an expiration date of June 30, 2015, and to date, all of the warrants issued remain outstanding.

In March 2010, Valley National Bank acquired $688.1 million in certain assets, including loans totaling $412.3 million (primarily commercial and commercial real estate loans), and assumed all of the deposits totaling $654.2 million, excluding certain brokered deposits and borrowings, of The Park Avenue Bank and LibertyPointe Bank, both New York State chartered banks, from the Federal Deposit Insurance Corporation (FDIC). The deposits from both FDIC-assisted transactions were acquired at a 0.15 percent premium. In addition, as part of the consideration for The Park Avenue Bank FDIC-assisted transaction, Valley National Bank agreed to issue a cash-settled equity appreciation instrument to the FDIC. The valuation and settlement of the equity appreciation instrument did not significantly impact Valley s consolidated financial statements for the year ended December 31, 2010.

In connection with both of the FDIC-assisted transactions, Valley National Bank entered into loss-share agreements with the FDIC. Under the terms of the loss-sharing agreements, Valley National Bank will share in the losses on assets and other real estate owned (referred to as covered loans and covered OREO , together covered assets). Valley National Bank may sell the acquired loans (with or without recourse) but in such case the FDIC loss-sharing agreements will cease to be effective for any losses incurred on such loans. Additionally, any related FDIC loss-share receivable would be uncollectable and written-off upon settlement of the sale. The commercial and single family (residential) loan loss-sharing agreements with the FDIC expire in March of 2015 and 2020, respectively. The Company expects approximately 75 percent of the covered loans to mature, substantially paydown under contractual loan terms or work through our collection process on or before the expiration of the related loss-sharing agreements. As of June 30, 2011 and December 31, 2010, Valley had approximately $308 million and $357 million, respectively, in covered loans which comprised 3.2% and 3.8%, respectively, of its total loan portfolio.

Competition

Valley National Bank is one of the largest commercial bank headquartered in New Jersey, with its primary markets located in northern and central New Jersey and the New York City Boroughs of Manhattan, Brooklyn and Queens. Valley ranked 15th in competitive ranking and market share based on the deposits reported by 240 FDIC-insured financial institutions in the New York, Northern New Jersey and Long Island deposit market as of June 30, 2010. The FDIC also ranked Valley eighth in the state of New Jersey based on deposits as of June 30, 2010. Despite Valley s favorable FDIC rankings, the market for banking and bank-related services is highly competitive and Valley faces substantial competition in all phases of its operations. In addition to the FDIC-insured commercial banks in our principal metropolitan markets, Valley also competes with other providers of financial services such as savings institutions, credit unions, mutual funds, mortgage companies, title agencies, asset managers, insurance companies and a growing list of other local, regional and national institutions which offer financial services. Many of these competitors may have fewer regulatory constraints, broader geographic service areas, greater capital, and, in some cases, lower cost structures.

De novo branching by several national financial institutions and mergers between financial institutions within New Jersey and New York City, as well as other neighboring states have heightened the level of competitive pressure in our primary markets over the last several years. In addition, competition has further intensified as a result of recent changes in regulation, advances in technology and product delivery systems, and bank failures. Web-based and other internet companies are providing non-traditional, but increasingly strong, competition for our borrowers, depositors, and other customers. Within the New Jersey and the New York metropolitan markets, Valley competes with some of the largest financial institutions in the world that are able to offer a large range of products and services at competitive rates and prices. Nevertheless, Valley believes it can compete effectively as a result of utilizing various strategies including Valley s long history of local customer service and convenience as part of a relationship management culture, in conjunction with the pricing of loans and deposits. Valley s customers are influenced by the convenience, quality of service from Valley s knowledgeable staff, personal contacts and attention to customer needs, as well as availability of products and services and related pricing. Valley provides such convenience through its banking network of 197 branches in 134 communities, an extensive ATM network, and our 24-hour telephone and on-line banking systems.

Valley continually reviews its pricing, products, locations, alternative delivery channels and various acquisition prospects and periodically engages in discussions regarding possible acquisitions to maintain and enhance our competitive position.

Valley National Bank reports the results of its operations and manages its business through four business segments: commercial lending, consumer lending, investment management, and corporate and other adjustments. Valley National Bank s Wealth Management Division comprised of trust, asset management and insurance services, is included in the consumer lending segment. Valley National Bank offers a variety of products and services within the commercial and consumer lending segments as described below.

Commercial Lending Segment

Commercial and Industrial Loans. Commercial and industrial loans, including $97.7 million of covered loans, totaled approximately $1.9 billion and represented 20.1 percent of the total loan portfolio at June 30, 2011. Valley National Bank makes commercial loans to small and middle market businesses most often located in the New Jersey and New York area. Valley National Bank s borrowers tend to be companies and individuals with clear credit histories that demonstrate a historic ability to repay current and proposed future debts. Valley National Bank s loan decisions will include consideration of a borrower s standing in the community, willingness to repay debts, collateral coverage and other forms of support. Strong consideration is given to long term existing customers that have maintained a favorable relationship. Commercial loan products offered consist of term loans for equipment purchases, working capital lines of credit that assist customer s financing of accounts receivable and inventory, and commercial mortgages for owner occupied properties. Working capital advances are generally used to finance seasonal requirements and are repaid at the end of the cycle by the conversion of short-term assets into cash. Short-term commercial business loans may be collateralized by a lien on accounts receivable, inventory, equipment and/or, partly collateralized by real estate. Unsecured loans, when made, are generally granted to Valley National Bank s most credit worthy borrowers. At June 30, 2011, unsecured commercial and industrial loans totaled approximately $386 million. In addition, through subsidiaries Valley National Bank makes aviation loans, provides financing to the diamond and jewelry industry, the medical equipment leasing market, and engages in asset based accounts receivable and inventory financing.

Commercial Real Estate Loans. Commercial real estate loans, including $188.9 million of covered loans, totaled $4.1 billion and represented 42.6 percent of the total loan portfolio at June 30, 2011. Valley National Bank originates commercial real estate loans that are secured by multi-unit residential property and non-owner occupied commercial, industrial, and retail property within New Jersey, New York and Pennsylvania. Loans are

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generally written on an adjustable basis with rates tied to a specifically identified market rate index. Adjustment periods generally range between five to ten years and repayment is structured on a fully amortizing basis for terms up to thirty years. When underwriting a commercial real estate loan, primary consideration is given to the financial strength and ability of the borrower to service the debt, and the experience and qualifications of the borrower s management and/or guarantors. The underlying collateral value of the mortgaged property and/or financial strength of the guarantors are considered secondary sources of repayment.

Consumer Lending Segment

Residential Mortgage Loans. Residential mortgage loans, including $15.3 million of covered loans, totaled $2.2 billion and represented 22.5 percent of the total loan portfolio at June 30, 2011. Valley National Bank offers a full range of residential mortgage loans for the purpose of purchasing or refinancing one-to-four family residential properties. Residential mortgage loans are secured by 1-4 family properties generally located in counties where Valley National Bank has a branch presence and contiguous counties (including the State of Pennsylvania). Valley National Bank occasionally makes mortgage loans secured by homes beyond this primary geographic area; however, lending outside this primary area is generally made in support of existing customer relationships. Underwriting policies that are based on Fannie Mae and Freddie Mac guidelines are adhered to for loan requests of conforming and non-conforming amounts. The weighted average loan-to-value ratio of all residential mortgage originations in the first six months of 2011 was 54 percent while FICO® (independent objective criteria measuring the creditworthiness of a borrower) scores averaged 762. Terms of first mortgages range from 10 years for interest only loans (which totaled approximately $29 million at June 30, 2011) to 30 years for fully amortizing loans. In deciding whether to make a residential real estate loan, Valley National Bank considers the qualifications of the borrower as well as the value of the underlying property. Valley National Bank s historical and current loan underwriting practice prohibits the origination of payment option ARMs which allow for negative interest amortization and subprime loans. At June 30, 2011, Valley National Bank s residential loan portfolio included approximately $23 million of loans that could be identified as nonconforming loans commonly referred to as either alt-A, stated income, or no doc loans. These loans were mostly originated prior to 2008 and had a weighted average loan-to-value ratio of 70 percent at the date of origination. Virtually all of Valley National Bank s loan originations in recent years have conformed to rules requiring documentation of income, assets sufficient to close the transactions and debt to income ratios that support the borrower s ability to repay under the loan s proposed terms and conditions. These rules are applied to all loans originated for retention in Valley National Bank s portfolio or for sale in the secondary market.

Other Consumer Loans. Other consumer loans, including $6.5 million of covered loans, totaled $1.4 billion and represented 14.8 percent of the total loan portfolio at June 30, 2011. Valley National Bank s other consumer loan portfolio is primarily comprised of direct and indirect automobile loans, home equity loans and lines of credit, credit card loans, and to a lesser extent, secured and unsecured other consumer loans. Valley National Bank is an auto lender in New Jersey, New York, Pennsylvania, and Connecticut offering indirect auto loans secured by either new or used automobiles. Auto loans may be originated directly with the purchasers of the automobile and indirect auto loans are purchased from approved automobile dealers. Home equity lines of credit are secured by 1 to 4 family residential properties and are generally provided as a convenience to Valley National Bank s residential mortgage borrowers. Home equity loans and home equity lines of credit may have a variety of terms, interest rates and amortization features. Other consumer loans include direct consumer term loans, both secured and unsecured. From time to time, Valley National Bank will also purchase prime consumer loans originated by and serviced by other financial institutions based on several factors, including current secondary market rates, excess liquidity and other asset/liability management strategies. At June 30, 2011, unsecured consumer loans totaled approximately $41.3 million, including $9.0 million of credit card loans.

Wealth Management. Valley National Bank s Wealth Management Division provides coordinated and integrated delivery of asset management advisory, trust, brokerage, insurance including title insurance agency, asset management advisory, and asset-based lending support services. Trust services include living and testamentary trusts, investment management, custodial and escrow services, and estate administration, primarily to individuals.

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Asset management advisory services include investment services for individuals and small to medium sized businesses, trusts and custom tailored investment strategies designed for various types of retirement plans.

Investment Management Segment.

Investment Management. Although Valley National Bank is primarily focused on its lending and wealth management services, a large portion of its income is generated through investments in various types of securities, and depending on its liquid cash position, federal funds sold and interest-bearing deposits with banks (primarily the Federal Reserve Bank of New York), as part of its asset/liability management strategies. As of June 30, 2011, total investment securities and interest bearing deposits with banks were $2.9 billion and $165.8 million, respectively.

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CERTAIN INFORMATION ABOUT STATE BANCORP

General

State Bancorp, Inc, a New York corporation, was organized in 1985. Its principal subsidiary is State Bank of Long Island. State Bancorp is registered as a bank holding company with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act.

As of June 30, 2011, State Bancorp had:

- consolidated assets of $1.6 billion;
- total deposits of $1.4 billion;
- total loans of $1.1 billion; and
- total stockholders equity of $161 million.

State Bancorp also owns all of the voting shares of State Bancorp Capital Trust I and II, through which State Bancorp issued trust-preferred securities.

State Bancorp s principal executive offices and telephone number are:

Two Jericho Plaza

Jericho, New York 11753

(516) 465-2200

State Bank of Long Island

State Bank of Long Island, a New York State chartered commercial bank founded in 1966, serves its client base through sixteen branches in Nassau, Suffolk, Queens and Manhattan. State Bank of Long Island offers a full range of banking services to its diverse client base which includes commercial real estate owners and developers, small to middle market businesses, professional service firms, municipalities and consumers. Retail and commercial products include checking accounts, NOW accounts, money market accounts, savings accounts, certificates of deposit, individual retirement accounts, commercial loans, construction loans, commercial real estate loans, small business lines of credit, cash management services and telephone and online banking. In addition, State Bank of Long Island also provides access to annuity products and mutual funds.

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THE MEETING

Date, Time and Place

This document solicits, on behalf of the State Bancorp Board of Directors, proxies to be voted at a special meeting of State Bancorp stockholders and at any adjournments or postponements thereof. The meeting is scheduled for:

December 5, 2011

Residence Inn by Marriott

9 Gerhard Road

Plainview, New York 11803

10:00 am local time

Purpose

At the meeting, State Bancorp stockholders will consider and vote on:

- approval and adoption of the merger agreement;
- approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation; and
- approval of the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

Board Recommendations

The State Bancorp Board of Directors unanimously recommends that stockholders vote FOR:

- **the merger agreement;**
- **the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation; and**
- **the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.**

Record Date; Quorum; Required Vote; Voting Agreement

As of the record date, October 21, 2011, 16,959,792 shares of common stock of State Bancorp were issued and outstanding. The common stock is State Bancorp s only class of securities entitled to vote, each share being entitled to one vote. The presence at the special meeting, in person or by proxy, of holders of a majority of the issued and outstanding shares of common stock as of the record date is considered a quorum for the transaction of business. If you submit a properly completed proxy or if you appear at the special meeting to vote in person, your shares of common stock will be considered part of the quorum. Abstentions and broker non-votes will be counted as present to determine if a quorum for the transaction of business is present. In the absence of a quorum, the special meeting will be adjourned or postponed.

The merger cannot be completed without State Bancorp stockholder approval of the merger agreement. The affirmative vote of a majority of the shares of State Bancorp common stock outstanding is required to approve the merger agreement.

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On September 30, 2011, the directors and executive officers of State Bancorp as a group beneficially owned 2,090,924 shares of State Bancorp common stock, representing 12.33% of the issued and outstanding shares on such date. In connection with the execution of the merger agreement, Valley entered into voting agreements with each State Bancorp director. Pursuant to the voting agreements, the State Bancorp directors have each agreed to vote the shares of State Bancorp beneficially owned by them and over which they have sole voting power on the record date, and to use their reasonable efforts to vote the shares of State Bancorp beneficially owned by them and over which they have joint voting power with their spouse on the record date, in favor of approval of the merger agreement. On September 30, a total of 1,081,914 shares of common stock representing approximately 6.38% of the outstanding State Bancorp common stock are covered by the voting agreements, of which 462,388 shares are permitted to be transferred under certain conditions prior to the stockholder meeting to vote on the merger agreement.

The vote of State Bancorp stockholders on the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation will be approved, on a non-binding advisory basis, if the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote thereon vote FOR such proposal. This proposal is advisory in nature and a vote to approve or disapprove will not be binding on State Bancorp or the State Bancorp Board of Directors.

The vote of State Bancorp stockholders on the authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting will be approved if the holders of a majority of the shares of State Bancorp common stock present in person or represented by proxy at the meeting and entitled to vote thereon vote FOR such proposal.

The matters to be considered at the meeting are of great importance to the stockholders of State Bancorp. Accordingly, both State Bancorp and Valley urge you to read and carefully consider the information presented in this proxy statement-prospectus, and to complete, date, sign and promptly return the enclosed proxy in the enclosed postage paid envelope as instructed on the proxy card.

Voting Rights; Proxies

If you properly execute a proxy card and send it to State Bancorp in the enclosed envelope in a timely manner, your proxy will be voted in accordance with the instructions you indicate, unless you revoke your proxy prior to the vote. Approval of the merger agreement by State Bancorp stockholders is based on approval by holders of a majority of the shares of State Bancorp common stock outstanding. **If you send us a proxy card that does not instruct us how to vote, your shares will be voted (1) FOR approval of the merger agreement, (2) FOR approval, on a non-binding advisory basis, of the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and (3) FOR authorization of the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.**

The State Bancorp Board of Directors is not aware of any matters that will come before the meeting other than the vote on the merger agreement, the compensation of the named executive officers of State Bancorp based on or related to the merger and the agreements and understandings concerning such compensation, and the proposal to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

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You may revoke your grant of a proxy at any time before it is voted by:

(a) filing a written revocation of the proxy with the Secretary;

(b) submitting a signed proxy card bearing a later date; or

(c) attending and voting in person at the special meeting, but you must also file a written revocation with the Secretary at the special meeting prior to voting.

Written revocations should be sent to Janice Clark, Secretary, State Bancorp, Inc., Two Jericho Plaza, Jericho, New York 11753. Attendance at the Meeting will not in and of itself revoke a proxy.

If you use the Internet, you can change your vote at the Internet address shown on your proxy card. The Internet voting system is available 24 hours a day until 1:00 p.m., Eastern Time, on December 4, 2011.

If you vote by telephone, you can change your vote by using the toll free telephone number shown on your proxy card. The telephone voting system is available 24 hours a day in the United States until 1:00 p.m., Eastern Time, on December 4, 2011.

The election inspectors appointed for the meeting, who will determine whether or not a quorum is present, will tabulate votes cast by proxy or in person at the meeting. Abstentions and broker non-votes will be treated as shares that are present and entitled to vote for purposes of determining the presence of a quorum. Abstentions occur when proxies are marked as abstentions, or when stockholders appear in person but abstain from voting. Broker non-votes occur when a broker indicates on a proxy that it does not have discretionary authority regarding certain shares.

If you do not vote by proxy, telephone or internet or vote in person at the State Bancorp special meeting, it will have the effect of a vote AGAINST the merger agreement, but will have no effect on the vote to approve, on a non-binding advisory basis, executive compensation or the vote to authorize the Board of Directors, in its discretion, to adjourn or postpone the special meeting, including, without limitation, on a motion to adjourn the special meeting to a later date, if necessary, to solicit additional proxies in favor of approval of the merger agreement or vote on other matters properly before the special meeting.

Solicitation of Proxies

State Bancorp will bear all costs of soliciting proxies for the meeting. Georgeson, Inc. has been retained to assist in the solicitation of proxies under a contract providing for payment of a fee of $6,500 plus reimbursement for its expenses. In addition to solicitations by mail and by Georgeson, Inc., the directors, officers and employees of State Bancorp may solicit proxies for the meeting from stockholders in person or by telephone. These directors, officers and employees will not be specifically compensated for their services. State Bancorp will also make arrangements with brokerage firms and other custodians, nominees and fiduciaries to send proxy materials to their principals and will reimburse those parties for their expenses in doing so.

PROPOSAL 1 THE MERGER

Background of the Merger

Prior to the recent financial crisis, State Bancorp experienced significant, well documented financial difficulties necessitating the need for substantial financial and managerial changes. Beginning in November 2006, the Company began a management reorganization and engaged in a series of transactions to rebuild the Company s depleted capital position.

In December 2008, State Bancorp participated in the U.S. Treasury s Capital Purchase Program, and received approximately $37 million in exchange for the issuance to the U.S. Treasury of the State Bancorp TARP Preferred Stock, and the State Bancorp TARP Warrant. Since 2008, State Bancorp has steadily improved its balance sheet, in part through the strategic liquidation of lower quality and non-performing assets, and has seen its financial performance normalize. State Bancorp has also continually assessed its options for redeeming the State Bancorp TARP Preferred Stock and exiting from the Capital Purchase Program. State Bancorp s current and forecasted opportunities for earnings growth, consistent with the rest of the banking industry, remain constrained due to weak loan demand, low interest rates, higher capital requirements, increasing regulatory costs, the maturity of the Long Island banking market and a limited field of attractive acquisition opportunities. These circumstances, individually and collectively, served to limit State Bancorp s ability to redeem the State Bancorp TARP Preferred Stock in a manner that would allow State Bancorp to protect current stockholder value, and deliver reasonable growth and returns in a reasonable timeframe without causing significant dilution to the current stockholder base. State Bancorp s limited opportunities for meaningful earnings growth also created a significant challenge to increase its stock price, provide stockholder returns through enhanced dividends or effect share repurchase programs.

The Board of Directors of State Bancorp has historically endeavored to enhance stockholder value by pursuing the strategy of operating as an independent community bank. In doing so, the Board of Directors has periodically evaluated State Bancorp s business plan, including the State Bancorp TARP Preferred Stock redemption options, as compared to other strategic alternatives, including acquisitions of other institutions and strategic combinations. From time to time, the Board of Directors has met with a number of investment banking firms in order to gain a better understanding of the capital markets and recent business combination transactions in the banking industry. The Board of Directors also followed a practice of remaining open to evaluating all strategic opportunities, whether combining with larger institutions or acquiring smaller institutions. The Board of Directors also encouraged Thomas O Brien, State Bancorp s chief executive officer, to engage in discussions with chief executive officers of other financial institutions to discuss the state of the local banking market and their thoughts on industry consolidation, with instructions to report to the Board on those discussions. From time to time, management of State Bancorp received informal expressions of general interest from other larger financial institutions that were pursuing aggressive strategies of growth by acquisition. In addition, State Bancorp informally expressed its interest in pursuing acquisitions to other, smaller, local financial institutions. Mr. O Brien reported all such contacts to the Board members both between and during Board meetings.

In 2010, State Bancorp s management continued to re-evaluate State Bancorp s business plan in response to the desire to redeem the State Bancorp TARP Preferred Stock, taking into account State Bancorp s operating, market and financial performance as well as State Bancorp s size and opportunities for growth as a stand-alone entity and through acquisitions or equity raises. At a Board of Directors meeting on September 21, 2010, representatives from Sandler O Neill made a presentation to the Board of Directors regarding a variety of topics, including a current analysis of the bank and thrift industry, an overview of State Bancorp s recent financial performance relative to its peers, the current bank legislative and regulatory climate, general economic conditions and forecasts, an overview of the M&A market and potential business combination partners, an overview of the capital markets and the potential for executing an equity raise.

On November 22, 2010, Mr. O Brien and Gerald H. Lipkin, Valley s chief executive officer, met at Mr. Lipkin s request, during which meeting Mr. Lipkin expressed Valley s strong interest in expanding into the

Long Island market area and sought Mr. O Brien s view on whether State Bancorp would consider a merger. Mr. O Brien advised Mr. Lipkin that State Bancorp was still in the process of executing its turnaround plan and working to redeem the State Bancorp TARP Preferred Stock. Mr. O Brien expressed his belief that successful completion of these efforts could affect State Bancorp s analysis of its strategic alternatives and his concern that uncertainty over the ultimate achievement of these goals could affect current valuations in an acquisition scenario. Mr. O Brien advised Mr. Lipkin that any discussion of a transaction would need to involve a compelling valuation including full redemption of the State Bancorp TARP Preferred Stock in order for State Bancorp to consider it on an expedited basis. Mr. O Brien also stated that State Bancorp s Board of Directors was likely to have a strong preference for stock consideration. Mr. Lipkin stated that from a valuation standpoint he was interested in a stock transaction at an approximate .80 exchange ratio. Mr. O Brien responded that such a ratio was not compelling enough for the company to rethink its business strategy. Mr. Lipkin advised Mr. O Brien that Valley would consider valuation further and follow up with Mr. O Brien. Mr. O Brien had advised his Board of Directors that he was meeting with Mr. Lipkin, and reported to the Board of Directors on the conversation at the next regularly scheduled Board of Directors meeting held on December 21, 2010. The Board concurred that Mr. O Brien should continue the practice of meeting with his counterparts at other institutions, including Mr. Lipkin, and reporting back on those discussions to the Board so that the Board could keep apprised of any strategic opportunities as they arise. The Board also discussed alternatives for raising additional capital and potential uses of new capital, including repayment of the TARP Preferred Stock. In addition, Mr. O Brien had consulted with Sandler O Neill prior to meeting with Mr. Lipkin and again shortly thereafter.

During a conference for bank chief executives held in New York City on December 2-3, 2010, Mr. Lipkin and Mr. O Brien engaged in a brief conversation during which Mr. Lipkin indicated that Valley remained interested in a business combination and was continuing to review valuation issues. At the same conference, Mr. O Brien was introduced to the chief executive officer of a large regional financial institution, referred to as Bank A, who told Mr. O Brien that he would like to meet with Mr. O Brien to discuss the Long Island market.

On January 27, 2011, Mr. O Brien met with Mr. Lipkin at Mr. Lipkin s request, who indicated that Valley and its advisors had discussed valuation and felt that they could propose a merger transaction with Valley s stock as consideration at an exchange ratio of up to .95 shares of Valley common stock for each share of State Bancorp common stock, assuming no problems were encountered in the due diligence process. Mr. O Brien discussed with Mr. Lipkin a list of key issues that Mr. O Brien felt were important for Valley to understand about State Bancorp prior to undergoing any further discussions, including State Bancorp s credit quality and its deferred tax asset, to ensure that these issues would not cause Valley to change its valuation at a later date, which Mr. O Brien emphasized was critical to State Bancorp s willingness to enter into any discussions. Mr. O Brien suggested a meeting with other members of Valley s management so he could answer questions regarding State Bancorp s history, business issues and credit profile and ask questions to allow him to understand Valley s similar characteristics.

On February 9, 2011, Mr. O Brien met with Valley s Chief Operating Officer and a representative of MG Advisors, Inc., Valley s financial advisor, to have a discussion regarding State Bancorp and Valley and their respective methods of operations, business, philosophy and related matters.

In the evening of February 9, 2011, Mr. O Brien met with the chief executive officer of Bank A for dinner at the invitation of Bank A. Also attending was a principal of Sandler O Neill. Following the dinner, the Sandler O Neill representative left and then Mr. O Brien and the chief executive officer of Bank A discussed their respective institutions generally, Bank A s desire to expand in the Long Island marketplace and Bank A s interest in the long term prospects of a combination of State Bancorp with Bank A. Bank A s chief executive officer indicated that Bank A was only interested in a cash transaction and that it was probably not in a position to proceed immediately. The chief executive officer of Bank A also indicated some concern that a transaction with State Bancorp could interfere with a larger, transformative deal for Bank A, should one arise. Mr. O Brien explained that State Bancorp was at a critically important juncture and that it needed to carefully evaluate its own future growth opportunities and finalize a strategy to redeem the State Bancorp TARP Preferred Stock that would be in the best interests of State Bancorp stockholders. The chief executive officer of Bank A suggested that he and Mr. O Brien take some time over the next few months to get to know each other and their institutions better. Mr. O Brien subsequently discussed the meeting with Sandler O Neill, noting the uncertainty of Bank A in interest and timing of any possible transactions with State Bancorp. Following the meetings of February 9th, Mr. O Brien determined that further active exploration with Valley was warranted.

On February 17, 2011, State Bancorp s Chief Credit Officer met with members of Valley s management to review State Bancorp s credit profile. Also on February 17, 2011, during a telephonic Board of Directors meeting, Mr. O Brien updated the Board of Directors on the status of his discussions with Mr. Lipkin and the chief executive officer of Bank A, noting in particular the need for Valley to understand State Bancorp s credit quality and deferred tax asset. The Board encouraged Mr. O Brien to continue to gather information regarding Valley and obtain any feedback from Valley regarding State Bancorp. The Board also encouraged Mr. O Brien to meet with Bank A should they continue to show any interest and to again report to the Board at its regularly scheduled March meeting. On February 18, 2011, Mr. Lipkin called Mr. O Brien and reported that, following that discussion and their further analysis, Valley was very satisfied with State Bancorp s credit posture, reserves, etc., and indicated that Valley was interested in moving forward with a business combination at an exchange ratio of .95 shares of Valley for each share of State Bancorp, indicating a value of between $12 and $13 per share of State Bancorp stock based on Valley s most recent trading levels at that time. Mr. O Brien advised Mr. Lipkin that he would be discussing State Bancorp s strategic alternatives with State Bancorp s Board of Directors at its next regularly scheduled meeting on March 22, 2011.

In the evening of February 18, 2011, the chief executive officer of Bank A called Mr. O Brien and told him that the limitations on Bank A s ability to complete a transaction in the near term that he had previously expressed to Mr. O Brien were no longer an issue, and that Bank A was interested and now in a position to move forward to explore a possible business combination. Mr. O Brien indicated that he would be discussing the matter with the Board of Directors at its March 22 meeting.

On March 21, 2011, Mr. O Brien met with the chief executive officer of a regional financial institution, Bank B, which is closer in asset size to State Bancorp, at Bank B s request. At this meeting, the chief executive officer of Bank B indicated that Bank B was interested in the possibility of a strategic combination between State Bancorp and Bank B. Mr. O Brien explained that State Bancorp was likely to either issue equity or consider a strategic combination in the near term as a means to build needed scale and to redeem the State Bancorp TARP Preferred Stock, which was a critical issue to the State Bancorp Board of Directors. They agreed that Sandler O Neill and Bank B s investment advisor would discuss potential valuations and possible deal structures. The chief executive officer of Bank B indicated that Bank B initially was looking at a deal structured near the current market prices of each institution. Subsequent conversations between the two financial advisors confirmed that the consideration contemplated by Bank B was at a level close to the then-current market price of State Bancorp.

At the March 22 Board of Directors meeting, representatives of Sandler O Neill made a comprehensive presentation to the Board of Directors. Sandler O Neill s presentation included a discussion of the banking industry, a capital markets overview (including a full discussion of the economic impact from an equity issuance), a mergers and acquisition overview, a franchise update on State Bancorp, and a discussion of potential acquisition targets and business combination partners. Sandler O Neill discussed the impact of increasing capital requirements on banks lending capacity and return on equity, and that, among other things, increased capital requirements make it more dilutive for banks to use equity infusions to redeem TARP preferred stock. Sandler O Neill noted that the new regulatory environment, which is imposing significantly greater compliance and capital costs, is having a significant adverse impact on the ability of smaller community banks such as State Bancorp to compete. Sandler O Neill discussed some of the metrics involved in recent bank M&A transactions and presented a comparative review of State Bancorp s recent stock and financial performance. Sandler O Neill reviewed the current independent equity analyst recommendations and their target prices for State Bancorp. Sandler O Neill also presented an analysis of the potential impact on State Bancorp s earnings, capital, stock

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price and other measures if State Bancorp were to redeem its outstanding $36.8 million in the State Bancorp TARP Preferred Stock through offerings of, in the alternative, $22 million and $35 million in common stock, each at assumed prices of $9.75 per share. This issuance price was selected based on State Bancorp s recent trading levels. Sandler O Neill also presented a comparison of potential acquisition targets located in New York, by various metrics, and provided commentary on whether these institutions would have any interest in pursuing discussions, and their attractiveness to State Bancorp. Each of the institutions presented by Sandler O Neill had been previously approached by State Bancorp management and either rebuffed any discussions or had unrealistic price expectations. Sandler O Neill presented a comparison of eight potential larger business combination partners, including Valley, Bank A and Bank B. In addition, Sandler O Neill presented an analysis of current pricing multiples for State Bancorp at several different assumed transaction prices. Sandler O Neill next presented a summary analysis of the preliminary financial impact of an acquisition of State Bancorp by each of the eight potential partners assuming they offered the same transaction value in an all-stock transaction (including impact on earnings, tangible book value and capital ratios), and a liquidity analysis showing how long it would take for a State Bancorp stockholder to liquidate the merger partner s shares in an all-stock transaction. The Board of Directors discussed each of the eight potential business combination partners, factors to consider and the analyses presented by Sandler O Neill. The Board noted, in particular, the extent to which a potential transaction would be either accretive or dilutive to the shareholders of the potential business partners both with respect to earnings and tangible book value. The Board of Directors then discussed each of the potential partners that had reached out to Mr. O Brien, including their respective reasons for coming into the Long Island market, their ability to execute a transaction without raising additional equity, their need to obtain stockholder approval, their ability to obtain regulatory approval, their target valuations and their expressed level of interest.

The Board of Directors extensively discussed State Bancorp s prospects in the current competitive and regulatory environment. In part based on management s significant efforts over the past two years, it was the consensus of the Board of Directors that there were few, if any, realistic growth opportunities by acquisition and that organic growth would be difficult and would take years to have a significant impact for stockholders. The Board of Directors concluded State Bancorp should continue to explore potential strategic business combinations that would provide stockholders a greater opportunity for both short and long term increased returns. The Board of Directors discussed potential pricing of a transaction, including Valley s preliminary indication of an exchange ratio of up to .95 shares of Valley stock for each share of State Bancorp stock, subject to full due diligence, and reached a consensus view that a strategic combination with a larger institution in an all-stock transaction that provides State Bancorp s stockholders an opportunity for increased cash dividends, the potential for future stock appreciation, the ability to defer a potential taxable event that otherwise would exist in a cash transaction and the market liquidity to dispose of their shares would be preferable to a cash transaction. The Board of Directors concluded that Valley had the greatest ability to offer the highest valuation for State Bancorp stockholders due to the accretive value of a transaction with State Bancorp to Valley s stockholders.

The Board of Directors also met in executive session without Mr. O Brien present to discuss the impact of any strategic business combination on Mr. O Brien in light of the fact that his employment agreement was then due to expire in November 2011 and that the Board of Directors has been evaluating a possible extension of the employment agreement. The Board of Directors noted that the Compensation Committee and the Board of Directors had been discussing since the fall of 2009 seeking from Mr. O Brien either a new contract or an extension of his existing contract. The Board of Directors concluded that whatever strategic course the Board of Directors was to decide upon, it was crucial for State Bancorp to finalize an extension or a new contract with Mr. O Brien as soon as possible. The full Board of Directors then reconvened and authorized Mr. O Brien, at his discretion, to continue to entertain further discussions with interested parties, and specifically to initiate due diligence and enter into confidentiality agreements with Valley and/or with Bank A. The Board also authorized Mr. O Brien to formally engage Sandler O Neill, taking into account that firm s extensive experience in the area of bank mergers and acquisitions, to assist with any such discussions and evaluate for the benefit of the Board any proposals that may be received. The Board also discussed the potential need for Sandler O Neill to engage in a market check of other potentially interested parties should Valley or Bank A develop a definitive proposal for a transaction with State Bancorp.

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On March 23, 2011, State Bancorp and Valley entered into a mutual confidentiality agreement. Mr. O Brien spoke with both Mr. Lipkin, and then to MG Advisors, each of whom indicated that Valley was very committed to a transaction with State Bancorp and was ready to move forward expeditiously. On March 25, 2011, State Bancorp received from Valley a due diligence request list and an informal term sheet to serve as a starting point for discussions. Among other matters, the term sheet indicated Valley s desire that State Bancorp s named executive officers and certain other key employees identified by Valley enter into retention arrangements for a minimum transition period post closing.

On March 24 and March 28, 2011, Mr. O Brien had further conversations with the chief executive officer of Bank A. Mr. O Brien informed Bank A s chief executive officer that State Bancorp intended to look very selectively at strategic merger possibilities to determine if available terms were sufficiently compelling to override the value of completing State Bancorp s turnaround strategy and redemption of the State Bancorp TARP Preferred Stock with newly issued equity. In this regard, he noted that State Bancorp would have a strong preference for stock in any merger in light of the potential tax efficiencies of this form of consideration and to allow State Bancorp stockholders discretionary participation in the future performance of the merger partner s stock. Bank A s chief executive officer indicated that he would like to learn more about State Bancorp s business, credit, and opportunities for Bank A. Bank A s chief executive officer further indicated that Bank A s valuation would be in the range of $12-13 per share, in an all cash transaction, and would also include a redemption of the State Bancorp TARP Preferred Stock. Bank A s chief executive officer indicated that using any Bank A stock as consideration would be a significant problem for Bank A.

On March 30, 2011, Mr. O Brien and State Bancorp s Chief Credit Officer met with Bank A s chief executive officer and chief lending officer and discussed each company s lending philosophy, loan portfolio, regulatory matters, staffing and new business sourcing.

During the week of April 3, 2011, Valley performed an initial due diligence document review of State Bancorp documents through a secure data site. On April 8, Day Pitney LLP, Valley s outside legal counsel, circulated a draft merger agreement. Over the weekend of April 9-10, Valley performed an in-depth review of State Bancorp s loan portfolio at State Bancorp s offices in Manhattan and Jericho, New York. Following this review, Mr. Lipkin called Mr. O Brien and stated that Valley was satisfied with the loan portfolio and was prepared to proceed with an all-stock transaction based on the .95 exchange ratio. After receiving this confirmation, State Bancorp provided Valley with a reverse due diligence request list, and an on-site reverse due diligence review and management meetings were scheduled to take place at Valley s headquarters in Wayne, New Jersey later that week.

On April 11, 2011, the respective chief executive officers and chief financial officers of State Bancorp and Bank A met for further discussions. Mr. O Brien again advised Bank A that a stock transaction remained a strong preference for State Bancorp. The chief financial officer of Bank A indicated that Bank A could not execute a stock transaction. The chief executive officer of Bank A indicated that Bank A s proposed consideration remained in the $12-13 per share range, all cash, plus the redemption of the TARP Preferred Stock. Mr. O Brien told Bank A that he intended to make a recommendation at the April 26, 2011 Board of Directors meeting regarding a strategic path, which was likely to be either a stock issuance to raise funds to redeem the State Bancorp TARP Preferred Stock, or a business combination, including the redemption of the State Bancorp TARP Preferred Stock, in the near term.

Also on April 11, 2011, Mr. O Brien met with the chief executive officer of another larger regional financial institution, referred to as Bank C, at Bank C s request. Bank C s chief executive officer indicated his institution s desire to expand in the Long Island marketplace. Mr. O Brien explained to Bank C that State Bancorp was currently considering an equity raise or a strategic merger, with some concerns about dilution in an equity raise. Mr. O Brien strongly suggested that if Bank C had an interest in State Bancorp, Bank C should again contact Mr. O Brien quickly if they wished to have any further conversations. Mr. O Brien informed Bank C that he would be presenting a recommendation as to whether State Bancorp would pursue a strategic transaction or a possible equity raise at the upcoming April 26, 2011 Board of Directors meeting.

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On April 13, 2011, a special meeting of the Board of Directors of State Bancorp was held to update the Board of Directors on events since the March 22 meeting and to seek the Board of Directors authorization to continue the strategic discussions with Valley and other potential interested parties. Mr. O Brien updated the Board of Directors on his direct discussions with potential partners for a strategic business combination. Sandler O Neill presented a more in-depth review of the Valley franchise, as well as a pro forma analysis showing how the assets and income of each of Valley and State Bancorp would contribute to a combined company, and a comparative analysis of regional commercial banks. The Board of Directors reviewed the stockholder and regulatory approvals that would be required in connection with a merger with Valley, the potential timeline for negotiations of a merger agreement with Valley, and the various deal protections Valley was seeking, as reflected in the Valley draft merger agreement, including a termination fee equal to 5% of the total transaction value, a lock-up stock option and a no shop provision with a limited fiduciary out. The Board of Directors also discussed the current trading prices of State Bancorp and Valley and analyst estimates of Valley s stock. It was also noted that Bank A s oral indication of interest, on an all-cash basis, at a price between $12 and $13 per share, would represent a lower price than the current value of the stock consideration that Valley was offering.

The Board of Directors also discussed the benefits of a stock deal over a cash deal. The Board of Directors considered that the transaction would be tax-free to State Bancorp stockholders. The Board of Directors further noted that the stockholders would have the choice of continuing to be investors in the ongoing business and receive the benefit from further increases in value and from any dividend payments, or convert their holdings to cash immediately following the merger. The Board of Directors reiterated its general preference for a stock transaction over a cash transaction. At the conclusion of the meeting, the Board of Directors authorized management to continue in its discussions with Valley and to have preliminary discussions with other parties that may express an interest in partnering with State Bancorp.

On April 14, 2011, State Bancorp performed a reverse due diligence review at Valley s New Jersey headquarters. Management meetings and negotiations regarding certain business terms were held at that time. As part of these negotiations, the parties agreed that the merger consideration would be increased from .95 shares of Valley to a 1-to-1 exchange ratio in order to reflect a 5% stock dividend that Valley had just declared, that a lock-up stock option would not be provided by State Bancorp and that the requested termination fee would be reduced subject to further discussion. The parties also agreed to discuss the terms of a stock price-based termination provision for the benefit of State Bancorp. In addition, Mr. Lipkin and Mr. O Brien met and discussed the importance to the success of the transaction of having a smooth transition. At that time, Mr. Lipkin stressed that he would like Mr. O Brien to consider a long term executive position with Valley. Mr. O Brien indicated that he was committed to a successful transition but that he had not considered his long term personal plans and did not want that to become an issue in the negotiations. On April 15, Valley reviewed documents at the offices of State Bancorp s outside legal counsel, Arnold & Porter, and Arnold & Porter provided Day Pitney with State Bancorp s initial comments to Valley s draft merger agreement. Negotiations regarding key terms of the transaction continued for the following few days.

On April 19 and 20, 2011, Bank A s chief executive officer called Mr. O Brien and reiterated Bank A s interest in building its Long Island presence. Bank A s chief executive officer said that the proposed offer continued to be cash only in the range of $12-13 per share, plus the redemption of the State Bancorp TARP Preferred Stock. Mr. O Brien indicated that while he understood that an offer from Bank A would only be in cash, he reiterated that the State Bancorp Board of Directors had a strong preference for stock consideration.

On April 21, 2011, another special meeting of the Board of Directors of State Bancorp was held to update the Board of Directors on events since the April 13 meeting and to report on the status of the reverse due diligence and negotiations with Valley and discussions with other parties. Mr. O Brien reported on his conversations with Bank A, noting that, in addition to still being a cash offer, a transaction with Bank A entailed certain additional considerations that, while not insurmountable, could complicate or delay a transaction, including certain statutory business limitations noted by Bank A s chief executive officer. Mr. O Brien, Sandler O Neill and Arnold & Porter reported on the results of the due diligence on Valley. Mr. O Brien noted that State

Bancorp s team found Valley to be very similar to State Bancorp in how they structured their business model and in other matters. Valley was found to have greater concentration in consumer and retail banking than State Bancorp, which would be additive in State Bancorp s markets. Overall, State Bancorp s diligence team saw the same similarities in Valley that Valley s diligence team had seen in State Bancorp. Mr. O Brien and Arnold & Porter discussed the status of negotiations on key business terms. Sandler O Neill also discussed Valley s stock price and dividend history, reporting that Valley had paid cash dividends, without reduction in the dividend rate, continuously for the last 15 years and had also declared an annual stock dividend for the last 15 years. Valley s dividend rate of $.72 per share was approximately 260% greater than State Bancorp s current annual cash dividend of $.20 per share. Sandler O Neill noted that Valley s stock has historically traded at both higher and lower levels than it is currently trading, and that Valley s historical stockholder return has been comparatively stable. Also, while in executive session without Mr. O Brien present, the Board of Directors approved amendments to Mr. O Brien s employment agreement that had been under discussion since late 2009 to extend the term through the end of 2012, increase his base salary to $500,000 and increase the target annual cash incentive to $250,000. The Board instructed Mr. O Brien to continue the negotiations with Valley and, should such negotiations yield a definitive agreement for review with the Board, he should request that Sandler O Neill conduct a limited market check of other potential interested parties.

Following the Board of Directors meeting on April 21, 2011, in-person negotiations on the merger agreement were held at Day Pitney s offices with representatives from Valley, State Bancorp and their respective advisors present. Negotiations continued over the following several days to prepare a final draft merger agreement for review by State Bancorp s Board of Directors at its April 26 meeting. During this time, Mr. O Brien authorized Sandler O Neill to conduct a limited market check of institutions that were discussed with the Board at the March 22nd Board meeting as having the capacity to engage in a transaction with State Bancorp.

On April 22, 2011, Mr. O Brien had another discussion with Bank A s chief executive officer, who stated that he was now proposing a $13 per share cash offer, plus redemption of the State Bancorp TARP Preferred Stock. Mr. O Brien reiterated that while he understood that the proposal was all cash, the State Bancorp Board of Directors had expressed a strong preference for stock.

On April 25, 2011, a draft merger agreement was made available to each State Bancorp Board of Directors member for review. On April 26, 2011, a regularly scheduled meeting of the Board of Directors was held following State Bancorp s annual stockholder meeting. At this meeting the Board of Directors reviewed the draft merger agreement with Valley in detail with management, and representatives of Sandler O Neill and Arnold & Porter. As an initial matter, Mr. O Brien reviewed the events of the past month, and informed the Board of Directors of his latest discussions with Bank A s chief executive officer. Arnold & Porter reviewed with the Board of Directors its strategic options and its fiduciary duties in making the decision before it. Arnold & Porter also reviewed and discussed the draft merger agreement in detail. Sandler O Neill gave a presentation regarding the financial and strategic aspects of the transaction that had been negotiated with Valley. In addition to reviewing the key financial terms of and strategic rationale for the transaction, Sandler O Neill reviewed a number of stand alone, pro forma and comparative metrics for State Bancorp and Valley with the Board of Directors, including pricing multiples for the Valley transaction at current stock prices, comparative financial analyses of State Bancorp and Valley to other institutions, pro forma financial analysis of the financial impact of a merger on State Bancorp and Valley, and comparisons of dividends, share liquidity, projected earnings and present value. Sandler O Neill noted that based on Valley s share price at the close of the market on April 25, 2011, the value of the transaction was $12.84 per State Bancorp share, assuming that Valley s stock price would fully adjust for Valley s recently declared 5% stock dividend (the actual April 25 closing price of Valley being $13.48 per share). It was noted by the Board of Directors that it would take years for State Bancorp to redeem the State Bancorp TARP Preferred Stock on a stand-alone basis, and that State Bancorp might not reach a $13 per share stock price on its own until around 2016 at current growth rates. The Board of Directors also took the view that it would likely be many years before State Bancorp, on a stand-alone basis, would be able to provide a cash dividend that would represent a yield equivalent to Valley s dividend.

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Sandler O Neill further reported that, as discussed with the Board of Directors and authorized by Mr. O Brien, it had performed a market check shortly before the meeting, reaching out to two other potential business combination partners from the list reviewed at the March 22 Board of Directors meeting that they believed, based on earlier discussions with the Board of Directors and management of such potential partners, would be most interested and best positioned to make an offer competitive with Valley s offer. Sandler O Neill commented that neither of the two companies contacted indicated a willingness to aggressively pursue a transaction with State Bancorp at valuations that would result in a higher and better proposal than Valley s proposal. Sandler O Neill also noted Mr. O Brien s discussions with Bank A, Bank B and Bank C over the past month. None of these discussions yielded a potential interest that was likely to be superior to Valley s offer. Bank A had stated that it could only offer cash consideration, Bank B s proposed structure contemplated no premium to State Bancorp s market price, and Bank C never put forth a proposed price. The Board of Directors inquired as to whether any of the other institutions Sandler O Neill had discussed with the Board of Directors previously might potentially be interested in a transaction. Sandler O Neill explained that State Bancorp would either be too small or too expensive an acquisition for the institutions mentioned. Sandler O Neill delivered its oral opinion, subsequently confirmed in writing on April 28, 2011, as to the fairness of the exchange ratio to State Bancorp s stockholders from a financial point of view.

The Board of Directors engaged in a lengthy discussion with State Bancorp s management and advisors comparing the options before the Board of Directors and discussing the terms of the merger agreement with Valley. The Board of Directors also met in executive session, during which the Board of Directors considered, among other matters, the treatment of officers and employees of State Bancorp and State Bank of Long Island in the proposed merger and the financial and other interests of members of management, both as stockholders and under the terms of various pre-existing compensation arrangements and newly structured compensation arrangements that were introduced at Valley s initiative. When the full Board of Directors reconvened, it determined to hold a special meeting the following day to further consider and vote on the transaction with Valley.

Following the Board of Directors meeting on April 26, 2011, State Bancorp received a communication from Valley containing several new conditions to Valley s entry into a transaction, including a request for extended non-competition agreements and other protective covenants, in addition to those embedded in pre-existing agreements, from all of the State Bancorp employees from whom Valley had previously requested retention agreements. A negotiation ensued, following which Valley and Mr. Lipkin offered to withdraw each of these new demands in exchange for a non-competition agreement with Mr. O Brien. Mr. Lipkin and Mr. O Brien met privately that evening to discuss the matter further. These discussions resumed the following day, both privately between Mr. Lipkin and Mr. O Brien and with legal advisors present during a telephone conference call, but did not result in a written agreement. However, Mr. O Brien reported to State Bancorp s Board of Directors that he had an informal discussion with Mr. Lipkin regarding an arrangement under which he would not join an in-market competitor of Valley for a period of time, but no agreement was reached that would modify the restrictive covenants in Mr. O Brien s employment agreement.

On April 27, 2011, State Bancorp s Board of Directors held a special telephonic meeting to further consider and vote on the merger with Valley. Mr. O Brien and State Bancorp s advisors reviewed with the Board of Directors the new conditions Valley had raised following the prior day s Board of Directors meeting and Mr. O Brien s informal discussion with Mr. Lipkin. The Board of Directors discussed the merger agreement, the events of the past day and, without Mr. O Brien s presence, discussed Mr. O Brien s informal discussion with Mr. Lipkin and determined that the transaction with Valley remained in the best interests of State Bancorp s stockholders. Following this discussion, State Bancorp s Board of Directors unanimously voted to approve the entry into the merger agreement with Valley.

On April 28, 2011, the parties executed the merger agreement and issued a joint press release announcing the transaction.

Recommendation of State Bancorp s Board of Directors and Reasons for the Merger

State Bancorp s Board of Directors believes that the merger is in the best interests of State Bancorp and its stockholders. Accordingly, State Bancorp 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, State Bancorp s Board of Directors consulted with its outside legal counsel and its financial advisor and considered a variety of factors, including the following:

- the State Bancorp Board of Directors familiarity with and review of State Bancorp s business, financial condition, results of operations and prospects, including, but not limited to, its business plan and its potential for growth, development, productivity and profitability;

- the current and prospective environment in which State Bancorp 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;

- State Bancorp s belief that State Bancorp needs to grow to be in a position to deliver a competitive return to its stockholders;

- State Bancorp s belief that the redemption of the State Bancorp TARP Preferred Stock is required in order for State Bancorp to be able to best increase stockholder returns;

- the State Bancorp Board of Directors review with its legal and financial advisors of strategic alternatives to the merger, including potential acquisitions of selected target companies, a potential equity raise, the discussions with Bank A, Bank B and Bank C, and the possibility of remaining independent;

- the likelihood that acquisition opportunities for State Bancorp as a buyer are limited since all potential targets within State Bancorp s market area are either very small, have credit quality issues or have clearly expressed a strong desire to remain independent for the foreseeable future;

- the likelihood that the alternative of an equity raise would be dilutive to State Bancorp s existing stockholders and that, other than redemption of the State Bancorp TARP Preferred Stock, there are few uses for additional capital given the lack of significant growth opportunities;

- the State Bancorp Board of Directors review, based in part on presentations by State Bancorp s management and advisors and on the due diligence performed in connection with the transaction, of Valley s business, financial condition, results of operations and management; the recent performance of Valley s common stock on both a historical and prospective basis; the strategic fit between the parties; the potential synergies expected from the merger; the geographic fit between State Bancorp s and Valley s service areas; and the business risks associated with the merger;

- the expectation that the merger will provide holders of State Bancorp common stock with the opportunity to receive a substantial premium over the historical trading prices for their shares and that the exchange of Valley shares for State Bancorp shares will be tax-free for federal income tax purposes;

the expected pro forma financial impact of the transaction, taking into account anticipated cost savings and other factors, on both State Bancorp stockholders and Valley stockholders, including that the transaction would be accretive to the earnings per share of both Valley and State Bancorp, accretive to Valley s tangible book value, and dilutive to State Bancorp s tangible book value;

the prospects for continuation of Valley s favorable historical dividend rates, which are currently approximately 260% greater than State Bancorp s dividend rate;

the expectation that the historical liquidity of Valley stock will offer State Bancorp stockholders the opportunity to participate in the growth and opportunities of Valley by retaining their Valley stock following the merger, or to exit their investment, should they prefer to do so;

the lack of prospects for a superior offer for a strategic combination that affords State Bancorp stockholders the ability to continue their equity investment in a tax efficient manner;

the State Bancorp Board of Directors review with its legal and financial advisors of the provisions of the merger agreement, including the redemption of the State Bancorp TARP Preferred Stock, the flexibility of the State Bancorp Board of Directors to consider unsolicited proposals from other institutions after the execution of the merger agreement and the $8.75 million termination fee in favor of Valley in the event the merger agreement is terminated under certain specified circumstances;

the ability of State Bancorp to terminate the merger agreement if Valley s stock price falls below certain specified thresholds on both an absolute and relative basis or if a superior bid emerges;

the opinion of Sandler O Neill, financial advisor to State Bancorp, that the consideration to be received in the merger by State Bancorp s stockholders is fair to those stockholders from a financial point of view, as more fully described under Fairness Opinion of State Bancorp s Financial Advisor on page 59;

the similarity between State Bancorp s and Valley s management philosophies, approaches and commitments to the communities, customers and stockholders they each serve and their respective employees;

the effects of the merger on State Bancorp s employees, including the prospects for continued employment and the severance and other benefits agreed to be provided by Valley;

the impact of the merger on depositors, customers and communities served by State Bancorp and the expectation that the combined entity will continue to provide quality service to the communities and customers currently served by State Bancorp;

Valley s agreement, upon the closing of the merger, to appoint one person who is a director of State Bancorp as a director of Valley and Valley National Bank, which is expected to provide a degree of continuity and involvement by State Bancorp s Board of Directors following the merger; and

Valley s requirement that State Bancorp s named executive officers and certain other key employees identified by Valley execute retention agreements with Valley to provide economic incentives for such persons to remain with the resulting entity for six months following the closing of the merger to allow for an orderly and successful transition.

The State Bancorp Board of Directors also considered potential risks relating to the merger, including the following:

the need to obtain regulatory approvals complete the merger, including approval to redeem the State Bancorp TARP Preferred Stock;

the potential for diversion of management and employee attention, and for employee attrition, during the period prior to the completion of the merger and the potential effect on State Bancorp s business and relations with customers, service providers and other stakeholders, whether or not the merger is completed;

the merger agreement provisions generally requiring State Bancorp to conduct its business in the ordinary course and the other restrictions on the conduct of State Bancorp s business prior to completion of the merger, which may delay or prevent State Bancorp from undertaking business opportunities that may arise pending completion of the merger;

Valley could experience a decrease in profitability or regulatory pressure that would force it to reduce its dividends from historical levels;

with stock consideration based on a fixed exchange ratio, the risk that the consideration to be paid to State Bancorp stockholders could be adversely affected by a decrease in the trading price of Valley common stock during the pendency of the merger;

expected benefits and synergies sought in the merger, including cost savings and Valley s ability to successfully market its financial products to State Bancorp s customers, may not be realized or may not be realized within the expected time period;

the challenges of integrating the businesses, operations and employees of State Bancorp and Valley;

certain provisions of the merger agreement prohibit State Bancorp from soliciting, and limit its ability to respond to, proposals for alternative transactions;

State Bancorp s obligation to pay to Valley a termination fee of $8.75 million if State Bancorp recommends or accepts an alternative acquisition proposal may deter others from proposing an alternative transaction that may be more advantageous to State Bancorp s stockholders;

the possible effects on State Bancorp should the parties fail to complete the merger, including the possible effects on State Bancorp s common stock and the associated business and opportunity costs;

that State Bancorp s directors and executive officers may have interests in the merger that are different from or in addition to those of its stockholders generally, as described in the section entitled Interests of Certain Persons in the Merger Interests of State Bancorp Executive Officers and Directors in the Merger on page 53; and

the other risks described in the section entitled Risk Factors beginning on page 28 and the risks of investing in Valley common stock identified in the Risk Factors sections of Valley s periodic reports filed with the SEC and incorporated by reference herein.

The discussion of the information and factors considered by the State Bancorp Board of Directors is not exhaustive, but includes the material factors considered by the State Bancorp Board of Directors. In view of the wide variety of factors considered by the State Bancorp Board of Directors in connection with its evaluation of the merger and the complexity of these matters, the State Bancorp Board of Directors did not attempt to quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Furthermore, in considering the factors described above, individual members of State Bancorp s Board of Directors may have given different weights to different factors. The State Bancorp Board of Directors evaluated the factors described above, including asking questions of State Bancorp s management and State Bancorp s legal and financial advisors, and reached the unanimous decision that the merger was in the best interests of State Bancorp and its stockholders. The Board of Directors realized there can be no assurance about future results, including results expected or considered in the factors listed above. However, the Board of Directors concluded the potential positive factors outweighed the potential risks of completing the merger. It should be noted that this explanation of the State Bancorp Board of Directors reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading Forward-Looking Statements beginning on page 26.

On the basis of these considerations, State Bancorp s Board of Directors unanimously approved the merger agreement.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS OF STATE BANCORP VOTE FOR THE APPROVAL OF THE MERGER AGREEMENT.

Valley s Reasons for the Merger

Valley has an ongoing strategy of highly focused growth within the New Jersey and New York City metropolitan area through new branches and acquisitions of other strong financial institutions.

Valley entered into the merger agreement with State Bancorp to further implement this strategy. State Bancorp Bank is a traditional commercial bank with a culture focused on strong asset quality, customer service and earnings, making it similar to Valley s business model. Valley expects that the merger will further its

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strategic eastward geographic extension into Long Island and will provide new opportunities for Valley to expand its community bank franchise following the merger in areas such as consumer lending, which have historically not been actively pursued by State Bancorp.

Over the years, State Bancorp has developed a strong following among small- to medium-sized companies that want to maintain their banking relationship with senior management and the decision makers in the bank. This closely follows Valley s approach to banking.

Interests of Certain Persons in the Merger

Interests of State Bancorp Executive Officers and Directors in the Merger

In considering the recommendations of the State Bancorp Board of Directors, State Bancorp s stockholders should be aware that some of the executive officers and directors of State Bancorp have interests in the merger that may differ from, or may be in addition to, the interests of State Bancorp s stockholders. These interests may present such executive officers and directors with actual or potential conflicts of interests, and these interests, to the extent material, are described below:

Ownership of State Bancorp

Some of the officers and directors of State Bancorp currently own State Bancorp common stock and some of the officers of State Bancorp have been granted State Bancorp stock options. As of September 30, 2011, such officers and directors beneficially owned an aggregate of 2,090,924 shares of State Bancorp common stock. Outstanding State Bancorp common shares will be converted into shares of Valley common stock in the merger at the exchange ratio.

Board Membership

Valley has agreed to appoint one director of State Bancorp to both the Valley and Valley National Bank Boards of Directors when the merger occurs. The director appointed will be compensated in the same manner as other directors of Valley and Valley National Bank. Valley will choose the director from a pool of three candidates selected by the State Bancorp Board of Directors and who meet Valley s director qualifications. This pool of candidates has not yet been determined. All current State Bancorp non-management directors who do not become directors of Valley following the merger will be invited to serve as advisory directors for Valley National Bank s New York regional advisory board, for which no compensation is paid. Advisory directors are one source to which Valley National Bank looks for candidates for its Board of Directors.

Indemnification; Directors and Officers Insurance

Pursuant to the merger agreement, for a period of six years after the effective time of the merger, Valley has agreed to indemnify, defend, hold harmless and advance expenses to each present and former officer and director of State Bancorp and its subsidiaries to the fullest extent authorized or permitted by law. Valley also has agreed that all rights to indemnification and advancement of expenses from liabilities under State Bancorp s restated certificate of incorporation with respect to acts or omissions occurring prior to the effective time of the merger now existing in favor of current and former officers and directors of State Bancorp or any of its subsidiaries will survive the merger and continue in full force and effect in accordance with the their terms and without regard to any subsequent amendment thereof.

In addition, Valley has agreed that it will, for at least six years following the effective date of the merger, maintain tail directors and officers liability insurance with respect to the directors and officers of the State Bancorp entities who are currently covered by existing directors and officers liability insurance with respect to claims arising from facts or events that occurred before the effective time of the merger.

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Summary of Payments and Benefits to Directors

Non-employee directors of State Bancorp are not expected to receive any compensation based on or related to the merger that has not already accrued or vested in them, other than as disclosed above in this section on Interests of State Bancorp Executive Officers and Directors in the Merger . Payment of amounts deferred by Arthur Dulik, Jr. under the State Bancorp, Inc. Directors Deferred Compensation Plan, which amount to $730,387 as of September 30, 2011, and which accrue interest monthly at the applicable federal long-term rate published at the beginning of each quarter (3.79% annually for the third quarter of 2011), will be accelerated and paid in a lump sum upon closing of the merger. In the absence of a merger any other such change in control they are to be paid in 15 annual installments beginning in the first year after Mr. Dulik attains age 72. In addition, Valley reserves the right to elect to payout all benefits under the State Bancorp, Inc. Directors Deferred Compensation Plan either within 30 days before or 12 months after closing of the merger, or within the period that is over 12, but less than 24 months from required action by Valley.

Equity Compensation Awards

State Bancorp s executive officers participate in State Bancorp s equity-based compensation plans and hold outstanding stock options and restricted stock granted under such plans. In addition, Mr. O Brien received awards of stock options and restricted stock as part of his initial compensation package as described in his employment agreement with State Bancorp and State Bank of Long Island. Upon completion of the merger, (i) each outstanding option to acquire State Bancorp common stock granted under any State Bancorp equity plan or other compensatory arrangement will convert automatically into a fully vested and exercisable option to purchase a number of shares of Valley common stock equal to the number of shares of State Bancorp common stock underlying such State Bancorp stock option immediately prior to the merger multiplied by the exchange ratio, with an exercise price that equals the exercise price of such State Bancorp stock option immediately prior to the merger divided by the exchange ratio and otherwise on the same terms and conditions as were in effect immediately prior to the completion of the merger; and (ii) each outstanding share of restricted stock of State Bancorp will be converted automatically into a fully vested right to receive one share of Valley common stock (or such number of shares of Valley equal to the then current exchange ratio).

The following table sets forth, based on outstanding awards under State Bancorp s equity plans and other compensatory arrangements as of October 15, 2011 (1) the number and value of all outstanding and unexercised State Bancorp stock options held by each of State Bancorp s executive officers, and (2) the number and value of shares of State Bancorp restricted stock held by each such person:

	Number of Outstanding Options[1]	Value of Outstanding Options[2] ($)	Number of Outstanding Shares of Restricted Stock	Value of Outstanding Shares of Restricted Stock[3] ($)
Executive Officers:				
Thomas M. O Brien	164,745	0	41,338	542,938
Brian K. Finneran	12,300	0	40,139	527,186
Patricia M. Schaubeck	0	0	29,915	392,904
Thomas A. Iadanza	0	0	29,686	389,896
Thomas L. Nigro	0	0	9,546	125,373

(1) The options held by the executive officers have exercise prices ranging from $17.84 to $22.63. Except for 32,949 options outstanding to Mr. O Brien, which are scheduled to vest on November 7, 2011, all outstanding options held by executive officers have fully vested as of October 15, 2011.

(2) The exercise price per share of all outstanding options held by State Bancorp s executive officers is higher than the price per share of State Bancorp s common stock used to calculate the value, as described below.

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Each option s value is calculated based on the excess, if any, of its exercise price per share over $13.13, the average closing price of State Bancorp common stock over the first five business days following April 28, 2011, the date of the first public announcement of the merger agreement.

(3) Calculated using a per share price of State Bancorp common stock of $13.13, the average closing price of State Bancorp s common stock over the first five business days following April 28, 2011, the date of the first public announcement of the merger agreement.

Retention Agreements

As provided in the Merger Agreement, and at the request of Valley, as a condition to Valley executing the Merger Agreement, State Bancorp, SBLI, Valley and Valley National Bank have entered into Executive Retention Incentive Agreements (each, referred to as a Retention Agreement) with each of Thomas M. O Brien, Brian K. Finneran, Patricia M. Schaubeck, Thomas A. Iadanza and Thomas L. Nigro (each referred to as a named executive officer of State Bancorp). The purpose of the Retention Agreements is to facilitate retaining the officers services following the merger and serve as an inducement to Valley to enter into the merger agreement by (i) eliminating a financial incentive for each executive to resign following the closing of the merger by paying the monetary payments and agreeing to provide the benefits the officer would receive if he or she resigned, and (ii) providing additional compensation for continuing to provide services following the closing of the merger through at least a transition period. The Retention Agreement quantifies, subject to adjustment as provided therein, for each officer the termination benefits that would be due under the officer s existing employment agreement or change in control agreement in the event of discharge without cause, resignation for good reason or in certain cases at the end of one year for no reason, in each case, following the closing of the Merger (each referred to as a Triggering Event) and provides for the payment of the severance and benefits at specified times without regard to the existence of a Triggering Event, subject to the officer s execution of a prescribed form of release of claims.

The Retention Agreements provide for the following benefits to each of the executive officers executing such agreements:

- A lump sum monetary payment equal to the amount that would be payable to the executive officer under existing employment or change in control agreements payable in connection with the closing;

- The payment of premiums for continued health insurance coverage (for Mr. O Brien, until he and his spouse are both eligible for Medicare benefits; and payment of premiums for continued health and life insurance coverage for other executive officers, for a period of two years following termination of employment);

- Outplacement services for a period of two years following termination of employment, up to $10,000 per year (for all executive officers other than Mr. O Brien); and

- The lump sum payment made at closing of the amounts payable to those executive officers participating in State Bancorp s deferred compensation plans.

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The following table sets forth the estimated values of cash payments and other benefits that each executive officer would receive under the Retention Agreements:

Name	Monetary Payment ($)(1)	Continued Insurance Coverage ($)(2)	Outplacement Services ($)(2)	Deferred Compensation ($)(3)
Thomas M. O Brien	2,250,000	68,531		
Brian K. Finneran	718,394	42,729	19,981	413,358
Patricia M. Schaubeck	488,024	13,697	19,981	63,294
Thomas A. Iadanza	514,899	5,078	19,981	
Thomas L. Nigro	415,485	30,700	19,981	

(1) For each executive officer other than Mr. O Brien, this monetary payment is subject to reduction to the extent that amounts payable and benefits to be provided to the officer would be excess parachute payments within the meaning of section 280G of the Internal Revenue Code of 1986, or the Code, and thus subject to excise taxes under section 4999 of the Code.

(2) These present value calculations make use of the appropriate short-term applicable federal interest rate for October 2011 under section 1274(d) of the Code.

(3) Account balances as of September 30, 2011.

The Retention Agreements also provide for the payment of a lump sum payment as an incentive to each executive to remain in Valley s employ as a non-executive employee during a transition period of 180 days to assist with the systems conversion, integration of business units and other transition matters. During such 180-day period, such executive officers will also be paid a base salary and be eligible to participate in Valley s benefit plans. The following table sets forth the annual rate of base salary and the amount of the lump-sum incentive payment for each executive officer under the Retention Agreements:

Name	Annual Base Salary ($)	Lump Sum Incentive Payment ($)
Thomas M. O Brien	500,000	250,000
Brian K. Finneran	280,000	240,000
Patricia M. Schaubeck	225,000	200,000
Thomas A. Iadanza	225,000	140,000
Thomas L. Nigro	185,000	75,000

The lump sum payments are payable at the end of the transition period or upon earlier termination without cause by Valley or due to death or disability and are forfeited in the event of voluntary resignation or discharge with cause during the transition period or the executive s failure or refusal to execute a prescribed form of release of claims. The lump sum payments include, but in the case of officers other than Mr. O Brien and Mr. Nigro are not limited to, annual incentives that would be earned and payable for 2011 following the merger under State Bancorp s annual incentive compensation program for services rendered in 2011.

Each Retention Agreement preserves the provisions of the officer s existing employment agreement or change in control agreement for post-termination, confidentiality, non-solicitation of customers, non-solicitation of employees and non-derogation (for officers other than Mr. O Brien). These provisions are designed to assist State Bancorp, State Bank of Long Island and their successors in preserving their franchise during a transition period following the officers departure in certain circumstances. Mr. O Brien and Mr. Lipkin, Valley s chief executive officer, have reported to the Boards of Directors of State Bancorp and Valley, respectively, an informal discussion regarding an arrangement under which Mr. O Brien would not join an in-market competitor of Valley for a period of time, but no agreement was reached that would modify the restrictive covenants in Mr. O Brien s employment agreement.

Other Employee Benefits.

Before or following consummation of the merger, Valley will decide whether to continue each employee welfare benefit plan, within the meaning of ERISA, for the benefit of employees of State Bancorp and State Bank of Long Island or have such employees become covered under a Valley welfare plan. Subject to the foregoing, following consummation of the merger, Valley will make available to all officers and employees of State Bancorp who become employees of Valley National Bank coverage under the benefit plans generally available to Valley National Bank s officers and employees. No prior existing condition limitation not currently imposed by State Bancorp or State Bank of Long Island medical or dental plans will be imposed on employees of State Bancorp or State Bank of Long Island under Valley s or Valley National Bank s medical or dental plans. Employees of State Bancorp or State Bank of Long Island will receive credit for any deductibles paid under State Bancorp or State Bank of Long Island medical or dental plans. State Bancorp employees will be given credit for eligibility and vesting purposes (but not for benefit accrual purposes) under Valley National Bank s medical, life, vacation, sick leave, disability and other welfare plans for prior service with State Bancorp. State Bancorp employees will be granted credit for prior service with State Bancorp solely for purposes of eligibility and vesting under Valley National Bank s 401(k) plan.

Officers and employees of State Bancorp and State Bank of Long Island who are not party to retention agreements and are terminated involuntarily other than for cause by Valley or Valley National Bank upon or within one year following the consummation of the merger, will be eligible for severance payments in the amount of two (2) weeks of base salary per year of service. These severance benefits will be subject to a minimum of four (4) weeks of base salary for non-officer employees and twelve (12) weeks of base salary for officers, and to a maximum of 52 weeks of base salary for each officer or employee. In addition, these terminated employees will be reimbursed for payments made for continuing group health care coverage under the Consolidated Omnibus Budget Reconciliation Act (or COBRA) for the same number of weeks to the extent such amounts are not paid directly to the coverage carrier on their behalf.

The State Bancorp Board of Directors was aware of these different and/or additional interests and considered them, among other matters, in their respective evaluations and negotiations of the merger agreement.

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Ownership Interests of Directors and Executive Officers

The following table sets forth, for each of the State Bancorp directors and executive officers, the total number of shares of State Bancorp common stock in which such director or executive officer owns, directly or indirectly, a beneficial interest, as of September 30, 2011:

Name	Number of Shares	Percent of Total(17)
Thomas E. Christman	24,328	*
Michael Donahue(1)	1,000	*
Arthur Dulik, Jr.(2)	37,950	*
Donald C. Fleming(3)	1,000	*
Nicos Katsoulis	10,720	*
John J. LaFalce(4)	14,036	*
Richard J. Lashley(5)	501,972	2.93%
Thomas M. O Brien(6)(15)(16)	552,666	3.22%
John F. Picciano(7)	48,028	*
Suzanne H. Rueck(8)	61,566	*
Jeffrey S. Wilks(9)	613,427	3.58%
Brian K. Finneran(10)(14)(15)	138,835	*
Patricia M. Schaubeck(11)(14)(15)	41,826	*
Thomas A. Iadanza(12)(14)(15)	30,391	*
Thomas L. Nigro(13)(14)(15)	13,179	*
All Directors and Executive Officers as a group (15 persons)(14)(15)(16)	2,090,924	12.20%

* Less than 1%.

(1) Includes 1,000 shares as to which Mr. Donahue shares voting and investment power.

(2) Includes 25,705 shares to which Mr. Dulik shares voting and investment power.

(3) Includes 1,000 shares as to which Mr. Fleming shares voting and investment power.

(4) Includes 10,798 shares to which Mr. LaFalce shares voting and investment power.

(5) Mr. Lashley has a 50% equity interest in, and is one of two Managing Members of, PL Capital LLC (referred to as PL Capital). Includes 205,130 shares owned by Financial Edge Fund, L.P. with which Mr. Lashley shares voting and investment power due to his interest in PL Capital, the general partner of Financial Edge Fund, L.P. Includes 91,590 shares owned by Financial Edge Strategic Fund, L.P. with which Mr. Lashley shares voting and investment power due to his interest in PL Capital, the sole general partner of Financial Edge Strategic Fund, L.P. Includes 71,187 shares owned by PL Capital/Focused Fund, L.P. with which Mr. Lashley shares voting and investment power due to his interest in PL Capital, the sole general partner of PL Capital Focused Fund. Includes 94,481 shares owned by Goodbody /PL Capital, L.P. due to his 50% equity interest in and that he is one of two Managing Members of, Goodbody/PL Capital, LLC, the sole general partner of Goodbody/PL Capital, L.P. Each of Financial Edge Fund, L.P., Financial Edge Strategic Fund, L.P., PL Capital Focused Fund, L.P. and Goodbody/PL Capital, L.P. has pledged 161,830, 69,290, 48,887 and 62,231 shares respectively pursuant to a margin account arrangement. The margin balance outstanding, if any, pursuant to such arrangement may vary from time to time. Includes 30,709 shares owned by Red Rose Trading Estonia OU, with which Mr. Lashley shares voting and investment power due to his interest in PL Capital, the investment advisor to Red Rose Trading Estonia OU. Mr. Lashley disclaims beneficial ownership of all of the shares listed above. Includes 2,875 shares as to which Mr. Lashley has sole voting and investment power and 6,000 shares as to which Mr. Lashley shares voting and investment power with his wife.

(6) Includes 37,165 shares of restricted stock that remain subject to vesting and includes 164,745 shares issuable upon the exercise of stock options to purchase Common Stock which are exercisable within 60 days of September 30, 2011.

(7) Includes 19,359 shares to which Mr. Picciano shares voting and investment power.

(8) Includes 43,177 shares to which Ms. Rueck shares voting and investment power.

(9) Includes 589,154 shares to which Mr. Wilks shares voting and investment power.

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(10) Includes 40,139 shares of restricted stock that remain subject to vesting. Includes 12,300 shares issuable upon the exercise of stock options to purchase Common Stock which are exercisable within 60 days of September 30, 2011. Includes 42,743 shares to which Mr. Finneran shares voting and investment power.
(11) Includes 29,915 shares of restricted stock that remain subject to vesting.
(12) Includes 29,686 shares of restricted stock that remain subject to vesting.
(13) Includes 9,545 shares of restricted stock that remain subject to vesting.
(14) Includes the following allocated shares held by the ESOP for the benefit of the persons named: Mr. O Brien, 4,108 shares; Mr. Finneran, 32,509 shares; Ms. Schaubeck, 5,006 shares; Mr. Iadanza, 464 shares; and Mr. Nigro, 2,307 shares. Such persons have voting power (subject to the legal duties of the ESOP Trustee) but no investment power, except in limited circumstances, as to such shares.
(15) Includes the following allocated shares held by the 401(k) Plan for the benefit of the persons named: Mr. O Brien, 1,058 shares; Mr. Finneran, 1,233 shares; Ms. Schaubeck, 1,111 shares; Mr. Iadanza, 241 shares; and Mr. Nigro, 796 shares. Such persons have voting power (subject to the legal duties of the 401(k) Plan Trustee) and sole investment power as to such shares.
(16) Includes 177,045 shares issuable upon the exercise of stock options to purchase Common Stock which are exercisable within 60 days of September 30, 2011.
(17) Based on the 17,137,137 total shares outstanding as of September 30, 2011, inclusive of the 177,045 shares which such persons have the right to acquire within 60 days of September 30, 2011.

Golden Parachute Compensation Payable to Valley Named Executive Officers

None of Valley s executive officers will receive any type of golden parachute compensation that is based on or otherwise relates to the merger.

Interests of Valley Officers and Directors

Ms. Mary Guilfoile, a director of Valley, is also a director and officer of MG Advisors, Inc. MG Advisors provided financial advisory services to Valley in connection with the merger. MG Advisors will be paid a fee by Valley in connection with the merger. At this time, the amount of the fee is being negotiated by Valley and MG Advisors.

Fairness Opinion of State Bancorp s Financial Advisor

By letter dated April 1, 2011, State Bancorp retained Sandler O Neill to act as its financial advisor in connection with a sale of State Bancorp to Valley. 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.

Sandler O Neill acted as financial advisor to State Bancorp in connection with the proposed transaction and participated in certain of the negotiations leading to the execution of the merger agreement. At a meeting of State Bancorp s board of directors on April 26, 2011, State Bancorp s board reviewed the merger agreement and, subject to satisfactory resolution of certain outstanding issues, Sandler O Neill delivered to the board its oral opinion, followed by delivery of its written opinion on April 28, 2011, that, as of such date, the exchange ratio was fair to the holders of State Bancorp common stock from a financial point of view. **The full text of Sandler O Neill s written opinion dated April 28, 2011 is attached as Appendix B to this 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 opinion. State Bancorp stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

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Sandler O Neill s opinion speaks only as of the date of the opinion. The opinion was directed to State Bancorp s board of directors and is directed only to the fairness of the exchange ratio to State Bancorp s stockholders from a financial point of view. It does not address the underlying business decision of State Bancorp to engage in the merger or any other aspect of the merger and is not a recommendation to any State Bancorp stockholder as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.

In connection with rendering its opinion on April 28, 2011, Sandler O Neill reviewed and considered, among other things:

(i) the merger agreement;

(ii) certain publicly available financial statements and other historical financial information of State Bancorp that Sandler O Neill deemed relevant;

(iii) certain publicly available financial statements and other historical financial information of Valley that Sandler O Neill deemed relevant;

(iv) internal financial projections for State Bancorp for the year ending December 31, 2011 and publicly available consensus earnings estimates for the year ending December 31, 2012 and the long-term estimated growth for the years ending December 31, 2013 and 2014 as provided by senior management of State Bancorp;

(v) publicly available consensus earnings projections for Valley for the years ending December 31, 2011 and 2012 as published by I/B/E/S and a publicly available estimated long-term growth rate as published by I/B/E/S and, in each instance, as discussed with senior management of Valley;

(vi) the pro forma financial impact of the merger on Valley, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings, each as determined by senior management of Valley;

(vii) the publicly reported historical price and trading activity for State Bancorp s and Valley s common stock, including a comparison of certain financial and stock market information for State Bancorp and Valley and similar publicly available information for certain other companies the securities of which are publicly traded;

(viii) the financial terms of certain recent business combinations in the commercial banking industry, to the extent publicly available;

(ix) the current market environment generally and the banking environment in particular; and

(x) such other information, financial studies, analyses and investigations and financial, economic and market criteria as Sandler O Neill considered relevant.

Sandler O Neill also discussed with certain members of senior management of State Bancorp the business, financial condition, results of operations and prospects of State Bancorp and held similar discussions with certain members of senior management of Valley regarding the business, financial condition, results of operations and prospects of Valley.

In performing its review, Sandler O Neill relied upon the accuracy and completeness of all of the financial and other information that was available to it from public sources or that was provided to it by State Bancorp and Valley or their respective representatives and assumed such accuracy and completeness for purposes of rendering its opinion. Sandler O Neill further relied on the assurances of management of State Bancorp and Valley that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Sandler O Neill has not been asked to and has not undertaken an independent verification of any of such information, and it does not assume any responsibility or liability for the accuracy or completeness thereof. Sandler O Neill did not make an independent evaluation or appraisal of the specific assets, the collateral securing assets or the liabilities (contingent or otherwise) of State Bancorp and Valley or any of their subsidiaries, or the collectability of any such assets, nor has Sandler O Neill been furnished with any such evaluations or appraisals. Sandler O Neill did not make an independent evaluation of the adequacy of the allowance for loan losses of State Bancorp and Valley nor has it reviewed any individual credit files relating to State Bancorp and Valley. Sandler O Neill has assumed that the respective allowances for loan losses for both State Bancorp and Valley are adequate to cover such losses.

With respect to the internal financial projections of State Bancorp as provided by and discussed with management of State Bancorp and the publicly available earnings estimates for Valley and, in each case, as used by Sandler O Neill in its analyses, State Bancorp s and Valley s respective management confirmed that they reflected the best currently available estimates and judgments of such management of the respective future financial performances of State Bancorp and Valley, and Sandler O Neill assumed that such performances would be achieved. The projections of State Bancorp furnished to Sandler O Neill and used by it in certain of its analyses were prepared by State Bancorp s senior management team. State Bancorp does not publicly disclose internal management projections of the type provided to Sandler O Neill in connection with its review of the merger. As a result, such projections were not prepared with a view toward public disclosure. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic, financial and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections. With respect to the estimates of transaction expenses, purchase accounting adjustments and cost savings determined by and reviewed with the senior management of Valley, Valley s management confirmed that they reflected the best currently available estimates and judgments of such management, and Sandler O Neill assumed that such performances would be achieved and did not adjust either the State Bancorp or the Valley projections. Sandler O Neill expressed no opinion as to such financial projections, growth rates or the assumptions on which they are based. Sandler O Neill also assumed that there has been no material change in State Bancorp s and Valley s assets, financial condition, results of operations, business or prospects since the date of the most recent financial statements made available to it. Sandler O Neill assumed in all respects material to its analysis that State Bancorp and Valley will remain as going concerns for all periods relevant to its analyses, that all of the representations and warranties contained in the Agreement and all related agreements are true and correct, that each party to the agreements will perform all of the covenants required to be performed by such party under the agreements, and that the conditions precedent in the agreements are not waived. Sandler O Neill did not provide State Bancorp with any legal, accounting or tax advice relating to the merger and the other transactions contemplated by the Agreement.

Sandler O Neill s opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion. Events occurring after the date of the opinion could materially affect the opinion. Sandler O Neill has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date thereof. Sandler O Neill has expressed no opinion as to what the value of Valley s common stock will be when issued to State Bancorp s stockholders pursuant to the merger agreement or the prices at which State Bancorp s and Valley s common stock may trade at any time.

In rendering its April 28, 2011 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.** 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. In arriving at its opinion, Sandler O Neill did not attribute any particular weight to any analysis or factor that it considered. Rather Sandler O Neill made qualitative judgments as to the significance and relevance of each analysis and factor. Sandler O Neill did not form an opinion as to whether any individual analysis or factor (positive or negative) considered in isolation supported or failed to support its opinion; rather Sandler O Neill made its determination as to the fairness of the per share consideration on the basis of its experience and professional judgment after considering the results of all its analyses taken as a whole. 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 to be considered 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 evaluation process underlying its opinion. Also, no company included in Sandler O Neill s comparative analyses described below is identical to State Bancorp or Valley 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 State Bancorp and Valley and the companies to which they are being compared.

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 State Bancorp, Valley and Sandler O Neill. The analysis performed by Sandler O Neill is not necessarily indicative of actual values or future results, both of 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 State Bancorp board at the board s April 26, 2011 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 State Bancorp s common stock or the prices at which State Bancorp s common stock may be sold at any time. The analysis and opinion of Sandler O Neill was among a number of factors taken into consideration by State Bancorp s board in making its determination to adopt the merger agreement and the analyses described below should not be viewed as determinative of the decision State Bancorp s board or management with respect to the fairness of the merger.

At the April 26, 2011 meeting of State Bancorp s board of directors, Sandler O Neill presented certain financial analyses of the merger. The summary below is not a complete description of the analyses underlying the opinions of Sandler O Neill or the presentation made by Sandler O Neill to State Bancorp s board, but is instead a summary of the material analyses performed and presented in connection with the opinion.

Summary of Proposal

Sandler O Neill reviewed the financial terms of the proposed transaction. Using an exchange ratio of 1.0000 shares of Valley s common stock for every one share of State Bancorp common stock, as adjusted for Valley s 5% stock dividend declared on April 13, 2011, Sandler O Neill calculated an approximate aggregate transaction value of $217.8 million based on Valley s closing stock price on April 25, 2011 of $13.48. Based upon financial information as or for the twelve month period ended March 31, 2011, Sandler O Neill calculated the following transaction ratios:

Transaction Value / Book Value Per Share:	180%
Transaction Value / Tangible Book Value Per Share:	180%
Transaction Value / Last Twelve Months Earnings Per Share:	22.5x
Transaction Value / State Bancorp Stock Price, as of April 25, 2011:	22.6%
Core Deposit Premium:	8.2%

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State Bancorp Comparable Company Analysis

Sandler O Neill also used publicly available information to compare selected financial information for State Bancorp and a group of financial institutions selected by Sandler O Neill. State Bancorp s peer group consisted of New York based publicly traded commercial banks and thrifts headquartered in the New York City MSA with assets as most recently reported between $1 billion and $42 billion:

Astoria Financial Corporation	Hudson Valley Holding Corp.
Bridge Bancorp, Inc.	New York Community Bancorp, Inc.
Dime Community Bancshares, Inc.	Provident New York Bancorp
First of Long Island Corporation	Signature Bank
Flushing Financial Corporation	Suffolk Bancorp

The analysis compared publicly available financial information for State Bancorp and the high, low, mean and median financial and market trading data for the State Bancorp peer group as of or for the twelve-month period ended March 31, 2011 or most recently reported. The table below sets forth the data for State Bancorp and the median data for State Bancorp s peer group as of or for the twelve-month period ended March 31, 2011 or most recently reported, with pricing data as of April 25, 2011.

Comparable Company Analysis

	State Bancorp	Comparable Group Median
Total Assets (in millions)	$ 1,580	$ 3,490
Tangible Common Equity / Tangible Assets	7.67%	8.16%
Total Risk Based Capital Ratio	13.78%	14.17%
Core Return on Average Assets	0.54%	0.91%
Core Return on Average Equity	5.68%	10.31%
Net Interest Margin	4.13%	3.63%
Non-Performing Assets / Total Assets	0.76%	1.47%
Loan Loss Reserves / Non-Performing Assets	230.6%	80.8%
Market Capitalization (in millions)	$ 176.7	$ 430.0
Public Stock Price / LTM Earnings Per Share(1)	18.4x	13.9x
Public Stock Price / 2011E Earnings Per Share(1)	17.5x	13.9x
Public Stock Price / Tangible Book Value(1)	147%	147%
Dividend Yield	1.91%	3.59%

(1) The per share Public Stock Price for State Bancorp and State Bancorp s peer group is as of the close of trading on April 25, 2011.

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Valley Comparable Company Analysis

Sandler O Neill also used publicly available information to compare selected financial information for Valley and a group of financial institutions selected by Sandler O Neill. Valley s peer group consisted of nationwide publicly traded commercial banks with assets between $10 billion and $20 billion and non-performing assets to assets less than 4.00% as most recently reported:

Bank of Hawaii Corporation	Signature Bank
Cullen/Frost Bankers, Inc.	UMB Financial Corporation
First National of Nebraska, Inc.	Umpqua Holdings Corporation
FirstMerit Corporation	Webster Financial Corporation
International Bancshares Corporation	Wintrust Financial Corporation

The analysis compared publicly available financial information for Valley and the high, low, mean and median financial and market trading data for Valley s peer group as of or for the twelve-month period ended March 31, 2011 or most recently reported. The table below sets forth the data for Valley and the median data for Valley peer group as of or for the twelve-month period ended March 31, 2011 or most recently reported, with pricing data as of April 25, 2011.

Comparable Company Analysis

	Valley	Comparable Group Median
Total Assets (in millions)	$ 14,144	$ 13,521
Tangible Common Equity / Tangible Assets	6.97%	7.76%
Total Risk Based Capital Ratio	12.91%	14.72%
Core Return on Average Assets	0.92%	0.88%
Core Return on Average Equity	10.19%	9.12%
Net Interest Margin	3.69%	3.47%
Non-Performing Assets / Total Assets	0.83%	1.23%
Loan Loss Reserves / Non-Performing Assets	106.3%	103.3%
Market Capitalization (in millions)	$ 2,178.2	$ 1,701.4
Public Stock Price / LTM Earnings Per Share(1)	16.6x	17.2x
Public Stock Price / 2011E Earnings Per Share(1)	16.2x	16.0x
Public Stock Price / Tangible Book Value(1)	229%	165%
Dividend Yield	5.34%	1.87%

(1) The per share Public Stock Price for Valley and the Valley peer group is as of the close of trading on April 25, 2011.

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State Bancorp Stock Price Performance

Sandler O Neill reviewed the history of the publicly reported trading prices of State Bancorp s common stock for the one-year period ended April 25, 2011. Sandler O Neill also reviewed the history of the publicly reported trading prices of State Bancorp s common stock for the three-year period ended April 25, 2011. Sandler O Neill then compared the relationship between the movements in the price of State Bancorp s common stock against the movements in the prices of the S&P Bank Index, and the NASDAQ Bank Index.

State Bancorp s One Year Stock Performance

	Beginning Index Value April 23, 2010	Ending Index Value April 25, 2011
State Bancorp	100.0%	111.3%
S&P Bank Index	100.0%	85.9%
NASDAQ Bank Index	100.0%	87.6%

State Bancorp s Three Year Stock Performance

	Beginning Index Value April 25, 2008	Ending Index Value April 25, 2011
State Bancorp	100.0%	82.4%
S&P Bank Index	100.0%	55.2%
NASDAQ Bank Index	100.0%	69.9%

Valley Stock Price Performance

Sandler O Neill reviewed the history of the publicly reported trading prices of Valley s common stock for the one-year period ended April 25, 2011. Sandler O Neill also reviewed the history of the publicly reported trading prices of Valley s common stock for the three-year period ended April 25, 2011. Sandler O Neill then compared the relationship between the movements in the price of Valley s common stock against the movements in the prices of the S&P Bank Index and the NASDAQ Bank Index.

Valley s One Year Stock Performance

	Beginning Index Value April 23, 2010	Ending Index Value April 25, 2011
Valley	100.0%	84.5%
S&P Bank Index	100.0%	85.9%
NASDAQ Bank Index	100.0%	87.6%

Valley s Three Year Stock Performance

	Beginning Index Value April 25, 2008	Ending Index Value April 25, 2011
Valley	100.0%	81.4%
S&P Bank Index	100.0%	55.2%
NASDAQ Bank Index	100.0%	69.9%

State Bancorp Net Present Value Analysis

Sandler O Neill performed an analysis that estimated the present value of State Bancorp through December 31, 2014.

The analysis assumed that State Bancorp performed in accordance with the financial projections for 2011 provided by management, average analyst estimates for 2012, and 10% long term growth rate through 2014, as discussed with State Bancorp s senior management. Sandler O Neill also assumed that State Bancorp would repurchase the State Bancorp TARP Preferred Stock in 2013 with liquidation of investment securities.

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To approximate the terminal value of State Bancorp common stock at December 31, 2014, Sandler O Neill applied price to forward earnings multiples of 11.0x to 18.5x and multiples of tangible book value ranging from 100% to 225%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 13.0% to 19.0%.

Earnings Per Share Multiples

Discount Rate	11.0x	12.5x	14.0x	15.5x	17.0x	18.5x
13.0%	$ 6.97	$ 7.84	$ 8.71	$ 9.58	$ 10.45	$ 11.32
14.0%	$ 6.74	$ 7.58	$ 8.42	$ 9.26	$ 10.09	$ 10.93
15.0%	$ 6.51	$ 7.32	$ 8.14	$ 8.95	$ 9.76	$ 10.57
15.5%	$ 6.40	$ 7.20	$ 7.99	$ 8.79	$ 9.59	$ 10.38
17.0%	$ 6.10	$ 6.85	$ 7.61	$ 8.37	$ 9.12	$ 9.88
18.0%	$ 5.90	$ 6.63	$ 7.36	$ 8.09	$ 8.82	$ 9.56
19.0%	$ 5.71	$ 6.42	$ 7.12	$ 7.83	$ 8.54	$ 9.25

Tangible Book Value Multiples

Discount Rate	100%	125%	150%	175%	200%	225%
13.0%	$ 6.33	$ 7.77	$ 9.20	$ 10.64	$ 12.07	$ 13.51
14.0%	$ 6.12	$ 7.51	$ 8.89	$ 10.28	$ 11.66	$ 13.05
15.0%	$ 5.92	$ 7.26	$ 8.60	$ 9.93	$ 11.27	$ 12.61
15.5%	$ 5.82	$ 7.13	$ 8.45	$ 9.76	$ 11.08	$ 12.39
17.0%	$ 5.54	$ 6.79	$ 8.04	$ 9.29	$ 10.54	$ 11.79
18.0%	$ 5.36	$ 6.57	$ 7.78	$ 8.99	$ 10.19	$ 11.40
19.0%	$ 5.19	$ 6.36	$ 7.53	$ 8.69	$ 9.86	$ 11.03

Sandler O Neill also considered and discussed with the State Bancorp board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming State Bancorp net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for State Bancorp common stock, using a discount rate of 15.52%:

Earnings Per Share Multiples

Annual Budget Variance	11.0x	12.5x	14.0x	15.5x	17.0x	18.5x
(25.0%)	$ 4.94	$ 5.54	$ 6.14	$ 6.73	$ 7.33	$ 7.93
(20.0%)	$ 5.23	$ 5.87	$ 6.51	$ 7.14	$ 7.78	$ 8.42
(15.0%)	$ 5.53	$ 6.20	$ 6.88	$ 7.56	$ 8.23	$ 8.91
(10.0%)	$ 5.82	$ 6.53	$ 7.25	$ 7.97	$ 8.68	$ 9.40
(5.0%)	$ 6.11	$ 6.87	$ 7.62	$ 8.38	$ 9.13	$ 9.89
0.0%	$ 6.40	$ 7.20	$ 7.99	$ 8.79	$ 9.59	$ 10.38
5.0%	$ 6.69	$ 7.53	$ 8.36	$ 9.20	$ 10.04	$ 10.87
10.0%	$ 6.98	$ 7.86	$ 8.74	$ 9.61	$ 10.49	$ 11.36
15.0%	$ 7.28	$ 8.19	$ 9.11	$ 10.02	$ 10.94	$ 11.85
20.0%	$ 7.57	$ 8.52	$ 9.48	$ 10.43	$ 11.39	$ 12.34
25.0%	$ 7.86	$ 8.86	$ 9.85	$ 10.85	$ 11.84	$ 12.84

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 thereof are not necessarily indicative of actual values or future results.

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Valley Net Present Value Analysis

Sandler O Neill also performed an analysis that estimated the present value of Valley through December 31, 2014.

The analysis assumed that Valley performed in accordance with analyst estimates for 2011 and 2012, and 6% long term growth rate through 2014, which was the median publicly available long-term growth rate.

To approximate the terminal value of Valley common stock at December 31, 2014, Sandler O Neill applied price to forward earnings multiples of 12.0x to 22.0x and multiples of tangible book value ranging from 125% to 250%. The income streams and terminal values were then discounted to present values using different discount rates ranging from 8.0% to 14.0%.

Earnings Per Share Multiples

Discount Rate	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
8.0%	$ 11.28	$ 12.78	$ 14.29	$ 15.79	$ 17.30	$ 18.80
9.0%	$ 10.90	$ 12.35	$ 13.80	$ 15.25	$ 16.70	$ 18.15
10.0%	$ 10.54	$ 11.94	$ 13.34	$ 14.73	$ 16.13	$ 17.53
10.5%	$ 10.38	$ 11.75	$ 13.13	$ 14.50	$ 15.88	$ 17.25
12.0%	$ 9.86	$ 11.16	$ 12.47	$ 13.77	$ 15.07	$ 16.37
13.0%	$ 9.55	$ 10.80	$ 12.06	$ 13.31	$ 14.57	$ 15.82
14.0%	$ 9.24	$ 10.46	$ 11.67	$ 12.88	$ 14.09	$ 15.30

Tangible Book Value Multiples

Discount Rate	125%	150%	175%	200%	225%	250%
8.0%	$ 7.44	$ 8.49	$ 9.54	$ 10.59	$ 11.63	$ 12.68
9.0%	$ 7.20	$ 8.21	$ 9.22	$ 10.23	$ 11.24	$ 12.25
10.0%	$ 6.97	$ 7.95	$ 8.92	$ 9.89	$ 10.87	$ 11.84
10.5%	$ 6.87	$ 7.83	$ 8.79	$ 9.74	$ 10.70	$ 11.66
12.0%	$ 6.54	$ 7.45	$ 8.36	$ 9.26	$ 10.17	$ 11.08
13.0%	$ 6.34	$ 7.22	$ 8.09	$ 8.97	$ 9.84	$ 10.72
14.0%	$ 6.15	$ 6.99	$ 7.84	$ 8.68	$ 9.53	$ 10.37

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Sandler O Neill also considered and discussed with the State Bancorp board of directors how this analysis would be affected by changes in the underlying assumptions, including variations with respect to net income. To illustrate this impact, Sandler O Neill performed a similar analysis assuming Valley net income varied from 25% above projections to 25% below projections. This analysis resulted in the following reference ranges of indicated per share values for Valley common stock, using a discount rate of 10.46%:

Earnings Per Share Multiples

Annual Budget Variance	12.0x	14.0x	16.0x	18.0x	20.0x	22.0x
(25.0%)	$ 8.32	$ 9.35	$ 10.38	$ 11.41	$ 12.44	$ 13.47
(20.0%)	$ 8.73	$ 9.83	$ 10.93	$ 12.03	$ 13.13	$ 14.23
(15.0%)	$ 9.14	$ 10.31	$ 11.48	$ 12.65	$ 13.82	$ 14.98
(10.0%)	$ 9.55	$ 10.79	$ 12.03	$ 13.27	$ 14.50	$ 15.74
(5.0%)	$ 9.97	$ 11.27	$ 12.58	$ 13.88	$ 15.19	$ 16.50
0.0%	$ 10.38	$ 11.75	$ 13.13	$ 14.50	$ 15.88	$ 17.25
5.0%	$ 10.79	$ 12.23	$ 13.68	$ 15.12	$ 16.57	$ 18.01
10.0%	$ 11.20	$ 12.72	$ 14.23	$ 15.74	$ 17.25	$ 18.76
15.0%	$ 11.62	$ 13.20	$ 14.78	$ 16.36	$ 17.94	$ 19.52
20.0%	$ 12.03	$ 13.68	$ 15.33	$ 16.98	$ 18.63	$ 20.28
25.0%	$ 12.44	$ 14.16	$ 15.88	$ 17.60	$ 19.31	$ 21.03

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 thereof are not necessarily indicative of actual values or future results.

Analysis of Selected Merger Transactions

Sandler O Neill reviewed a set of comparable mergers and acquisitions. The set of mergers and acquisitions included 10 transactions announced from January 1, 2010 through April 25, 2011 involving Mid-Atlantic (New York, Pennsylvania, New Jersey, Maryland and Delaware) and New England (Maine, Massachusetts, Vermont, New Hampshire, Rhode Island and Connecticut) commercial banks and thrifts with announced deal values between $50 million and $500 million where the selling bank or thrift s non-performing assets to assets were less than 4.00%. Sandler O Neill reviewed the following multiples: transaction price to book value, transaction price to tangible book value, transaction price at announcement to last twelve months earnings per share, transaction price to seller s stock price the day before transaction announcement, and tangible book premium to core deposits. As illustrated in the following table, Sandler O Neill compared the proposed merger multiples to the median multiples of comparable transactions.

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Mid-Atlantic & New England Commercial Bank and Thrift Acquisitions Since January 1, 2010 with Deal Values Between $50mm $500mm where Seller s NPAs/Assets < 4.0%

Acquiror/ Target	Announce Date	Deal Value ($M)	Transaction Value / Last Twelve Months Earnings Per Share (x)