

PACWEST BANCORP  
Form S-4  
April 22, 2015

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As filed with the Securities and Exchange Commission on April 22, 2015

Registration No. 333-[ ]

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**PACWEST BANCORP**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**6021**  
(Primary Standard Industrial  
Classification Code Number)  
**10250 Constellation Blvd., Suite 1640**  
**Los Angeles, California 90067**  
**(310) 286-1144**

**33-0885320**  
(I.R.S. Employer  
Identification Number)

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

**Kori L. Ogrosky**  
**Executive Vice President and General Counsel**  
**10250 Constellation Blvd., Suite 1640**  
**Los Angeles, California 90067**  
**(310) 286-1144**

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

---

**Copies to:**

**Patrick S. Brown, Esq.**  
**Sullivan & Cromwell LLP**  
**1888 Century Park East, Suite 2100**  
**Los Angeles, California 90067**  
**Phone: (310) 712-6600**

**Leah Webb**  
**Senior Vice President and General Counsel**  
**Square 1 Financial, Inc.**  
**406 Blackwell Street, Suite 240**  
**Durham, North Carolina 27701**

**Edward D. Herlihy, Esq.**  
**Matthew M. Guest, Esq.**  
**Wachtell, Lipton, Rosen & Katz**  
**51 W. 52nd Street**  
**New York, New York 10019**

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Phone: (919) 597-7469

Phone: (212) 403-1000

**Approximate date of commencement of proposed sale of the securities to the public:  
As soon as practicable after this registration statement becomes effective and upon completion of the merger.**

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 statement number of the earlier effective registration statement for the same offering.

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

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

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
(Do not check if a smaller reporting company)

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

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

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

## CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common stock, \$0.01 par value per share	18,667,991 shares(1)	N/A	808,105,777(2)	\$93,901.90(3)

(1) Represents the maximum number of shares of PacWest Bancorp common stock estimated to be issuable in the transaction described herein, based on an amount equal to the product of (A) the sum of (I) 29,768,489 shares of Square 1 Financial, Inc. common stock outstanding as of April 17, 2015; (II) 933,139 shares of Square 1 Financial, Inc. common stock underlying Square 1 Financial, Inc. stock options outstanding as of April 17, 2015; (III) 397,254 shares of Square 1 Financial, Inc. common stock underlying Square 1 Financial, Inc. restricted stock units outstanding as of April 17, 2015; and (IV) 30,000 shares of Square 1 Financial, Inc. common stock underlying Square 1 Financial, Inc. warrants to purchase shares of Square 1 Financial, Inc. common stock and (B) 0.5997.

(2) Estimated solely for the purpose of determining the registration fee required by Section 6(b) of the Securities Act and calculated in accordance with Rules 457(f)(1) and 457(c) of the Securities Act, based on the market value of the shares of Square 1 Financial, Inc. common stock expected to be exchanged for PacWest common stock in connection with the merger (including shares of Square 1 Financial, Inc. common stock underlying Square 1 Financial, Inc. stock options and Square 1 Financial, Inc. restricted stock units and warrants to purchase Square 1 Financial, Inc. common stock described in note (1) above), as established by the average of the high and low sales prices of Square 1 Financial, Inc. common stock on NASDAQ on April 20, 2015 of \$25.96.

(3) Computed pursuant to Rules 457(f)(1) and 457(c) of the Securities Act, based on a rate of \$116.20 per \$1,000,000 of the proposed maximum aggregate offering price.

**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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**



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**Information contained herein is subject to completion or amendment. A registration statement relating to the shares of PacWest Bancorp common stock to be issued in the merger 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 an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

### **PRELIMINARY PROXY STATEMENT/PROSPECTUS DATED APRIL 22, 2015, SUBJECT TO COMPLETION**

Dear Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Square 1 Financial, Inc., a Delaware corporation ("Square 1"), which we will hold at [ ], on [ ], 2015, at [ ], local time. At the special meeting, holders of our Class A common stock, par value \$0.01, will be asked to approve the agreement and plan of merger by and between PacWest Bancorp ("PacWest") and Square 1, dated as of March 1, 2015 (the "merger agreement"), pursuant to which Square 1 will merge with and into PacWest, with PacWest as the surviving corporation (the "merger"). At the effective time of the merger, each share of Square 1 common stock, excluding certain specified shares, will be converted into the right to receive 0.5997 of a share of PacWest common stock, par value \$0.01 per share, with cash paid in lieu of fractional shares of PacWest common stock.

**The board of directors of Square 1 (the "board") has determined that the merger agreement and the transactions contemplated therein, including the merger, are fair to and in the best interests of Square 1 and its stockholders, and approved and declared advisable the merger agreement and the transactions contemplated therein, including the merger. The board recommends that the Class A common stockholders of Square 1 vote "FOR" the proposal to adopt the merger agreement.**

**The market value of the merger consideration will fluctuate with the price of PacWest common stock. Based on the closing price of PacWest common stock on February 27, 2015, the last trading day before the public announcement of the signing of the merger agreement, the value of the per share merger consideration payable to holders of Square 1 common stock was \$27.49. Based on the closing price of PacWest common stock on [ ], 2015, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of Square 1 common stock was \$[ ]. You should obtain current stock price quotations for Square 1 common stock and PacWest common stock. Square 1 common stock is traded on NASDAQ under the symbol "SQBK" and PacWest common stock is traded on NASDAQ under the symbol "PACW."**

Based on the current number of shares of Square 1 common stock outstanding, PacWest currently expects to issue approximately [ ] shares upon completion of the merger. However, an increase or decrease in the number of outstanding shares of Square 1 common stock prior to completion of the merger could cause the actual number of shares issued upon completion of the merger to change.

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code. Assuming the merger qualifies as a reorganization, a stockholder of Square 1 generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for Square 1 common stock in the merger (except with respect to any cash received in lieu of a fractional share of PacWest common stock, as discussed in this proxy statement/prospectus).

At the special meeting, Class A common stockholders will also be asked to vote on a proposal to approve the adjournment of the special meeting from time to time, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement. **The board recommends that the Class A common stockholders of Square 1 vote "FOR" this proposal.**

**Your vote is very important. To ensure your representation at the special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Whether or not you expect to attend the special meeting, please vote promptly. Submitting a proxy now will not prevent you from being able to vote in person at the special meeting.**

If you hold your shares in "street name" through a broker, bank or other nominee you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as voting against the proposal to adopt the merger agreement.

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This document provides you with detailed information about the proposed merger. You are encouraged to read this document carefully. **In particular, you should read the "Risk Factors" section beginning on page 24 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Thank you for your continued support.

Sincerely,

Douglas H. Bowers  
*President and Chief Executive Officer  
of Square 1 Financial, Inc.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the PacWest common stock in connection with the merger or the other transactions described in this document, or passed upon the adequacy or accuracy of the disclosures in this document.**

**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.**

If you have any questions or need assistance in voting your shares, please call Square 1 Investor Relations at (919) 314-3125.

This document is dated [            ], 2015 and is first being mailed to stockholders of Square 1 on or about [            ], 2015.

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**WHERE YOU CAN FIND MORE INFORMATION**

Both PacWest and Square 1 file annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission, referred to as the SEC. You may read and copy any materials that either PacWest or Square 1 files with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 or (800) 732-0330 for further information on the public reference room. In addition, PacWest and Square 1 file reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at <http://www.sec.gov> containing this information. You will also be able to obtain these documents, free of charge, from PacWest at [www.pacwestbancorp.com](http://www.pacwestbancorp.com) under the "Public Filings" link or from Square 1 at [www.square1financial.com](http://www.square1financial.com) under the "About Us" tab and then under the heading "Investor Relations."

PacWest has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that PacWest and Square 1 have previously filed with the SEC. They contain important information about the companies and their financial condition. For further information, please see the section entitled "Incorporation of Certain Documents by Reference." These documents are available without charge to you upon written or oral request to the applicable company's principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

PacWest Bancorp  
10250 Constellation Blvd., Suite 1640  
Los Angeles, California 90067  
Attention: Investor Relations  
(310) 286-1144

Square 1 Financial, Inc.  
406 Blackwell Street, Suite 240  
Durham, North Carolina 27701  
Attention: Investor Relations  
(919) 314-3125

To obtain timely delivery of these documents, you must request the information no later than [ ], 2015 in order to receive them before Square 1's special meeting of stockholders.

PacWest common stock is traded on the NASDAQ Global Select Market under the symbol "PACW," and Square 1 common stock is traded on NASDAQ Global Select Market under the symbol "SQBK."

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**SQUARE 1 FINANCIAL, INC.**

**406 BLACKWELL STREET, SUITE 240  
DURHAM, NORTH CAROLINA 27701**

**NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON [ ], 2015**

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of Square 1 Financial, Inc., referred to as Square 1, will be held at [ ], at [ ], local time, on [ ], 2015 for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of March 1, 2015, by and between Square 1 and PacWest Bancorp, as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, referred to as the merger proposal;
2. To approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the merger proposal, referred to as the adjournment proposal; and
3. To act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the board.

The above proposals are described in more detail in this document, which you should read carefully and in its entirety before you vote.

The Square 1 board of directors has set [ ], 2015 as the record date for the special meeting. Only holders of record of Square 1 Class A common stock at the close of business on [ ], 2015 will be entitled to notice of and to vote at the special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the special meeting is entitled to appoint a proxy to attend and vote on such stockholder's behalf. Such proxy need not be a holder of Square 1 common stock.

**Your vote is very important. To ensure your representation at the special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the special meeting.**

**The Square 1 board of directors has approved the merger agreement and the transactions contemplated thereby and recommends that you vote "FOR" the merger proposal and "FOR" the adjournment proposal.**

BY ORDER OF THE BOARD OF DIRECTORS

Beth Reeves

*Corporate Secretary*

Durham, North Carolina  
[ ], 2015

**PLEASE VOTE YOUR SHARES OF SQUARE 1 CLASS A COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL SQUARE 1 INVESTOR RELATIONS AT (919) 314-3125.**

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**QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING**

*The following are answers to certain questions that you may have regarding the special meeting of Square 1 stockholders. You should carefully read the remainder of this document because the information in this section may not provide all the information that might be important to you in determining how to vote. Additional important information is also contained in the appendices to, and the documents incorporated by reference in, this document.*

**Q: WHAT IS THE MERGER?**

A. PacWest and Square 1 have entered into a merger agreement, pursuant to which and subject to the terms and conditions of the merger agreement, Square 1 will merge with and into PacWest, with PacWest continuing as the surviving corporation, which transaction is referred to as the merger. A copy of the merger agreement is attached as Appendix A to this document. Immediately following the merger, Square 1 Bank, a wholly owned subsidiary of Square 1, will merge with and into Pacific Western Bank, a wholly owned subsidiary of PacWest, with Pacific Western Bank continuing as the surviving bank, which transaction is referred to as the bank merger. In order to complete these transactions, the Square 1 stockholders must adopt the merger agreement, and the applicable banking regulators must approve both mergers.

**Q: WHY AM I RECEIVING THIS PROXY STATEMENT/PROSPECTUS?**

A. Square 1 is sending these materials to its stockholders to help them decide how to vote their shares of Square 1 Class A common stock with respect to the merger agreement and other matters to be considered at the special meeting.

The merger cannot be completed unless Square 1 Class A common stockholders adopt the merger agreement. Square 1 is holding a special meeting of its stockholders to vote on the proposal to adopt the merger agreement as well as other related matters. Information about this special meeting, the merger and the other business to be considered by stockholders at the special meeting is contained in this document.

This document constitutes both a proxy statement of Square 1 and a prospectus of PacWest. It is a proxy statement because the Square 1 board of directors is soliciting proxies from Square 1 Class A common stockholders using this document with respect to the matters to be considered at the special meeting. It is a prospectus because PacWest, in connection with the merger, is offering shares of its common stock in exchange for outstanding shares of Square 1 common stock in the merger.

**Q: WHAT WILL SQUARE 1 STOCKHOLDERS RECEIVE IN THE MERGER?**

A: In the merger, each share of Square 1 common stock owned by a Square 1 stockholder will be converted into the right to receive 0.5997 of a share of PacWest common stock. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to the fraction of a share of PacWest common stock which the holder would otherwise be entitled to receive multiplied by the average closing price of PacWest common stock as quoted on the NASDAQ Global Select Market, referred to as NASDAQ, over the 15 consecutive trading days ending on the second full trading day prior to the receipt of the last of the regulatory approvals from the Board of Governors of the Federal Reserve System, referred to as the Federal Reserve Board, the Federal Deposit Insurance Corporation, referred to as the FDIC, the California Department of Business Oversight, referred to as the CDBO, and the Commissioner of Banks of the State of North Carolina, referred to as the CBNC, which are necessary to consummate the merger and the bank merger. This 15 consecutive trading day average is referred to as the PacWest Average

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Closing Price. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

**Q: WILL THE VALUE OF THE MERGER CONSIDERATION CHANGE BETWEEN THE DATE OF THIS DOCUMENT AND THE TIME THE MERGER IS COMPLETED?**

A: Yes. Although the number of shares of PacWest common stock that Square 1 stockholders will receive in the merger is fixed, the value of the merger consideration will fluctuate between the date of this document and the completion of the merger based upon the market value of PacWest common stock. Any fluctuation in the market price of PacWest common stock after the date of this document will change the value of the shares of PacWest common stock that Square 1 stockholders will receive.

**Q: WHAT HAPPENS TO SQUARE 1 EQUITY AWARDS IN THE MERGER?**

A: *Square 1 Stock Options.* At the effective time of the merger, referred to as the effective time, each outstanding option to acquire shares of Square 1 common stock under Square 1's stock plan, referred to as a Square 1 stock option, whether vested or unvested, will be cancelled and will entitle the holder of such option to receive an amount in cash equal to the product of (i) the total number of shares of Square 1 common stock subject to such option and (ii) the excess, if any, of (A) the product of (1) the PacWest Average Closing Price and (2) 0.5997 over (B) the exercise price per share of Square 1 common stock underlying such option, less any applicable taxes to be withheld with respect to such payment.

*Square 1 RSUs.* At the effective time, each outstanding Square 1 restricted stock unit, referred to as a Square 1 RSU, issued under Square 1's stock plan will be cancelled and will entitle the holder to receive an amount in cash equal to the product of (i) the number of shares of Square 1 common stock subject to such Square 1 RSU and (ii) the product of (A) the PacWest Average Closing Price and (B) 0.5997, less any applicable taxes to be withheld with respect to such payment.

**Q: WHEN WILL THE MERGER BE COMPLETED?**

A: PacWest and Square 1 are working to complete the merger as soon as practicable. The parties are seeking regulatory approval by the fourth quarter of 2015, with the consummation of the merger to occur as soon as practicable thereafter. Neither PacWest nor Square 1 can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company's control, including whether or when the required regulatory approvals and the Square 1 stockholder approval will be received. For further information, please see the section entitled "The Merger Agreement Conditions to Consummation of the Merger."

**Q: WHO IS ENTITLED TO VOTE?**

A: Holders of record of Square 1 Class A common stock at the close of business on [ ], 2015, which is the date that the Square 1 board of directors has fixed as the record date for the special meeting, are entitled to vote at the special meeting. Holders of shares of non-voting Square 1 Class B common stock are not entitled to vote at the special meeting.

**Q: WHAT CONSTITUTES A QUORUM?**

A: The representation of holders of at least a majority of the votes entitled to be cast on the matters to be voted on at the special meeting constitutes a quorum for transacting business at the special meeting. All shares of Square 1 Class A common stock, whether present in person or represented

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by proxy, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the special meeting.

**Q: WHAT AM I BEING ASKED TO VOTE ON AND WHY IS THIS APPROVAL NECESSARY?**

A: Square 1 Class A common stockholders are being asked to vote on the following proposals:

1. to adopt the Agreement and Plan of Merger, dated as of March 1, 2015, by and between Square 1 and PacWest Bancorp, as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, referred to as the merger proposal;
2. to approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the merger proposal, referred to as the adjournment proposal; and
3. to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Square 1 board of directors.

Stockholder approval of the merger proposal, referred to as the Square 1 stockholder approval, is required to complete the merger. Square 1 will transact no business other than as listed above at the special meeting.

**Q: WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE SPECIAL MEETING?**

A: *The Merger Proposal:* The affirmative vote of a majority of the outstanding shares of Square 1 Class A common stock entitled to vote on the proposal is required to approve the merger proposal.

*The Adjournment Proposal:* The affirmative vote of a majority of the votes cast at the special meeting is required to approve the adjournment proposal.

**Q: ARE THERE ANY VOTING AGREEMENTS WITH EXISTING STOCKHOLDERS?**

A: Yes. In connection with the merger agreement, Patriot Financial Partners, L.P., Castle Creek Capital Partners IV, L.P., Endicott Opportunity Partners III, L.P. and Northaven Management, Inc. (and certain affiliates thereof), in their capacities as stockholders of Square 1, have separately entered into voting agreements with PacWest, the form of which is attached as Appendix B, in which they have agreed to vote all shares of Square 1 common stock that they own and have the power to vote in favor of the merger proposal and any other matter that is required to be approved by the stockholders of Square 1 to facilitate the transactions contemplated by the merger agreement. As of the close of business on the record date, these stockholders beneficially owned, in the aggregate, [ ] shares of Square 1 Class A common stock, allowing them to exercise approximately [ ]% of the voting power of Square 1 common stock.

**Q: WHAT DOES THE SQUARE 1 BOARD OF DIRECTORS RECOMMEND?**

A: The Square 1 board of directors recommends that Square 1 stockholders vote "FOR" the merger proposal and "FOR" the adjournment proposal.

**Q: WHAT DO I NEED TO DO NOW?**

A:

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After carefully reading and considering the information contained in this document, please vote your shares of Square 1 Class A common stock as soon as possible so that such shares will be represented at the special meeting. Please follow the instructions set forth on the proxy card or on

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the voting instruction form provided by the record holder if your shares of Square 1 Class A common stock are held in the name of your broker, bank or other nominee.

**Q:**

**HOW DO I VOTE?**

**A:**

If you are a Square 1 Class A common stockholder of record as of the close of business on the record date, you may submit your proxy before the special meeting in one of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at the special meeting.

If your shares of Square 1 Class A common stock are held in "street name," through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting such shares. "Street name" stockholders who wish to vote at the meeting will need to obtain a proxy form from their broker, bank or other nominee.

**Q:**

**HOW MANY VOTES DO I HAVE?**

**A:**

You are entitled to one vote for each share of Square 1 Class A common stock that you owned as of the close of business on the record date. As of the close of business on the record date, there were approximately [ ] outstanding shares of Square 1 Class A common stock entitled to vote. As of that date, approximately [ ]% of such outstanding shares of Square 1 Class A common stock were beneficially owned by the directors and executive officers of Square 1 and their affiliates.

**Q:**

**WHEN AND WHERE IS THE SPECIAL MEETING?**

**A:**

The special meeting will be held at [ ] at [ ], local time, on [ ], 2015. Subject to space availability, all Square 1 Class A common stockholders as of the close of business on the record date, or their duly appointed proxies, may attend the special meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], local time.

**Q:**

**IF MY SHARES ARE HELD IN "STREET NAME" BY A BROKER, BANK OR OTHER NOMINEE, WILL MY BROKER, BANK OR OTHER NOMINEE VOTE MY SHARES FOR ME?**

**A:**

If your shares of Square 1 Class A common stock are held in "street name" in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker, bank or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Square 1 or by voting in person at the special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee.

Brokers who hold shares in street name for a beneficial owner of those shares typically have the authority to vote in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are not allowed to exercise their voting discretion with respect to the approval of matters that are "non-routine" without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the special meeting are such "non-routine" matters. Broker non-votes occur

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when a broker or nominee is not instructed by the beneficial owner of shares to vote on a particular proposal for which the broker does not have discretionary voting power.

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If you are a Square 1 Class A common stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote "AGAINST" such proposal; and

your broker, bank or other nominee may not vote your shares on the adjournment proposal, which broker non-votes will have no effect on the vote count for such proposal.

**Q: WHAT IF I DO NOT VOTE OR I ABSTAIN?**

A: For purposes of the special meeting, an abstention occurs when a stockholder attends the special meeting, either in person or represented by proxy, but abstains from voting.

For the merger proposal, if a Square 1 Class A common stockholder present in person at the special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "AGAINST" this proposal. If a Square 1 Class A common stockholder is not present in person at the special meeting and does not respond by proxy, it will have the same effect as a vote cast "AGAINST" this proposal.

For the adjournment proposal, if a Square 1 Class A stockholder present in person at the special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have no effect on the vote count for this proposal. If a Square 1 Class A stockholder is not present in person at the special meeting and does not respond by proxy, it will have no effect on the vote count for this proposal.

**Q: WHAT WILL HAPPEN IF I RETURN MY PROXY OR VOTING INSTRUCTION CARD WITHOUT INDICATING HOW TO VOTE?**

A: If you sign and return your proxy or voting instruction card without indicating how to vote on any particular proposal, the Square 1 Class A common stock represented by your proxy will be voted as recommended by the Square 1 board of directors with respect to each proposal. Unless a Square 1 stockholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on other matters relating to the special meeting.

**Q: MAY I CHANGE MY VOTE AFTER I HAVE DELIVERED MY PROXY OR VOTING INSTRUCTION CARD?**

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You may do this in one of four ways:

first, by sending a notice of revocation to Square 1's corporate secretary at 406 Blackwell Street, Suite 240, Durham, North Carolina 27701, stating that you would like to revoke your proxy;

second, by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;

third, by sending a completed proxy card bearing a later date than your original proxy card; or

fourth, by attending the special meeting and voting in person.



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If you choose any of the first three methods, you must take the described action (or, with respect to the third method, Square 1 shall have received the subsequent proxy card) no later than [ ], 2015, at 5:00 p.m. local time, which is the business day immediately prior to the special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a

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notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the special meeting. If you have instructed a bank, broker or other nominee to vote your shares of Square 1 Class A common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

If your shares are held in an account at a broker, bank or other nominee, you should contact your broker, bank or other nominee to change your vote.

**Q: DO I NEED IDENTIFICATION TO ATTEND THE SPECIAL MEETING IN PERSON?**

A: Yes. Please bring proper identification, together with proof that you are a record owner of Square 1 Class A common stock. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of Square 1 Class A common stock at the close of business on the record date.

**Q: ARE SQUARE 1 STOCKHOLDERS ENTITLED TO APPRAISAL RIGHTS?**

A: No. Under Delaware law, holders of Square 1 common stock will not be entitled to exercise any appraisal or dissenters' rights in connection with any of the proposals being presented to them.

**Q: WHAT ARE THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO SQUARE 1 STOCKHOLDERS?**

A: The merger is intended to qualify, and the obligation of PacWest and Square 1 to complete the merger is conditioned upon the receipt of legal opinions from their respective counsel to the effect that the merger will qualify, as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming the merger qualifies as a reorganization, you generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for Square 1 common stock in the merger (except for any gain or loss that may result from the receipt of cash in lieu of fractional shares of PacWest common stock that you would otherwise be entitled to receive).

For a more detailed discussion of the material U.S. federal income tax consequences of the transaction, please see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger."

The tax consequences of the merger to any particular stockholder will depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

**Q: WHAT HAPPENS IF THE MERGER IS NOT COMPLETED?**

A: If the merger is not completed, Square 1 stockholders will not receive any consideration for their shares of Square 1 common stock that otherwise would have been received in connection with the merger. Instead, Square 1 will remain an independent public company and its common stock will continue to be listed and traded on NASDAQ.

**Q: SHOULD SQUARE 1 STOCKHOLDERS SEND IN THEIR STOCK CERTIFICATES NOW?**

A: No. Square 1 stockholders **SHOULD NOT** send in any stock certificates now. If the merger is approved, transmittal materials with instructions for their completion will be provided to Square 1 stockholders under separate cover and the stock certificates should be sent at that time.

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**Q: WHAT SHOULD I DO IF I RECEIVE MORE THAN ONE SET OF VOTING MATERIALS?**

A: Square 1 Class A common stockholders may receive more than one set of voting materials, including multiple copies of this document and multiple proxy cards or voting instruction cards. For example, if you hold shares of Square 1 Class A common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold such shares. If you are a holder of record of Square 1 Class A common stock and your shares are registered in more than one name, you will receive one or more separate proxy cards or voting instruction cards. Please complete, sign, date and return each proxy card and voting instruction card that you receive or otherwise follow the voting instructions set forth in this document to ensure that you vote every share of Square 1 Class A common stock that you own.

**Q: WHOM SHOULD I CONTACT IF I HAVE ANY QUESTIONS ABOUT THE PROXY MATERIALS OR VOTING?**

A: If you are a Square 1 Class A common stockholder and have any questions about the proxy materials or if you need assistance submitting your proxy or voting your shares or need additional copies of this document or the enclosed proxy card, you should contact Square 1 Investor Relations at (919) 314-3125.

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**SUMMARY**

*This summary highlights selected information included in this document and does not contain all of the information that may be important to you. You should read this entire document and its appendices and the other documents to which the parties refer before you decide how to vote with respect to the proposals. In addition, the parties incorporate by reference important business and financial information about Square 1 and PacWest into this document. For a description of this information, please see the section entitled "Incorporation of Certain Documents by Reference." You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled "Where You Can Find More Information" in the forepart of this document. Each item in this summary includes a page reference directing you to a more complete description of that item.*

*Unless the context otherwise requires, throughout this document, "PacWest" refers to PacWest Bancorp, "Square 1" refers to Square 1 Financial, Inc. and "we," "us" and "our" refer collectively to PacWest and Square 1. Also, the parties refer to the proposed merger of Square 1 with and into PacWest as the "merger," the proposed merger of Square 1 Bank with and into Pacific Western Bank as the "bank merger" and the Agreement and Plan of Merger, dated as of March 1, 2015, by and between PacWest and Square 1 as the "merger agreement."*

**The Merger and the Merger Agreement (pages 39 and 70)**

The terms and conditions of the merger are contained in the merger agreement, which is attached to this document as Appendix A. The parties encourage you to read the merger agreement carefully, as it is the legal document that governs the merger.

Under the terms of the merger agreement, Square 1 will merge with and into PacWest, with PacWest being the surviving corporation.

**Merger Consideration (page 71)**

In the merger, each share of Square 1 common stock, par value \$0.01 per share, owned by a Square 1 stockholder will be converted into the right to receive 0.5997 of a share of PacWest common stock, par value \$0.01 per share. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to the fraction of a share of PacWest common stock which the holder would otherwise be entitled to receive multiplied by the PacWest Average Closing Price. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

The share price of PacWest common stock will fluctuate, and the value that holders of Square 1 common stock will receive upon consummation of the merger may be different than the value that they would receive if calculated on the date PacWest and Square 1 publicly announced the signing of the merger agreement, on the date that this document is being mailed to Square 1 stockholders, and on the date of the special meeting. Based on the closing price of PacWest common stock on February 27, 2015, the last trading day before the public announcement of the signing of the merger agreement, the value of the per share merger consideration payable to holders of Square 1 common stock was \$27.49. Based on the closing price of PacWest common stock on [ ], 2015, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of Square 1 common stock was \$[ ].

**Recommendation of the Square 1 Board of Directors (page 44)**

After careful consideration, the Square 1 board of directors recommends that Square 1 stockholders vote "FOR" the merger proposal and "FOR" the adjournment proposal.

Certain stockholders of Square 1 have entered into voting agreements with PacWest, pursuant to which each such stockholder has agreed to vote "FOR" the merger proposal and "FOR" any other

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matter required to be approved by the stockholders of Square 1 to facilitate the transactions contemplated by the merger agreement. For more information regarding the voting agreements, please see the section entitled "The Merger Agreement Voting Agreements."

For a more complete description of Square 1's reasons for the merger and the recommendations of the Square 1 board of directors, please see the section entitled "The Merger Recommendation of the Square 1 Board of Directors and Reasons for the Merger."

**Opinion of Financial Advisor (page 46)**

At the March 1, 2015 meeting at which the board of directors of Square 1 considered and approved the merger agreement, Sandler O'Neill & Partners, L.P., referred to as Sandler O'Neill, delivered to the board its oral opinion, which was subsequently confirmed in writing, that, as of such date, subject to procedures followed, assumptions made, matters considered and qualifications and limitations described in Sandler O'Neill's opinion, the merger consideration was fair to the holders of Square 1 common stock from a financial point of view.

**The full text of Sandler O'Neill's opinion is attached as Appendix C 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. Holders of Square 1 common stock are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.**

**Sandler O'Neill's opinion speaks only as of the date of the opinion and was necessarily based on financial, economic, market and other conditions as they existed on, and the information made available to Sandler O'Neill as of, that date. The opinion was directed to the board of directors of Square 1 and is directed only to the fairness of the merger consideration to the holders of Square 1 common stock from a financial point of view. It does not address the underlying business decision of Square 1 to engage in the merger or any other aspect of the merger and is not a recommendation to any holder of Square 1 common stock as to how such stockholder should vote at the special meeting with respect to the merger or any other matter.** Sandler O'Neill did not express any opinion as to the fairness of the amount or nature of the compensation to be received in the merger by Square 1's officers, directors or employees, or class of such persons, relative to the per share consideration to be received by Square 1 stockholders.

For further information, please see the section entitled "The Merger Opinion of Square 1's Financial Advisor."

**Square 1 Special Meeting (page 32)**

The special meeting will be held at [ ], local time, on [ ], 2015, at [ ], located at [ ]. At the special meeting, holders of Square 1 Class A common stock will be asked to approve the merger proposal and the adjournment proposal and to act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Square 1 board of directors.

The Square 1 board of directors has fixed the close of business on [ ], 2015 as the record date for determining the holders of Square 1 Class A common stock entitled to receive notice of and to vote at the special meeting. As of the close of business on the record date, there were [ ] shares of Square 1 Class A common stock outstanding and entitled to vote at the special meeting held by [ ] holders of record. Each share of Square 1 Class A common stock entitles the holder to one vote on each proposal to be considered at the special meeting. As of the close of business on the record date, directors and executive officers of Square 1 and their affiliates owned and were entitled to vote [ ] shares of Square 1 Class A common stock, representing approximately [ ]% of the shares of Square 1 Class A

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common stock outstanding on that date. Certain stockholders of Square 1 have entered into voting agreements with PacWest, pursuant to which they have agreed, solely in their capacity as stockholders of Square 1, to vote all of their shares of Square 1 Class A common stock "FOR" the merger proposal and any other matter required to be approved by the stockholders of Square 1 to facilitate the transactions contemplated by the merger agreement. As of the close of business on the record date, these stockholders beneficially owned, in the aggregate, [ ] shares of Square 1 Class A common stock, allowing them to exercise approximately [ ]% of the voting power of Square 1 common stock. As of close of business on the record date, PacWest beneficially held no shares of Square 1 common stock.

Approval of the merger proposal requires the affirmative vote of a majority of the outstanding shares of Square 1 Class A common stock entitled to vote on such proposal. Approval of the adjournment proposal requires the affirmative vote of a majority of the votes cast at the special meeting.

**Square 1's Directors and Executive Officers Have Certain Interests in the Merger (page 61)**

In considering the recommendation of the Square 1 board of directors with respect to the merger, Square 1 Class A common stockholders should be aware that the executive officers and directors of Square 1 have certain interests in the merger that may be different from, or in addition to, the interests of Square 1 stockholders generally. The Square 1 board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the transactions contemplated thereby and making its recommendation that Square 1 Class A common stockholders vote to approve the Square 1 merger proposal. These interests include:

outstanding Square 1 stock options and RSUs (including those held by the directors and executive officers) will vest upon consummation of the merger and be settled in cash based on the approximate value of the merger consideration (less, in the case of stock options, the applicable exercise price);

letter agreements between PacWest and each of Douglas Bowers, Samir Bhaumik, Diane Earle, Judith Erwin and Frank Tower provide for certain retention awards and other benefits upon consummation of the merger;

employment agreements between Square 1 and each of Jason Kranack, Patrick Oakes and Gregory Thompson provide for severance benefits upon certain qualifying terminations of employment following the consummation of the merger;

any employee of Square 1 (including executive officers) who experiences a severance qualifying termination of employment following consummation of the merger will be eligible for an annual bonus for 2015, provided that in the event the termination date occurs during 2015, such bonus will be prorated for the portion of 2015 that elapsed prior to the date of termination; and

Square 1's directors and executive officers are entitled to continued indemnification and insurance coverage under the merger agreement.

For a more complete description of these interests, see "The Merger Interests of Square 1 Directors and Executive Officers in the Merger."

**Treatment of Square 1 Stock Options and Square 1 RSUs (page 39)**

*Square 1 Stock Options.* At the effective time, each outstanding Square 1 stock option, whether vested or unvested, will be cancelled and will entitle the holder of such option to receive an amount in cash equal to the product of (i) the total number of shares of Square 1 common stock subject to such option and (ii) the excess, if any, of (A) the product of (1) the PacWest Average Closing Price and

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(2) 0.5997 over (B) the exercise price per share of Square 1 common stock underlying such option, less any applicable taxes to be withheld with respect to such payment.

*Square 1 RSUs.* At the effective time, each outstanding Square 1 RSU will be cancelled and will entitle the holder to receive an amount in cash equal to the product of (i) the number of shares of Square 1 common stock subject to such Square 1 RSU and (ii) the product of (A) the PacWest Average Closing Price and (B) 0.5997, less any applicable taxes to be withheld with respect to such payment.

**Treatment of Square 1 Warrants (page 40)**

At the effective time, each warrant to purchase shares of Square 1 common stock held by specified individuals to the extent then outstanding and not previously exercised will be cancelled and will only entitle the holder thereof to receive, as soon as reasonably practicable after the effective time, an amount in cash equal to the product of (i) the total number of shares of Square 1 common stock subject to such warrants and (ii) the excess, if any, of (A) the product of (1) the PacWest Average Closing Price and (2) 0.5997 over (B) the exercise price per share of Square 1 common stock under such warrants, less any applicable taxes required to be withheld with respect to such payment. As of the date of this document, there were outstanding warrants to purchase [ ] shares of Square 1 common stock. All such warrants expire, if not previously exercised, on July 11, 2015.

**Board of Directors and Officers of PacWest After the Merger (page 61)**

On or prior to the effective time, the PacWest board of directors will increase the number of directors constituting the PacWest board of directors by one and fill such vacancy by a current director of Square 1 selected by Square 1 and reasonably acceptable to PacWest to be effective immediately following the effective time. The officers of PacWest immediately prior to the effective time will be the officers of the surviving corporation until the earlier of their resignation or removal or until their respective successors are duly appointed and qualified.

**Regulatory Approvals Required for the Merger (page 66)**

Completion of the merger and the bank merger are subject to various regulatory approvals, including approvals from the Federal Reserve Board, the FDIC, the CDBO and the CBNC. Notifications and/or applications requesting approval for the merger or for the bank merger may also be submitted to other federal and state regulatory authorities and self-regulatory organizations. The parties have filed notices and applications to obtain the necessary regulatory approvals of the Federal Reserve Board, the FDIC, the CDBO and the CBNC. Although the parties currently believe they should be able to obtain all required regulatory approvals in a timely manner, they cannot be certain when or if they will obtain them or, if obtained, whether they will contain terms, conditions or restrictions not currently contemplated that will be detrimental to or have a material adverse effect on PacWest after the completion of the merger. The regulatory approvals to which completion of the merger and bank merger are subject are described in more detail under the section entitled "The Merger Regulatory Approvals Required for the Merger."

**Conditions to the Merger (page 84)**

The obligations of PacWest and Square 1 to complete the merger are each subject to the satisfaction or waiver of the following conditions:

approval of the merger proposal by the Square 1 stockholders;

no governmental authority of competent jurisdiction having enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and

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restrains, enjoins or otherwise prohibits consummation of the merger, the bank merger or the other transactions contemplated by the merger agreement; and

the S-4 registration statement, of which this document is a part, having become effective under the Securities Act of 1933, as amended, referred to as the Securities Act, no stop order suspending the effectiveness of the S-4 registration statement having been issued, and no proceedings for that purpose having been initiated or been threatened, by the SEC.

In addition, the obligation of Square 1 to complete the merger is subject to the satisfaction or waiver of the following conditions:

the accuracy of the representations and warranties of PacWest set forth in the merger agreement, subject to the materiality standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date of the merger as though made at and as of the closing date (except that representations and warranties that by their terms speak as of the date of the merger agreement or some other date need only be true and correct as of such date), and Square 1's receipt of a certificate signed on behalf of PacWest by an executive officer of PacWest, dated as of the closing date, to such effect;

performance by PacWest in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the effective time, and receipt by Square 1 of a certificate signed by an executive officer of PacWest, dated as of the closing date, to such effect;

receipt by Square 1 of the opinion of its counsel, dated the closing date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

all consents, registrations, approvals, permits and authorizations required to be obtained prior to the effective time by either party or any of its respective subsidiaries from the Federal Reserve Board, the FDIC, the CDBO and the CBNC which are necessary to consummate the merger and the bank merger, and any other consents, registrations, approvals, permits and authorizations from or with any governmental authority the failure of which to be obtained is reasonably likely to have, individually or in the aggregate, a material adverse effect on Square 1 or PacWest (measured on a scale relative to Square 1), having been made or obtained (as the case may be) and remaining in full force and effect and all statutory waiting periods in respect thereof having expired; and

since March 1, 2015, no event having occurred or circumstance arisen that, individually or taken together with all other facts, circumstances or events, has had or is reasonably likely to have a material adverse effect with respect to PacWest.

PacWest's obligation to complete the merger is also subject to the satisfaction or waiver of the following conditions:

the accuracy of the representations and warranties of Square 1 set forth in the merger agreement, subject to the materiality standards set forth in the merger agreement, as of the date of the merger agreement and as of the closing date of the merger as though made at and as of the closing date (except that representations and warranties that by their terms speak as of the date of the merger agreement or some other date need only be true and correct as of such date) and PacWest's receipt of a certificate signed on behalf of Square 1 by an executive officer of Square 1, dated as of the closing date, to such effect;

performance by Square 1 in all material respects of all obligations required to be performed by it under the merger agreement at or prior to the effective time, and receipt by PacWest of a certificate signed by an executive officer of Square 1, dated as of the closing date, to such effect;





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all consents, registrations, approvals, permits and authorizations required to be obtained prior to the effective time by either party or any of its respective subsidiaries from the Federal Reserve Board, the FDIC, the CDBO and the CBNC which are necessary to consummate the merger and the bank merger, all consents, registrations, approvals, permits and authorizations required to be obtained prior to the effective time from any governmental authority that are required for the operation of Square 1's trust business and any other consents, registrations, approvals, permits and authorizations from or with any governmental authority the failure of which to be obtained is reasonably likely to have, individually or in the aggregate, a material adverse effect on Square 1 or PacWest (measured on a scale relative to Square 1), having been made or obtained (as the case may be) and remaining in full force and effect and all statutory waiting periods in respect thereof having expired, and none of such consents, registrations, approvals, permits and authorizations containing any materially burdensome regulatory condition;

as of the last business day of the month reflected in the closing financial statements, the adjusted Square 1 stockholders' equity (defined below) will not be less than \$302,704,000 as determined in accordance with GAAP; "adjusted Square 1 stockholders' equity" means the consolidated equity of Square 1 as set forth in the closing financial statements, minus any unrealized gains or plus any unrealized losses in Square 1's securities portfolio due to mark-to-market adjustments as of the last business day of the month reflected in the closing financial statements, and adding the sum of (i) all amounts paid or accrued in connection with certain actions taken to conform certain policies and practices to those of PacWest to the extent that such actions were not necessary to bring Square 1 into conformity with GAAP or any applicable law of any governmental authority, (ii) all fees and expenses of all attorneys, accountants, investment bankers and other advisors and agents for Square 1 for services rendered solely in connection with the transactions contemplated by the merger agreement paid by Square 1 prior to the effective time and which do not exceed in the aggregate \$11,000,000 (exclusive of reasonable costs incurred or advanced by such advisors) and (iii) any amounts payable by Square 1 in connection with the cancellation of Square 1's equity awards pursuant to the merger agreement, and any costs associated with the termination of employee benefit plans or programs (inclusive of any severance compensation paid or to be paid as provided in the merger agreement) or any retention bonuses paid in accordance with the merger agreement, and any costs incurred in connection with the termination of Square 1's contracts pursuant to the merger agreement;

receipt by PacWest of the opinion of its counsel, dated the closing date, to the effect that, on the basis of facts, representations and assumptions set forth or referred to in such opinion, the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

since March 1, 2015, no event having occurred or circumstance arisen that, individually or taken together with all other facts, has had or is reasonably likely to have a material adverse effect with respect to Square 1; and

receipt by PacWest of a certificate certifying that interests in Square 1 are not U.S. real property interests under the Internal Revenue Code.

**No Solicitation (page 82)**

Under the terms of the merger agreement, Square 1 has agreed not to initiate, solicit, encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to, or engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to, any acquisition proposal. Notwithstanding these restrictions, the merger agreement provides that, under specified circumstances, in response to an unsolicited bona fide written

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acquisition proposal from a third party, if the Square 1 board of directors determines in good faith (after consultation with its outside legal counsel) that the failure to take such action would reasonably be expected to violate the Square 1 directors' fiduciary duties under applicable law, Square 1 may (i) execute a confidentiality agreement with such third party to provide confidential information or (ii) engage in discussions or negotiations with such third party. The merger agreement also provides that, under specified circumstances, in response to an unsolicited bona fide written acquisition proposal if the Square 1 board of directors determines in good faith (i) after consultation with its financial advisors, that such proposal is a superior proposal and (ii) after consultation with outside legal counsel, that the failure to change its recommendation to the Square 1 stockholders to adopt the merger agreement would result in a violation of the Square 1 board of directors' fiduciary duties under applicable law, the Square 1 board of directors may change its recommendation to the Square 1 stockholders that the Square 1 stockholders adopt the merger agreement.

**Termination of the Merger Agreement (page 86)**

PacWest and Square 1 may mutually agree at any time to terminate the merger agreement without completing the merger, even if the Square 1 stockholders have adopted the merger agreement.

The merger agreement may also be terminated and the merger may be abandoned:

at any time prior to the effective time, whether before or after the Square 1 stockholder approval, by action of the board of directors of either party, in the event that the merger is not consummated by March 31, 2016, except to the extent that the failure of the merger to be consummated results from the knowing action or inaction of the party seeking to terminate, which action or inaction is in violation of its obligations under the merger agreement;

at any time prior to the effective time, whether before or after the Square 1 stockholder approval, by action of the board of directors of either party if:

the approval of any governmental authority required for consummation of the merger, the bank merger or the other transactions contemplated by the merger agreement has been denied by final and nonappealable action of such governmental authority, or an application therefor has been permanently withdrawn by mutual agreement of the parties at the request or suggestion of a governmental authority; or

the Square 1 stockholder approval is not obtained at the duly convened special meeting;

at any time prior to the effective time, whether before or after the Square 1 stockholder approval, by action of either party's board if there has been a breach of any representation, warranty, covenant or agreement made by the other party, such that if continuing on the closing date of the merger, the condition as to the accuracy of the representations and warranties or the compliance with covenants by the other party would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by the terminating party (or such shorter period as remaining prior to March 31, 2016); provided, that the terminating party is not then in material breach of any representation, warranty, covenant or agreement;

by action of PacWest's board of directors at any time prior to the Square 1 stockholder approval, in the event:

Square 1 has breached in any material respect the prohibitions in the merger agreement relating to acquisition proposals;

the Square 1 board of directors has effected a change of recommendation;



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at any time after the end of 15 business days following receipt of an acquisition proposal, the Square 1 board of directors has failed to reaffirm its recommendation that Square 1 stockholders adopt the merger agreement as promptly as practicable (but in any event within five business days) after receipt of any written request to do so by PacWest; or

a tender offer or exchange offer for outstanding shares of Square 1 common stock has been publicly disclosed (other than by PacWest or an affiliate of PacWest) and the Square 1 board of directors recommends that Square 1 stockholders tender their shares in such tender or exchange offer or, within 10 business days after the commencement of such tender or exchange offer, the Square 1 board of directors fails to recommend unequivocally against acceptance of such offer.

For more information, please see the section entitled "The Merger Agreement Termination of the Merger Agreement."

**Termination Fee (page 87)**

Square 1 must pay PacWest a termination fee of \$32.5 million in the following circumstances:

PacWest terminates the merger agreement because: (i) Square 1 has breached in any material respect its obligations relating to acquisition proposals under the merger agreement, (ii) the Square 1 board of directors has changed its recommendation, (iii) any time after the end of 15 business days following receipt of an acquisition proposal, the Square 1 board of directors has failed to reaffirm its recommendation after receipt of a written request from PacWest, or (iv) a tender offer or exchange offer for outstanding shares of Square 1 common stock has been publicly disclosed and the Square 1 board of directors recommends that the Square 1 stockholders tender their shares or, within ten business days after the commencement of such tender or exchange offer, the Square 1 board of directors fails to recommend unequivocally against acceptance of such an offer; or

(1) (a) an acquisition proposal has been made to Square 1 or its stockholders generally or (b) any person has publicly announced an intention to make an acquisition proposal with respect to Square 1, (2) thereafter the merger agreement is terminated by either party because (a) the merger was not consummated on or before March 31, 2016 and the Square 1 stockholder approval has not been obtained or (b) the Square 1 stockholder approval was not obtained at the special meeting, and (3) within 12 months after the termination of the merger agreement, Square 1 enters into a definitive agreement with respect to or consummates certain acquisition proposals.

**Voting Agreements (page 87)**

Patriot Financial Partners, L.P., Castle Creek Capital Partners IV, L.P., Endicott Opportunity Partners III, L.P. and Northaven Management, Inc. (and certain affiliates thereof), in their capacities as stockholders of Square 1, have separately entered into voting agreements with PacWest in which they have agreed to vote all shares of Square 1 common stock that they own and have the power to vote in favor of the merger proposal and any other matter that is required to be approved by the stockholders of Square 1 to facilitate the transactions contemplated by the merger agreement. These stockholders also agreed to vote against any proposal made in opposition to adoption of the merger agreement or in competition with the merger agreement and against any acquisition proposal. As of the close of business on the record date, these stockholders beneficially owned, in the aggregate, [ ] shares of Square 1 Class A common stock, allowing them to exercise approximately [ ]% of the voting power of Square 1 common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the close of business on the record date).

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The voting agreements terminate in certain circumstances, including in the event that the merger agreement is terminated in accordance with its terms.

For more information, please see the section entitled "The Merger Agreement Voting Agreements."

**Material U.S. Federal Income Tax Consequences of the Merger (page 89)**

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming the merger qualifies as a reorganization, a stockholder of Square 1 generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for Square 1 common stock in the merger (except for any gain or loss that may result from the receipt of cash in lieu of fractional shares of PacWest common stock that the stockholder of Square 1 would otherwise be entitled to receive). It is a condition to the completion of the merger that PacWest and Square 1 receive written opinions from their respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

Tax matters are complicated and the tax consequences of the merger to each Square 1 stockholder may depend on such stockholder's particular facts and circumstances. Square 1 stockholders are urged to consult their tax advisors to understand fully the tax consequences to them of the merger. For more information, please see the section entitled "Material U.S. Federal Income Tax Consequences of the Merger."

**Litigation Related to the Merger (page 88)**

One putative stockholder class action lawsuit, referred to as the merger litigation, has been filed in connection with the merger agreement. This action, *Manganaro v. Burke et al.*, Case No. 10817-VCL, was filed on March 20, 2015 in the Court of Chancery of the State of Delaware.

The complaint in the merger litigation alleges that the members of the Square 1 board of directors breached their fiduciary duties to Square 1 stockholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other Square 1 stockholders; entering into the merger agreement containing preclusive deal protection devices; and failing to take steps to maximize the value to be paid to the Square 1 stockholders. The complaint also alleges claims against PacWest for aiding and abetting these alleged breaches of fiduciary duties. The plaintiff in this action seeks, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting consummation of the merger, rescission, imposition of a constructive trust in favor of the putative class upon benefits received by defendants as a result of their alleged wrongful conduct, attorneys' fees and costs, and other and further relief. At this stage, it is not possible to predict the outcome of the proceedings or their impact on Square 1, PacWest or the merger.

**Comparison of Stockholders' Rights (page 92)**

The rights of Square 1 stockholders who continue as PacWest stockholders after the merger will be governed by the certificate of incorporation and bylaws of PacWest rather than by the certificate of incorporation and bylaws of Square 1. For more information, please see the section entitled "Comparison of Stockholders' Rights."

**The Parties (page 37)**

PacWest Bancorp  
10250 Constellation Blvd., Suite 1640  
Los Angeles, California 90067  
Phone: (310) 286-1144

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PacWest Bancorp, a Delaware corporation, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. PacWest's principal business is to serve as the holding company for PacWest's wholly owned subsidiary, Pacific Western Bank. Pacific Western Bank is focused on relationship-based business banking to small and middle-market businesses nationwide. PacWest offers a broad range of deposit products and services through 80 full-service branches located throughout California. PacWest, through offices across the United States, provides loans to middle-market businesses, real estate investment firms, and sophisticated individual real estate investors.

As of December 31, 2014, PacWest had total assets of over \$16 billion, gross loans and leases of \$11.9 billion, total deposits of \$11.8 billion and stockholders' equity of \$3.5 billion. PacWest's corporate headquarters is located in Los Angeles, California, and PacWest has 80 full-service, retail bank branches located primarily in southern and central California and three branches in northern California. PacWest's loan origination efforts are conducted nationwide with key offices located in Chevy Chase, Maryland, Southern California, including Los Angeles, St. Louis, Missouri, Denver, Colorado, Chicago, Illinois, New York, New York, and Midvale, Utah. PacWest also maintains a number of smaller lending offices throughout the country. For the year ended December 31, 2014, PacWest operated as two business segments: Community Banking and National Lending. The Community Banking segment is focused on the lending and deposit gathering activities conducted primarily through PacWest's California-based branch offices and PacWest's treasury management function. The National Lending segment comprises PacWest's CapitalSource Division through which PacWest offers a broad range of specialized senior secured commercial loan products to small and middle-market businesses on a nationwide basis.

Square 1 Financial, Inc.  
406 Blackwell Street, Suite 240  
Durham, North Carolina 27701  
Phone: (866) 355-0468

Square 1 is a financial services company focused primarily on serving entrepreneurs and their investors. Square 1 is headquartered in Durham, North Carolina with thirteen loan production offices located in key innovation hubs across the United States. Through Square 1's banking subsidiary, Square 1 Bank, which was formed by experienced venture bankers, commercial bankers and entrepreneurs, Square 1 offers a full range of banking and financial products focused on the entrepreneurial community and their venture capital and private equity investors. Since inception, Square 1 has operated as a highly-focused venture bank and has provided a broad range of financial services to entrepreneurs, growing entrepreneurial companies and the venture capital and private equity communities. Square 1 provides banking services to its clients, including venture, commercial and international banking services, asset-based lending programs, and SBA and USDA commercial and real estate loan programs. Square 1 also provides investment advisory and asset management services to its clients through Square 1 Asset Management, a subsidiary of Square 1 Bank.

As of December 31, 2014, Square 1 had consolidated total assets of \$3.1 billion, total loans and leases of \$1.3 billion, investment securities of \$1.6 billion, deposits of \$2.8 billion and stockholders' equity of \$302.7 million. Square 1 had 258 full-time equivalent employees as of December 31, 2014.

### **Risk Factors (page 24)**

Before voting at the special meeting, you should carefully consider all of the information contained in or incorporated by reference into this document, including the risk factors set forth in the section entitled "Risk Factors" or described in PacWest's and Square 1's respective Annual Reports on Form 10-K for the year ended on December 31, 2014 and other reports filed with the SEC, which are incorporated by reference into this document. Please see "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR PACWEST**

The following table summarizes consolidated financial results of PacWest for the periods and at the dates indicated and should be read in conjunction with PacWest's consolidated financial statements and the notes to the consolidated financial statements contained in reports that PacWest has previously filed with the SEC. Historical financial information for PacWest can be found in its Annual Report on Form 10-K for the year ended December 31, 2014. Please see the section entitled "Where You Can Find More Information" for instructions on how to obtain the information that has been incorporated by reference. You should not assume the results of operations for past years indicate results for any future period.

	At or For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except per share amounts and percentages)				
<b>Results of Operations(1):</b>					
Interest income	\$ 704,775	\$ 309,914	\$ 296,115	\$ 295,284	\$ 290,284
Interest expense	(42,398)	(12,201)	(19,648)	(32,643)	(40,957)
Net interest income	662,377	297,713	276,467	262,641	249,327
Total (provision) negative provision for credit losses(2)	(11,499)	4,210	12,819	(26,570)	(212,492)
Gain on securities	4,841	5,359	1,239		
FDIC loss sharing (expense) income, net	(31,730)	(26,172)	(10,070)	7,776	22,784
Other noninterest income	69,076	25,057	24,703	23,650	20,454
Total noninterest income	42,187	4,244	15,872	31,426	43,238
Foreclosed assets (expense) income, net	(5,401)	1,503	(10,931)	(10,676)	(14,770)
Acquisition, integration and reorganization costs	(101,016)	(40,812)	(4,089)	(600)	(732)
Debt termination expense			(22,598)		(2,660)
Other noninterest expense	(302,327)	(191,378)	(174,044)	(168,717)	(170,641)
Total noninterest expense	(408,744)	(230,687)	(211,662)	(179,993)	(188,803)
Earnings (loss) from continuing operations before income tax (expense) benefit	284,321	75,480	93,496	87,504	(108,730)
Income tax (expense) benefit	(113,853)	(30,003)	(36,695)	(36,800)	46,714
Net earnings (loss) from continuing operations	170,468	45,477	56,801	50,704	(62,016)
Loss from discontinued operations before income tax benefit	(2,677)	(620)			
Income tax benefit	1,114	258			
Net loss from discontinued operations	(1,563)	(362)			
Net earnings (loss)	\$ 168,905	\$ 45,115	\$ 56,801	\$ 50,704	\$ (62,016)
<b>Per Common Share Data:</b>					
Basic and diluted earnings (loss) per share (EPS):					
Net earnings (loss) from continuing operations	\$ 1.94	\$ 1.09	\$ 1.54	\$ 1.37	\$ (1.77)
Net earnings (loss)	\$ 1.92	\$ 1.08	\$ 1.54	\$ 1.37	\$ (1.77)



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Dividends declared during year	\$ 1.25	\$ 1.00	\$ 0.79	\$ 0.21	\$ 0.04
Book value per share(3)	\$ 34.04	\$ 17.66	\$ 15.74	\$ 14.66	\$ 13.06
Shares outstanding at year-end(3)	103,022	45,823	37,421	37,254	36,672
Average shares outstanding for basic and diluted EPS	86,853	40,823	35,685	35,491	35,108

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	At or For the Year Ended December 31,				
	2014	2013	2012	2011	2010
	(In thousands, except per share amounts and percentages)				
<b>Balance Sheet Data:</b>					
Total assets	\$ 16,234,800	\$ 6,533,363	\$ 5,463,658	\$ 5,528,237	\$ 5,529,021
Cash and cash equivalents	313,226	147,422	164,404	295,617	108,552
Investment securities	1,607,786	1,522,684	1,392,511	1,372,464	929,056
Non-purchased credit impaired (Non-PCI) loans and leases	11,613,832	3,930,539	3,074,947	2,841,071	3,196,881
Allowance for credit losses, Non-PCI loans and leases	76,767	67,816	72,119	93,783	104,328
Purchased credit impaired (PCI) loans	290,852	382,796	517,885	705,332	910,394
FDIC loss sharing asset	18,734	45,524	57,475	95,187	116,352
Goodwill	1,720,479	208,743	79,866	39,141	47,301
Core deposit and customer relationship intangibles	17,204	17,248	14,723	17,415	25,843
Deposits	11,755,128	5,280,987	4,709,121	4,577,453	4,649,698
Borrowings	383,402	113,726	12,591	225,000	225,000
Subordinated debentures	433,583	132,645	108,250	129,271	129,572
Stockholders' equity	3,506,425	809,093	589,121	546,203	478,797
<b>Performance Ratios:</b>					
Return on average assets	1.27%	0.74%	1.04%	0.92%	(1.14)%
Return on average equity	6.11%	6.28%	10.01%	9.92%	(12.56)%
Net interest margin	5.95%	5.37%	5.52%	5.26%	5.02%
Efficiency ratio	58.01%	76.40%	72.40%	61.21%	64.53%
Stockholders' equity to total assets ratio	21.60%	12.38%	10.78%	9.88%	8.66%
Average equity to average assets	20.74%	11.75%	10.36%	9.32%	9.10%
Dividend payout ratio(4)	67.66%	90.89%	50.68%	15.04%	NM
Tier 1 leverage capital ratio(5)	12.34%	11.22%	10.53%	10.42%	8.54%
Tier 1 risk-based capital ratio(5)	13.16%	15.12%	15.17%	15.97%	12.68%
Total risk-based capital ratio(5)	16.07%	16.38%	16.43%	17.25%	13.96%
<b>Non-PCI Credit Quality Metrics:</b>					
Non-PCI nonaccrual loans and leases	\$ 83,621	\$ 46,774	\$ 41,762	\$ 61,619	\$ 95,509
Foreclosed assets	43,721	55,891	56,414	81,918	81,414
Total nonperforming assets	\$ 127,342	\$ 102,665	\$ 98,176	\$ 143,537	\$ 176,923
Non-PCI nonaccrual loans to Non-PCI loans and leases	0.91%	1.19%	1.36%	2.17%	2.99%
Nonperforming assets to Non-PCI loans and leases and foreclosed assets	1.28%	2.58%	3.14%	4.91%	5.40%
Allowance for credit losses to Non-PCI nonaccrual loans and leases	91.80%	144.99%	172.69%	152.20%	109.20%
Allowance for credit losses to Non-PCI loans and leases	0.66%	1.73%	2.35%	3.30%	3.26%
Net charge-offs to average Non-PCI loans and leases(2)	0.02%	0.12%	0.33%	0.80%	5.88%

(1) Operating results of acquired companies are included from the respective acquisition dates.

(2) During 2010, the Bank executed two sales of adversely classified loans totaling \$398.5 million that included \$128.1 million in nonaccrual loans. The sales resulted in \$144.6 million of charge-offs to the allowance for credit losses.

(3)

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Includes 1,108,505 shares, 1,216,524 shares, 1,698,281 shares, 1,675,730 shares, and 1,230,582 shares of unvested restricted stock outstanding at December 31, 2014, 2013, 2012, 2011, and 2010.

(4)

Not meaningful for 2010.

(5)

Capital ratios presented are for PacWest as a consolidated company.

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**SELECTED HISTORICAL CONSOLIDATED  
FINANCIAL DATA FOR SQUARE 1**

The following table summarizes consolidated financial results of Square 1 for the periods and at the dates indicated and should be read in conjunction with Square 1's consolidated financial statements and the notes to the consolidated financial statements contained in reports that Square 1 has previously filed with the SEC. Historical financial information for Square 1 can be found in its Annual Report on Form 10-K for the year ended December 31, 2014. Please see the section entitled "Where You Can Find More Information" for instructions on how to obtain the information that has been incorporated by reference.

(Dollars in thousands)	Years Ended December 31,				
	2014	2013	2012	2011	2010
<b>Financial Condition Data:</b>					
Total assets	\$ 3,094,866	\$ 2,326,427	\$ 1,803,281	\$ 1,648,287	\$ 1,583,871
Cash and cash equivalents	86,921	105,730	48,971	194,240	201,279
Investment securities available-for-sale	1,294,533	924,229	776,160	679,553	820,048
Investment securities held-to-maturity	300,425	154,255	67,022	28,817	16,964
Loans, net of unearned income(1)	1,346,449	1,082,536	863,081	710,904	490,636
Off-balance sheet unfunded loan commitments	1,232,078	977,262	741,232	714,185	576,632
Deposits	2,776,552	2,106,727	1,519,329	1,508,829	1,461,913
Off-balance sheet client investment funds	1,436,633	557,883	377,932	458,464	263,325
Borrowings		6,207	96,204	6,193	6,183
Repurchase agreements		12,737			928
<b>Operating Data:</b>					
Interest income	\$ 104,581	\$ 77,662	\$ 67,676	\$ 60,827	\$ 52,854
Interest expense	807	1,328	1,142	1,502	1,880
Net interest income	103,774	76,334	66,534	59,325	50,974
Provision for loan losses	12,614	13,300	9,371	7,300	5,050
Net interest income after provision for loan losses	91,160	63,034	57,163	52,025	45,924
Noninterest income (expense)	25,217	25,308	15,560	6,857	(22,724)
Noninterest expense	66,551	55,921	51,148	49,163	43,091
Income (loss) before income tax expense	49,826	32,421	21,575	9,719	(19,892)
Income tax expense (benefit)	15,643	10,038	7,203	4,372	(7,271)
Preferred stock dividends and discount accretion	63	250	250	250	250
Net income (loss) available to common stockholders	34,120	22,133	14,122	5,097	(12,871)

- (1) Net of unearned income of \$7.9 million, \$4.5 million, \$4.0 million, \$4.1 million, and \$2.1 million at December 31, 2014, 2013, 2012, 2011 and 2010, respectively. Unearned loan fees, the discount on SBA loans and the unearned initial warrant value are included in unearned income.

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## Years Ended December 31,

	2014	2013	2012	2011	2010
<b>Performance Ratios:</b>					
Return on average assets	1.25%	1.06%	0.83%	0.33%	(1.01)%
Return on average common equity	12.88	12.44	10.11	4.59	(14.00)
Net interest margin(1)	4.06	3.91	4.14	4.02	4.22
Average equity to average assets	9.77	8.75	8.48	7.52	7.58
<b>Capital Ratios (consolidated):</b>					
Tier 1 leverage capital	9.71	8.34	9.53	8.69	8.88
Tier 1 risk-based capital	13.84	11.38	13.49	13.03	15.59
Total risk-based capital	14.96	12.46	14.57	14.13	16.72
Total shareholders' equity to assets	9.78	8.13	9.80	7.55	6.76
<b>Asset Quality Ratios:</b>					
Allowance for loan losses as a percent of total loans	1.70	1.70	1.60	1.64	1.87
Allowance for loan losses as a percent of nonperforming loans	132.87	127.05	95.25	164.69	166.47
Net charge-offs to average outstanding loans (annualized)	0.68	0.95	0.95	0.79	1.14
Nonperforming loans as a percent of total loans	1.28	1.34	1.68	0.99	1.13
Nonperforming assets as a percent of total assets	0.56	0.63	0.81	0.50	0.55
<b>Per Share Data:</b>					
Net income (loss) per basic common share	\$ 1.25	\$ 0.94	\$ 0.67	\$ 0.25	\$ (0.78)
Net income (loss) per diluted common share	\$ 1.18	\$ 0.93	\$ 0.67	\$ 0.25	\$ (0.78)
Book value per common share	\$ 10.48	\$ 7.80	\$ 7.31	\$ 5.94	\$ 5.08
Weighted average common shares outstanding-basic	27,401,132	23,508,254	20,925,764	20,093,977	16,455,993
Weighted average common shares outstanding-diluted	29,100,814	23,859,448	21,136,770	20,200,227	16,514,246

- (1) Represents net interest income as a percent of average interest-earning assets.

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (a) PacWest and Square 1 on a historical basis, (b) PacWest and Square 1 on a pro forma combined basis, and (c) Square 1 on a pro forma equivalent basis. The pro forma basic and diluted earnings per share information was computed as if the merger, as well as PacWest's merger with CapitalSource Inc., which occurred on April 7, 2014, had been completed on January 1, 2014. The pro forma book value per share information was computed as if the merger had been completed on December 31, 2014.

The following pro forma information has been derived from and should be read in conjunction with PacWest's and Square 1's audited consolidated financial statements for the year ended December 31, 2014 incorporated herein by reference. This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs, or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results.

	Unaudited Comparative Per Common Share Data			
	PacWest(1)	Square 1	PacWest Pro Forma Combined	Square 1 Pro Forma Equivalent Per Share(2)
<b>Basic Earnings</b>				
Year ended December 31, 2014	\$ 1.92	\$ 1.25	\$ 2.40	\$ 1.44
<b>Diluted Earnings</b>				
Year ended December 31, 2014	\$ 1.92	\$ 1.18	\$ 2.40	\$ 1.44
<b>Cash Dividends Paid(3)</b>				
Year ended December 31, 2014	\$ 1.25	\$	\$ 1.25	\$ 0.75
<b>Book Value</b>				
December 31, 2014	\$ 34.04	\$ 10.48	\$ 35.92	\$ 21.54

- (1) Basic earnings and diluting earning for PacWest reflect the results of CapitalSource Inc. only from April 7, 2014.
- (2) Computed by multiplying the PacWest pro forma combined amounts by the exchange ratio of 0.5997.
- (3) PacWest pro forma combined cash dividends paid are based only upon PacWest's historical amounts.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION**

The table below sets forth, for the calendar quarters indicated, the high and low sales prices per share, and the dividend paid per share, of PacWest common stock, which trades on NASDAQ under the symbol "PACW," and Square 1 common stock, which trades on NASDAQ under the symbol "SQBK."

	PacWest Common Stock			Square 1 Common Stock		
	High	Low	Dividend	High	Low	Dividend
<b>2013</b>						
First quarter	\$ 29.20	\$ 24.96	\$ 0.25	\$ N/A	\$ N/A	\$ N/A
Second quarter	\$ 31.02	\$ 25.81	\$ 0.25	\$ N/A	\$ N/A	\$ N/A
Third quarter	\$ 36.31	\$ 30.58	\$ 0.25	\$ N/A	\$ N/A	\$ N/A
Fourth quarter	\$ 42.96	\$ 34.14	\$ 0.25	\$ N/A	\$ N/A	\$ N/A
<b>2014</b>						
First quarter	\$ 46.08	\$ 37.70	\$ 0.25	\$ 20.70(1)	\$ 19.53(1)	\$ 0.00
Second quarter	\$ 47.37	\$ 38.04	\$ 0.25	\$ 20.50	\$ 16.94	\$ 0.00
Third quarter	\$ 44.80	\$ 39.50	\$ 0.25	\$ 19.95	\$ 17.85	\$ 0.00
Fourth quarter	\$ 48.03	\$ 37.63	\$ 0.50	\$ 26.53	\$ 16.92	\$ 0.00
<b>2015</b>						
First Quarter	\$ 47.47	\$ 41.18	\$ 0.50	\$ 28.75	\$ 21.43	\$ 0.00
Second Quarter (through [ ], 2015)	\$ [ ]	[ ]	[ ]	[ ]	[ ]	[ ]

(1)

Stock prices for Square 1 common stock are available starting on March 27, 2014.

The following table sets forth the closing sale prices per share of PacWest common stock and Square 1 common stock on February 27, 2015, the last trading day before the public announcement of the signing of the merger agreement, and on [ ], 2015, the latest practicable date before the date of this document. The following table also includes the equivalent market value per share of Square 1 common stock on February 27, 2015 and [ ], 2015 determined by multiplying the share price of PacWest common stock on such dates by the exchange ratio of 0.5997.

	PacWest Common Stock	Square 1 Common Stock	Equivalent Market Value per Share of Square 1 Common Stock
February 27, 2015	\$ 45.84	\$ 27.68	\$ 27.49
[ ], 2015	\$ [ ]	[ ]	[ ]

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**RISK FACTORS**

*In addition to the other information contained in or incorporated by reference into this document, including the matters addressed under the caption entitled "Cautionary Statement Regarding Forward-Looking Statements," Square 1 stockholders should carefully consider the following factors in deciding whether to vote for Square 1's proposals. Please see the sections entitled "Where You Can Find More Information" and "Incorporation of Certain Documents by Reference."*

***Because the market price of PacWest common stock will fluctuate, the value of the merger consideration to be received by Square 1 stockholders may change.***

Upon completion of the merger, each outstanding share of Square 1 common stock, excluding certain specified shares, will be converted into the right to receive 0.5997 of a share of PacWest common stock pursuant to the terms of the merger agreement. The closing price of PacWest common stock on the date that the merger is completed may vary from the closing price of PacWest common stock on the date PacWest and Square 1 announced the merger, on the date that this document is being mailed to the Square 1 stockholders, and on the date of the special meeting of Square 1 stockholders. Because the merger consideration is determined by a fixed exchange ratio, at the time of the special meeting, Square 1 stockholders will not know or be able to calculate the value of the PacWest common stock they will receive upon completion of the merger. Any change in the market price of PacWest common stock prior to completion of the merger may affect the value of the merger consideration that Square 1 stockholders will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in Square 1's and PacWest's respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of PacWest and Square 1. Square 1 stockholders should obtain current market quotations for shares of PacWest common stock before voting their shares at the special meeting.

***Square 1 stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.***

Square 1 stockholders currently have the right to vote in the election of the Square 1 board of directors and on other matters affecting Square 1. Upon the completion of the merger, each Square 1 stockholder will be a stockholder of PacWest with a percentage ownership of PacWest that is smaller than such stockholder's current percentage ownership of Square 1. It is currently expected that the former stockholders of Square 1 as a group will receive shares in the merger constituting approximately [ ]% of the outstanding shares of PacWest's common stock immediately after the merger. Because of this, Square 1 stockholders will have less influence on the management and policies of PacWest than they now have on the management and policies of Square 1.

***Sales of substantial amounts of PacWest's common stock in the open market by former Square 1 stockholders could depress PacWest's stock price.***

Shares of PacWest common stock that are issued to stockholders of Square 1 in the merger will be freely tradable without restrictions or further registration under the Securities Act. As of the close of business on the record date, PacWest had approximately [ ] shares of common stock outstanding and [ ] shares of PacWest common stock were reserved for issuance under the PacWest stock plan. Based on the shares of Square 1 common stock currently outstanding, PacWest currently expects to issue approximately [ ] shares of its common stock in connection with the merger.

Because of the significantly enhanced liquidity of PacWest common stock as compared to Square 1 common stock on account of the greater public float and trading volume of PacWest common stock relative to Square 1 common stock, if the merger is completed, Square 1's former stockholders may sell



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substantial amounts of PacWest common stock in the public market following completion of the merger. Any such sales may cause the market price of PacWest common stock to decrease. These sales might also make it more difficult for PacWest to sell equity or equity-related securities at a time and price that it otherwise would deem appropriate.

***PacWest may fail to realize the anticipated benefits of the merger.***

The success of the merger will depend on, among other things, PacWest's ability to combine and integrate the business of Square 1 into PacWest's business. If PacWest is not able to successfully achieve this objective, the anticipated benefits of the merger may not be realized fully, or at all, or may take longer to realize than expected.

PacWest and Square 1 have operated and, until the consummation of the merger, will continue to operate independently. It is possible that the integration process or other factors could result in the loss or departure of key employees, the disruption of the ongoing business of PacWest or Square 1 or inconsistencies in standards, controls, procedures and policies. It is also possible that clients, customers, depositors and counterparties of Square 1 could choose to discontinue their relationships with PacWest post-merger because they prefer doing business with an independent company or for any other reason, which would adversely affect the future anticipated performance of PacWest. These transition matters could have an adverse effect on Square 1 during the pre-merger period and for an undetermined amount of time after the consummation of the merger.

***Regulatory approvals may not be received, may take longer than expected or may impose conditions that are not presently anticipated or cannot be met.***

Before the transactions contemplated by the merger agreement, including the merger and the bank merger, may be completed, various approvals must be obtained from bank regulatory authorities. These governmental entities may impose conditions on the granting of such approvals. Such conditions or changes and the process of obtaining regulatory approvals could have the effect of delaying completion of the merger or of imposing additional costs or limitations on PacWest following the merger. The regulatory approvals may not be received at all, may not be received in a timely fashion, and may contain conditions on the completion of the merger that are not anticipated or cannot be met. If the consummation of the merger is delayed, including by a delay in receipt of necessary governmental approvals, the business, financial condition and results of operations of each company may also be materially adversely affected.

***Failure of the merger to be completed, the termination of the merger agreement or a significant delay in the consummation of the merger could negatively impact PacWest and Square 1.***

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: (i) adoption of the merger agreement by Square 1 stockholders, (ii) absence of any governmental order or law prohibiting completion of the merger, and (iii) effectiveness of the registration statement of which this document is a part.

The obligation of each party to consummate the merger is also conditioned upon (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) performance in all material respects by the other party of its obligations under the merger agreement, (iii) receipt by such party of a tax opinion to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and (iv) the absence of a material adverse effect with respect to the other party since the date of the merger agreement. The obligation of PacWest to consummate the merger is also conditioned upon (i) the adjusted stockholders' equity of Square 1 being in excess of a specified level, (ii) the receipt of certain required regulatory approvals and such approvals not containing materially

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burdensome regulatory conditions, and (iii) the receipt by PacWest of a certificate as to certain tax matters. The obligation of Square 1 to consummate the merger is also conditioned upon the receipt of certain required regulatory approvals.

These conditions to the consummation of the merger may not be fulfilled and, accordingly, the merger may not be completed. In addition, if the merger is not completed by March 31, 2016, either PacWest or Square 1 may choose not to proceed with the merger, and the parties can mutually decide to terminate the merger agreement at any time, before or after the Square 1 stockholder approval.

If the merger is not consummated, the ongoing business, financial condition and results of operations of each party may be materially adversely affected and the market price of each party's common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the merger will be consummated. If the consummation of the merger is delayed, including by the receipt of a competing acquisition proposal, the business, financial condition and results of operations of each company may be materially adversely affected.

In addition, each party has incurred and will incur substantial expenses in connection with the negotiation and completion of the transactions contemplated by the merger agreement. If the merger is not completed, the parties would have to recognize these expenses without realizing the expected benefits of the transaction. Any of the foregoing, or other risks arising in connection with the failure of or delay in consummating the merger, including the diversion of management attention from pursuing other opportunities and the constraints in the merger agreement on each party's ongoing business during the pendency of the merger, could have a material adverse effect on each party's business, financial condition and results of operations.

Additionally, PacWest's or Square 1's business may have been adversely impacted by the 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. If the merger agreement is terminated and a party's board of directors seeks another merger or business combination, such party's stockholders cannot be certain that such party will be able to find a party willing to engage in a transaction on more attractive terms than the merger.

***Square 1 will be subject to business uncertainties and contractual restrictions while the merger is pending.***

Uncertainty about the effect of the merger on employees, customers, suppliers and vendors may have an adverse effect on the business, financial condition and results of operations of Square 1 and, consequently, PacWest. These uncertainties may impair Square 1's ability to attract, retain and motivate key personnel and customers pending the consummation of the merger, as such personnel and customers may experience uncertainty about their future roles following the consummation of the merger. Additionally, these uncertainties could cause customers, suppliers, vendors and others who deal with Square 1 to seek to change existing business relationships with Square 1 or fail to extend an existing relationship with Square 1. In addition, competitors may target Square 1's existing customers by highlighting potential uncertainties and integration difficulties that may result from the merger.

Square 1 has a small number of key personnel. The pursuit of the merger and the preparation for the integration may place a burden on Square 1's management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could have a material adverse effect on Square 1's business, financial condition and results of operations.

In addition, the merger agreement restricts Square 1 from taking certain actions without PacWest's consent while the merger is pending. These restrictions may, among other matters, prevent Square 1 from pursuing otherwise attractive business opportunities, selling assets, incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the merger agreement,

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entering into other transactions or making other changes to Square 1's business prior to consummation of the merger or termination of the merger agreement. These restrictions could have a material adverse effect on Square 1's business, financial condition and results of operations. Please see the section entitled "The Merger Agreement Conduct of Business Prior to the Completion of the Merger" for a description of the restrictive covenants applicable to Square 1.

***Square 1 directors and officers have interests in the merger different from the interests of other Square 1 stockholders.***

Square 1's executive officers and directors have interests in the merger that are different from, or in addition to, the interests of Square 1 stockholders generally. Such interests include the rights to accelerated vesting of equity awards, payments in connection with the termination of employment agreements with certain executive officers, potential benefits upon certain qualifying terminations following consummation of the merger under existing employment agreements with other executive officers and the right to indemnification and insurance coverage following the consummation of the merger. In addition, pursuant to the merger agreement, on or prior to the effective time, the PacWest board of directors will increase the number of directors constituting the PacWest board of directors by one and fill such vacancy by a current director of Square 1 selected by Square 1 and reasonably acceptable to PacWest to be effective immediately following the effective time. These interests are described in more detail under the section entitled "The Merger Interests of Square 1 Directors and Executive Officers in the Merger."

***Shares of PacWest common stock to be received by Square 1 stockholders as a result of the merger will have rights different from the shares of Square 1 common stock.***

Upon completion of the merger, the rights of former Square 1 stockholders will be governed by the certificate of incorporation and bylaws of PacWest. The rights associated with Square 1 common stock are different from the rights associated with PacWest common stock, although both companies are organized under Delaware law. Please see the section entitled "Comparison of Stockholders' Rights" for a discussion of the different rights associated with PacWest common stock.

***The merger agreement contains provisions that may discourage other companies from trying to acquire Square 1.***

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to Square 1 that might result in greater value to Square 1 stockholders than the merger. These provisions include a general prohibition on Square 1 from soliciting, or, subject to certain exceptions, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. In addition, in some circumstances upon termination of the merger agreement, Square 1 may be required to pay PacWest a termination fee of \$32.5 million. Certain stockholders of Square 1 have entered into voting agreements and have agreed to vote their shares of Square 1 common stock that they have the power to vote in favor of the merger agreement and certain related matters and against alternative transactions. The stockholders that are party to the voting agreements described in this paragraph beneficially own in the aggregate approximately [ ]% of the outstanding shares of Square 1 voting common stock as of the close of business on the record date. For further information, please see the section entitled "The Merger Agreement Voting Agreements." Square 1 also has an unqualified obligation to submit the merger proposal to a vote of Square 1 stockholders, even if Square 1 receives a proposal that its board of directors believes is superior to the merger.

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***PacWest expects to incur substantial expenses related to the merger.***

PacWest expects to incur substantial expenses in connection with consummation of the merger and combining the business, operations, networks, systems, technologies, policies and procedures of Square 1 into that of PacWest. Although PacWest and Square 1 have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that PacWest expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the consummation of the merger. As a result of these expenses, both PacWest and Square 1 expect to take charges against their earnings before and after the completion of the merger. The charges taken in connection with the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

***In connection with the announcement of the merger agreement, one lawsuit has been filed and is pending, seeking, among other things, to enjoin the merger, and an adverse judgment in this lawsuit may prevent the merger from becoming effective within the expected time frame (if at all).***

One putative stockholder class action lawsuit, referred to as the merger litigation, has been filed in connection with the merger agreement. This action, *Manganaro v. Burke et al.*, Case No. 10817-VCL, was filed on March 20, 2015 in the Court of Chancery of the State of Delaware.

The complaint in the merger litigation alleges that the members of the Square 1 board of directors breached their fiduciary duties to Square 1 stockholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other Square 1 stockholders; entering into the merger agreement containing preclusive deal protection devices; and failing to take steps to maximize the value to be paid to the Square 1 stockholders. The complaint also alleges claims against PacWest for aiding and abetting these alleged breaches of fiduciary duties. The plaintiff in this action seeks, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting consummation of the merger, rescission, imposition of a constructive trust in favor of the putative class upon benefits received by defendants as a result of their alleged wrongful conduct, attorneys' fees and costs, and other and further relief. At this stage, it is not possible to predict the outcome of the proceedings or their impact on Square 1 or PacWest. If the plaintiff is successful in enjoining the consummation of the merger, the lawsuit may prevent the merger from becoming effective within the expected time frame (or at all).

***The opinion of Square 1's financial advisor will not reflect changes in circumstances between the date of the opinion and the completion of the merger.***

The Square 1 board of directors received an opinion from Sandler O'Neill, its financial advisor, on March 1, 2015 to address the fairness of the merger consideration from a financial point of view as of that date. Subsequent changes in the operations and prospects of Square 1 or PacWest, general market and economic conditions and other factors that may be beyond the control of Square 1 or PacWest, and on which Square 1's financial advisor's opinion was based, may significantly alter the value of Square 1 or PacWest or the prices of the shares of PacWest common stock or Square 1 common stock by the time the merger is completed. Because Square 1 does not anticipate asking Sandler O'Neill to update its opinion, the opinion will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed or as of any other date other than the date of such opinion. For a description of the opinion that Square 1 received from its financial advisor, please refer to the section entitled "The Merger Opinion of Square 1's Financial Advisor."

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*PacWest may not be able to realize its deferred income tax assets.*

It is currently expected that PacWest will undergo an "ownership change" within the meaning of Section 382 of the Internal Revenue Code as a result of the merger, and therefore an annual limit may be imposed on the amount of net operating loss carryforwards that may be used to offset future taxable income. Such annual limit is generally the product of the total value of a company's outstanding equity immediately prior to an "ownership change" (subject to certain adjustments) and the applicable federal long-term tax-exempt interest rate. Based on PacWest's current values and income projections, it is not currently expected that such annual limit will impair PacWest's ability to utilize the net operating loss carryforwards as of the date of the merger.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document, including information included or incorporated by reference in this document, contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 giving PacWest's and Square 1's expectations or predictions of future financial or business performance or conditions. Forward-looking statements are typically identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "continue," "positions," "prospects," "projections" or "potential," by future conditional verbs such as "will," "would," "should," "could" or "may", or by variations of such words or by similar expressions. These forward-looking statements are subject to numerous assumptions, risks and uncertainties which change over time. Forward-looking statements speak only as of the date they are made and PacWest and Square 1 assume no duty to update forward-looking statements.

In addition to factors previously disclosed in PacWest's and Square 1's reports filed with the SEC and those identified elsewhere in this filing (including the section entitled "Risk Factors") the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

PacWest's ability to complete future acquisitions, including the merger, and to successfully integrate such acquired entities or achieve expected benefits, synergies and/or operating efficiencies within expected time frames or at all;

the parties' ability to obtain regulatory approvals and meet other closing conditions to the merger on the expected terms and schedule;

delay in closing the merger;

business disruption prior to or following the proposed merger;

changes in PacWest's stock price before completion of the merger, including as a result of the financial performance of PacWest or Square 1 prior to closing;

the reaction to the merger of PacWest's and Square 1's respective customers, employees and counterparties;

changes in economic or competitive market conditions could negatively impact investment or lending opportunities or product pricing and services;

deteriorations in credit and other markets;

higher than anticipated loan and lease losses;

sustained reduction in real estate markets could negatively impact the value of PacWest's collateral and PacWest's borrowers' ability to repay loans;

a change in the interest rate environment reduces interest margins;

lower than expected revenues;

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asset/liability repricing risks and liquidity risks reduces interest margins and the value of investments;

increased costs to manage and sell foreclosed assets;

legislative or regulatory requirements or changes adversely affecting PacWest's or Square 1's business, including an increase to capital requirements;

regulatory approvals for any capital activities cannot be obtained on the terms expected or on the anticipated schedule;

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changes in tax laws or regulations affecting PacWest's or Square 1's business;

PacWest's inability to generate sufficient earnings;

tax planning or disallowance of tax benefits by tax authorities; and

changes in tax filing jurisdictions or entity classifications.



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**SQUARE 1 SPECIAL MEETING OF STOCKHOLDERS**

**Date, Time and Place**

The special meeting will be held at [ ] at [ ], local time, on [ ], 2015. On or about [ ], 2015, Square 1 commenced mailing of this document and the enclosed form of proxy to its stockholders entitled to vote at the special meeting.

**Purpose of the Special Meeting**

At the special meeting, Square 1 Class A common stockholders will be asked to:

adopt the merger agreement, a copy of which is attached as Appendix A to this document, referred to as the merger proposal;

approve one or more adjournments of the special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the merger proposal, referred to as the adjournment proposal; and

act upon other business as may properly come before the meeting or any adjournment thereof by or at the direction of the Square 1 board of directors.

**Recommendation of the Square 1 Board of Directors**

After careful consideration, the Square 1 board of directors approved and declared advisable the merger agreement, and determined that the merger agreement and the transaction contemplated thereby are fair to and in the best interests of Square 1 and its stockholders.

**The Square 1 board of directors recommends that you vote "FOR" the merger proposal and "FOR" the adjournment proposal.** Please see the section entitled "The Merger Recommendation of the Square 1 Board of Directors and Reasons for the Merger."

**Record Date and Quorum**

The Square 1 board of directors has fixed the close of business on [ ], 2015 as the record date for determining the holders of Square 1 Class A common stock entitled to receive notice of and to vote at the special meeting.

As of the close of business on the record date, there were [ ] shares of Square 1 Class A common stock outstanding and entitled to vote at the special meeting held by [ ] holders of record. Each share of Square 1 Class A common stock entitles the holder to one vote on each proposal to be considered at the special meeting. Shares of non-voting Square 1 Class B common stock are not entitled to vote at the special meeting.

The representation of holders of at least a majority of the votes entitled to be cast on the matters to be voted on at the special meeting constitutes a quorum for transacting business at the special meeting. All shares of Square 1 Class A common stock, whether present in person or represented by proxy, including abstentions and broker non-votes, will be treated as present for purposes of determining the presence or absence of a quorum for all matters voted on at the special meeting.

As of the close of business on the record date, directors and executive officers of Square 1 and their affiliates owned and were entitled to vote [ ] shares of Square 1 Class A common stock, representing approximately [ ]% of the shares of Square 1 Class A common stock outstanding on that date. As of the close of business on the record date, PacWest beneficially held no shares of Square 1 common stock.

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Patriot Financial Partners, L.P., Castle Creek Capital Partners IV, L.P., Endicott Opportunity Partners III, L.P. and Northaven Management, Inc. (and certain affiliates thereof), in their capacities as stockholders of Square 1, have separately entered into voting agreements with PacWest in which they have agreed to vote all shares of Square 1 common stock that they own and have the power to vote in favor of the merger proposal and any other matter that is required to be approved by the stockholders of Square 1 to facilitate the transactions contemplated by the merger agreement. These stockholders also agreed to vote against any proposal made in opposition to adoption of the merger agreement or in competition with the merger agreement and against any acquisition proposal. As of the close of business on the record date, these stockholders beneficially owned, in the aggregate, [ ] shares of Square 1 Class A common stock, allowing them to exercise approximately [ ]% of the voting power of Square 1 common stock (which does not include shares issuable upon the exercise of stock options that were not outstanding as of the close of business on the record date).

**Required Vote**

The affirmative vote of a majority of the outstanding shares of Square 1 Class A common stock entitled to vote is required to approve the merger proposal.

The affirmative vote of a majority of the votes cast at the special meeting is required to approve the adjournment proposal.

**Treatment of Abstentions; Failure to Vote**

For purposes of the special meeting, an abstention occurs when a Square 1 Class A common stockholder attends the special meeting, either in person or represented by proxy, but abstains from voting.

For the merger proposal, if a Square 1 Class A common stockholder present in person at the special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" this proposal. If a Square 1 Class A common stockholder is not present in person at the special meeting and does not respond by proxy, it will have the same effect as a vote cast "**AGAINST**" this proposal.

For the adjournment proposal, if a Square 1 Class A common stockholder present in person at the special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have no effect on the vote count for this proposal. If a Square 1 Class A common stockholder is not present in person at the special meeting and does not respond by proxy, it will have no effect on the vote count for this proposal.

**Voting on Proxies; Incomplete Proxies**

Giving a proxy means that a stockholder authorizes the persons named in the enclosed proxy card to vote such holder's shares at the special meeting in the manner such holder directs. A Square 1 Class A common stockholder may vote by proxy or in person at the special meeting. If you hold your shares of Square 1 Class A common stock in your name as a stockholder of record, to submit a proxy, you, as a stockholder, may use one of the following methods:

By telephone: Use any touch-tone telephone to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you call. You will be prompted to enter your control number(s), which is located on your proxy card, and then follow the directions given.

Through the Internet: Use the Internet to vote your proxy 24 hours a day, 7 days a week. Have your proxy card handy when you access the website. You will be prompted to enter your control number(s), which is located on your proxy card, to create and submit an electronic ballot.

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By mail: Complete and return the proxy card in the enclosed envelope. The envelope requires no additional postage if mailed in the United States.

Square 1 requests that its Square 1 Class A common stockholders vote by telephone, over the Internet or by completing and signing the accompanying proxy and returning it to Square 1 as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of Square 1 Class A common stock represented by it will be voted at the special meeting in accordance with the instructions contained on the proxy card. Applicable deadlines for voting by telephone or through the Internet are set forth in your proxy card.

If any proxy is returned without indication as to how to vote, the shares of Square 1 Class A common stock represented by the proxy will be voted as recommended by the Square 1 board of directors. Unless a stockholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on any other matters voted upon at the special meeting.

If a stockholder's shares are held in "street name" by a broker, bank or other nominee, the stockholder should check the voting form used by that firm to determine whether it may vote by telephone or the Internet.

**Every stockholder's vote is important. Accordingly, each Class A common stockholder should sign, date and return the enclosed proxy card, or vote via the Internet or by telephone, whether or not the stockholder plans to attend the special meeting in person.**

### **Shares Held in Street Name**

If you are a Class A common stockholder and your shares are held in "street name" through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to Square 1 or by voting in person at the special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of Square 1 Class A common stock on behalf of their customers may not give a proxy to Square 1 to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a Class A common stockholder and you do not instruct your broker, bank or other nominee on how to vote your shares:

your broker, bank or other nominee may not vote your shares on the merger proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" this proposal; and

your broker, bank or other nominee may not vote your shares on the adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

### **Revocability of Proxies and Changes to a Stockholder's Vote**

You may change your vote at any time before your proxy is voted at the special meeting. You may do this in one of four ways:

first, by sending a notice of revocation to Square 1's corporate secretary at 406 Blackwell Street, Suite 240, Durham, North Carolina 27701, stating that you would like to revoke your proxy;

second, by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;

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third, by sending a completed proxy card bearing a later date than your original proxy card; or

fourth, by attending the special meeting and voting in person.

If you choose any of the first three methods, you must take the described action (or, with respect to the third method, Square 1 shall have received the subsequent proxy card) no later than [ ], 2015, at 5:00 p.m. local time, which is the business day immediately prior to the special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the special meeting. If you have instructed a bank, broker or other nominee to vote your shares of Square 1 Class A common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

**Solicitation of Proxies**

The cost of solicitation of proxies from stockholders will be borne by Square 1. Square 1 will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, Square 1's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

**Attending the Special Meeting**

Subject to space availability, all Class A common stockholders as of the close of business on the record date, or their duly appointed proxies, may attend the special meeting. Since seating is limited, admission to the special meeting will be on a first-come, first-served basis. Registration and seating will begin at [ ], local time.

If you hold your shares of Square 1 Class A common stock in your name as a stockholder of record and you wish to attend the special meeting, please bring your proxy and evidence of your stock ownership, such as your most recent account statement, to the special meeting. You must also bring valid picture identification.

If your shares of Square 1 Class A common stock are held in "street name" in a stock brokerage account or by a bank or nominee and you wish to attend the special meeting, you need to bring a copy of a bank or brokerage statement to the special meeting reflecting your stock ownership as of the close of business on the record date. You must also bring valid picture identification.

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**SQUARE 1 PROPOSALS**

**Merger Proposal**

As discussed throughout this document, Square 1 is asking its Class A common stockholders to approve the merger proposal. Holders of our Class A common stock should read carefully this document in its entirety, including the appendices, for more detailed information concerning the merger agreement and the merger. In particular, holders of our Class A common stock are directed to the merger agreement, a copy of which is attached as Appendix A to this document.

*The Square 1 board of directors recommends a vote "FOR" the merger proposal.*

**Adjournment Proposal**

The special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, the solicitation of additional proxies if there are insufficient votes at the time of the special meeting to approve the merger proposal.

If, at the special meeting, the number of shares of our Class A common stock present or represented and voting in favor of the merger proposal is insufficient to approve the merger proposal, Square 1 intends to move to adjourn the special meeting in order to enable the board of directors to solicit additional proxies for approval of the merger proposal. In that event, Square 1 will ask its Class A stockholders to vote only upon the adjournment proposal and not the merger proposal.

In the adjournment proposal, Square 1 is asking its Class A common stockholders to authorize the holder of any proxy solicited by the board of directors to vote in favor of granting discretionary authority to the proxy holders to adjourn the special meeting to another time and place, if necessary or appropriate, for the purpose of soliciting additional proxies. If the Class A common stockholders approve the adjournment proposal, Square 1 could adjourn the special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Class A common stockholders who have previously voted.

*The Square 1 board of directors recommends a vote "FOR" the adjournment proposal.*

**Other Matters to Come Before the Special Meeting**

No other matters are intended to be brought before the special meeting by Square 1, and Square 1 does not know of any matters to be brought before the special meeting by others. If, however, any other matters properly come before the special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with their best judgment on any such matter.

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**INFORMATION ABOUT THE COMPANIES**

**PacWest Bancorp**

10250 Constellation Blvd., Suite 1640  
Los Angeles, California 90067  
Phone: (310) 286-1144

PacWest Bancorp, a Delaware corporation, is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. PacWest's principal business is to serve as the holding company for PacWest's wholly owned subsidiary, Pacific Western Bank. Pacific Western Bank is focused on relationship-based business banking to small and middle-market businesses nationwide. PacWest offers a broad range of deposit products and services through 80 full-service branches located throughout California. PacWest, through offices across the United States, provides loans to middle-market businesses, real estate investment firms, and sophisticated individual real estate investors.

As of December 31, 2014, PacWest had total assets of over \$16 billion, gross loans and leases of \$11.9 billion, total deposits of \$11.8 billion and stockholders' equity of \$3.5 billion. PacWest's corporate headquarters is located in Los Angeles, California, and PacWest has 80 full-service, retail bank branches located primarily in southern and central California and three branches in northern California. PacWest's loan origination efforts are conducted nationwide with key offices located in Chevy Chase, Maryland, Southern California, including Los Angeles, St. Louis, Missouri, Denver, Colorado, Chicago, Illinois, New York, New York, and Midvale, Utah. PacWest also maintains a number of smaller lending offices throughout the country. For the year ended December 31, 2014, PacWest operated as two business segments: Community Banking and National Lending. The Community Banking segment is focused on the lending and deposit gathering activities conducted primarily through PacWest's California-based branch offices and PacWest's treasury management function. The National Lending segment comprises PacWest's CapitalSource Division through which PacWest offers a broad range of specialized senior secured commercial loan products to small and middle-market businesses on a nationwide basis.

PacWest's stock is traded on NASDAQ under the symbol "PACW."

Additional information about PacWest and its subsidiaries may be found in the documents incorporated by reference into this document. Please also see the section entitled "Where You Can Find More Information."

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**Square 1 Financial, Inc.**

406 Blackwell Street, Suite 240  
Durham, North Carolina 27701  
Phone: (866) 355-0468

Square 1 is a financial services company focused primarily on serving entrepreneurs and their investors. Square 1 is headquartered in Durham, North Carolina with thirteen loan production offices located in key innovation hubs across the United States. Through Square 1's banking subsidiary, Square 1 Bank, which was formed by experienced venture bankers, commercial bankers and entrepreneurs, Square 1 offers a full range of banking and financial products focused on the entrepreneurial community and their venture capital and private equity investors. Since inception, Square 1 has operated as a highly-focused venture bank and has provided a broad range of financial services to entrepreneurs, growing entrepreneurial companies and the venture capital and private equity communities. Square 1 provides banking services to its clients, including venture, commercial and international banking services, asset-based lending programs, and SBA and USDA commercial and real estate loan programs. Square 1 also provides investment advisory and asset management services to its clients through Square 1 Asset Management, a subsidiary of Square 1 Bank.

As of December 31, 2014, Square 1 had consolidated total assets of \$3.1 billion, total loans and leases of \$1.3 billion, investment securities of \$1.6 billion, deposits of \$2.8 billion and stockholders' equity of \$302.7 million. Square 1 had 258 full-time equivalent employees as of December 31, 2014.

Square 1's stock is traded on NASDAQ under the symbol "SQBK."

Additional information about Square 1 and its subsidiaries may be found in the documents incorporated by reference into this document. Please see the section entitled "Where You Can Find More Information."

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**THE MERGER**

*The following is a discussion of the merger and the material terms of the merger agreement between PacWest and Square 1. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Appendix A to this document and incorporated by reference herein. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. This section is not intended to provide you with any factual information about PacWest or Square 1. Such information can be found elsewhere in this document and in the public filings PacWest and Square 1 make with the SEC, as described in the section entitled "Where You Can Find More Information."*

**Terms of the Merger**

*Transaction Structure*

PacWest's and Square 1's boards of directors have approved the merger agreement. The merger agreement provides for the merger of Square 1 with and into PacWest, with PacWest continuing as the surviving corporation. Immediately after the merger, Square 1 Bank, a *de novo* North Carolina commercial bank and a wholly owned subsidiary of Square 1, will merge with and into Pacific Western Bank, a bank chartered under the laws of the State of California and a wholly owned subsidiary of PacWest, with Pacific Western Bank being the surviving bank.

*Merger Consideration*

In the merger, each share of Square 1 common stock, par value \$0.01 per share, owned by a Square 1 stockholder, other than certain specified excluded shares described under "The Merger Agreement Merger Consideration Cancellation of Excluded Shares," will be converted into the right to receive 0.5997 of a share of PacWest common stock, par value \$0.01 per share. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to the fraction of a share of PacWest common stock which the holder would otherwise be entitled to receive multiplied by the PacWest Average Closing Price.

**The market value of the merger consideration will fluctuate with the price of PacWest common stock, and the value of the shares of PacWest common stock that holders of Square 1 common stock will receive upon consummation of the merger may be different than the value of the shares of PacWest common stock that holders of Square 1 common stock would receive if calculated on the date PacWest and Square 1 announced the merger, on the date that this document is being mailed to Square 1 stockholders, and on the date of the special meeting of Square 1 stockholders. Based on the closing price of PacWest common stock on February 27, 2015, the value of the per share merger consideration payable to holders of Square 1 common stock was \$27.49. Based on the closing price of PacWest common stock on [            ], 2015, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of Square 1 common stock was \$[            ].**

*Treatment of Square 1 Stock Options and Square 1 RSUs*

*Square 1 Stock Options.* At the effective time, each Square 1 stock option, whether vested or unvested, will be cancelled and will entitle the holder of such option to receive an amount in cash equal to the product of (i) the total number of shares of Square 1 common stock subject to such option and (ii) the excess, if any, of (A) the product of (1) the PacWest Average Closing Price and (2) 0.5997 over (B) the exercise price per share of Square 1 common stock underlying such option, less any applicable taxes to be withheld with respect to such payment.

*Square 1 RSUs.* At the effective time, each outstanding Square 1 RSU will be cancelled and will entitle the holder to receive an amount in cash equal to the product of (i) the number of shares of



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Square 1 common stock subject to such Square 1 RSU and (ii) the product of (A) the PacWest Average Closing Price and (B) 0.5997, less any applicable taxes to be withheld with respect to such payment.

*Treatment of Square 1 Warrants*

At the effective time, each warrant to purchase shares of Square 1 common stock held by the specified individuals to the extent then outstanding and not previously exercised will be cancelled and will only entitle the holder thereof to receive, as soon as reasonably practicable after the effective time, an amount in cash equal to the product of (i) the total number of shares of Square 1 common stock subject to such warrants and (ii) the excess, if any, of (A) the product of (1) the PacWest Average Closing Price and (2) 0.5997 over (B) the exercise price per share of Square 1 common stock under such warrants, less any applicable taxes required to be withheld with respect to such payment. As of the date of this document, there were outstanding warrants to purchase [ ] shares of Square 1 common stock. All such warrants expire, if not previously exercised, on July 11, 2015.

**Background of the Merger**

The Square 1 board of directors frequently reviews, with management, its business strategies, opportunities and challenges as part of its consideration and evaluation of its long-term prospects in light of developments in its business, in the sectors in which it competes, in the economy generally and in financial markets, with the goal of enhancing value for its stockholders.

In November 2014, Matthew Wagner, PacWest's Chief Executive Officer, contacted a member of the Square 1 board of directors to indicate PacWest's potential interest in discussing strategic matters. After conferring with Mr. Robert Muehlenbeck, Chairman of the Square 1 board of directors, Douglas Bowers, a director and President and Chief Executive Officer of Square 1, had an introductory conversation with Mr. Wagner to learn more about PacWest's potential interest in Square 1. On November 14, 2014, Mr. Wagner and Mr. Bowers had a telephone call during which they discussed business and industry trends and their respective companies. In the course of the call, Mr. Wagner communicated to Mr. Bowers that PacWest was interested in a potential strategic business combination with Square 1 in view of the substantial benefits and synergies potentially available for the combined company. Mr. Wagner also expressed an interest in continuing conversations regarding a potential transaction and commencing due diligence to assess the possibility of proceeding with more detailed discussions.

Following this discussion between Mr. Bowers and Mr. Wagner, a special meeting of the Square 1 board of directors was held on November 20, 2014. At this meeting, Mr. Bowers updated the Square 1 board of directors on the conversation he had with Mr. Wagner. The Square 1 board of directors also reviewed a preliminary financial analysis of a potential combination of the two companies developed internally by the Square 1 board of directors and management for discussion purposes. At the meeting, the Square 1 board of directors also established a mergers and acquisitions committee, referred to as the M&A Committee, comprised of Mr. Bowers, Mr. Muehlenbeck, Robert Usdan, Paul Burke and W. Kirk Wycoff to review, with the assistance of Square 1 management and outside advisors, Square 1's strategic alternatives, including the potential interest of PacWest and continuing operations as an independent entity, and to report to the full Square 1 board of directors regularly on such matters. In forming the M&A Committee and establishing its membership, the Square 1 board of directors noted that Messrs. Usdan, Burke and Wycoff each represented significant stockholders of Square 1, and that by virtue of their participation on the M&A Committee, stockholders holding at that time in the aggregate more than 26% of the outstanding voting power of Square 1 would be directly represented on the M&A Committee. In addition, the Square 1 board of directors authorized management to engage a financial advisor to assist in the Square 1 board of directors' and the M&A Committee's review of potential strategic alternatives. Prior to the Square 1 board of directors' meeting on

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November 20, 2014, Mr. John Pietrzak, a director of Square 1 and a managing principal at Castle Creek Capital, an affiliate of a significant stockholder of Square 1, informed the Square 1 board of directors that the founder and managing principal of Castle Creek Capital, John Eggemeyer, was the Chairman of the PacWest board of directors and that, in view of this fact, Mr. Pietrzak intended to recuse himself from all discussions pertaining to PacWest or a potential transaction with PacWest. Mr. Pietrzak thereafter did not attend or otherwise participate in any M&A Committee meetings or in any portions of meetings of the Square 1 board of directors in which PacWest or a potential transaction with PacWest was discussed.