

PACWEST BANCORP
Form S-4/A
October 28, 2013

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As filed with the Securities and Exchange Commission on October 28, 2013

Registration No. 333-191130

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

Amendment No. 1 to

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PACWEST BANCORP

(Exact name of registrant as specified in its charter)

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

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

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

Jared M. Wolff
Executive Vice President and General Counsel
10250 Constellation Blvd., Suite 1640
Los Angeles, California 90067
(310) 201-0498

(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

James J. Pieczynski
CapitalSource Inc.
633 West 5th Street, 33rd Floor
Los Angeles, California 90071

Edward D. Herlihy
Matthew M. Guest
Wachtell, Lipton, Rosen & Katz
51 W. 52nd Street

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Phone: (310) 712-6600

Phone: (213) 443-7700

New York, New York 10019

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)

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 joint 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 OCTOBER 28, 2013, SUBJECT TO COMPLETION**

Dear Stockholders of PacWest Bancorp and CapitalSource Inc.:

We are pleased to report that the boards of directors of PacWest Bancorp, referred to as PacWest, and CapitalSource Inc., referred to as CapitalSource, collectively referred to as the parties, have approved a strategic merger involving our two companies. We cannot complete the combination without your approval. If the merger proposals described in this document are approved by the stockholders of each party and the merger is subsequently completed, CapitalSource will merge with and into PacWest, with PacWest as the surviving entity.

In the merger, each share of CapitalSource common stock, other than treasury shares and dissenting shares, will be converted into the right to receive \$2.47 in cash and 0.2837 of a share of PacWest common stock. Based on the number of shares of CapitalSource common stock outstanding as of September 6, 2013, the aggregate cash consideration is approximately \$477.3 million. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to such fraction multiplied by the average closing price of PacWest common stock as quoted on the NASDAQ Global Select Market, or NASDAQ, over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated.

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 July 22, 2013, 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 CapitalSource common stock was \$11.68. Based on the closing price of PacWest common stock on [], 2013, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of CapitalSource common stock was \$[]. You should obtain current stock price quotations for PacWest common stock and CapitalSource common stock. PacWest common stock is traded on NASDAQ under the symbol "PACW," and CapitalSource common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "CSE."

Based on the current number of shares of CapitalSource common stock outstanding and reserved for issuance under its employee benefit plans, PacWest currently expects to issue approximately [] shares upon completion of the merger. However, an increase or decrease in the number of outstanding shares of CapitalSource 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 CapitalSource generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for CapitalSource common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (except with respect to any cash

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received in lieu of a fractional share of PacWest common stock, as discussed below under "Material United States Federal Income Tax Consequences of the Merger - Cash Received In Lieu of a Fractional Share of PacWest Common Stock").

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PacWest and CapitalSource will each hold a special meeting of stockholders to consider the proposed merger and related matters. PacWest and CapitalSource cannot complete the proposed merger unless (1) PacWest's stockholders vote to adopt the merger agreement, adopt an amendment to its certificate of incorporation increasing the number of authorized shares of PacWest common stock and approve the issuance of PacWest common stock in connection with the merger and (2) CapitalSource's stockholders vote to adopt the merger agreement. Our respective boards of directors are providing this document to solicit your proxy to vote for adoption of the merger agreement and related matters.

This document is also being delivered to CapitalSource stockholders as PacWest's prospectus for its offering of PacWest common stock in connection with the merger.

CapitalSource stockholders will have the right to demand appraisal of their shares of CapitalSource common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Delaware law. For more information regarding appraisal rights, please see "Questions and Answers About the Special Meetings Are CapitalSource Stockholders Entitled to Appraisal Rights?" on page 10 and "The Merger Appraisal Rights" beginning on page 103.

Your vote is very important. To ensure your representation at the PacWest or CapitalSource special meeting, as applicable, 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 PacWest or CapitalSource special meeting, as applicable, please vote promptly. Submitting a proxy now will not prevent you from being able to vote in person at the applicable special meeting. Each of the PacWest and CapitalSource boards of directors has approved the merger agreement and the transactions contemplated thereby and recommends to its stockholders to vote "FOR" adoption or approval of its respective proposals.

This document provides you with detailed information about the proposed merger. It also contains or references information about PacWest and CapitalSource and certain related matters. You are encouraged to read this document carefully. **In particular, you should read the "Risk Factors" section beginning on page 30 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

Sincerely,

Matthew P. Wagner
*Chief Executive Officer of
PacWest Bancorp*

James J. Pieczynski
*Chief Executive Officer of
CapitalSource 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 disclosure in this document. Any representation to the contrary is a criminal offense.

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

This document is dated [], 2013 and is first being mailed to stockholders of PacWest and CapitalSource on or about [], 2013.

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WHERE YOU CAN FIND MORE INFORMATION

Both PacWest and CapitalSource 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 CapitalSource 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 CapitalSource 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 under the "Public Filings" link or from CapitalSource at www.capitalsource.com under the "Financial Reports" tab and then under the heading "SEC Filings."

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 CapitalSource 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" beginning on page 164. 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

CapitalSource Inc.
633 West 5th Street, 33rd Floor
Los Angeles, California 90071
Attention: Investor Relations
(866) 876-8723

To obtain timely delivery of these documents, you must request the information no later than [], 2013 in order to receive them before PacWest's special meeting of stockholders and no later than [], 2013 in order to receive them before CapitalSource's special meeting of stockholders.

PacWest common stock is traded on NASDAQ under the symbol "PACW," and CapitalSource common stock is traded on the NYSE under the symbol "CSE."

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PACWEST BANCORP
10250 CONSTELLATION BLVD., SUITE 1640
LOS ANGELES, CALIFORNIA 90067

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2013

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of PacWest Bancorp, referred to as PacWest, will be held at [], at [], Pacific time, on [], 2013 for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 22, 2013, by and between PacWest and CapitalSource, 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 PacWest merger proposal;
2. To adopt an amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock from 75 million shares to 200 million shares, referred to as the PacWest certificate of incorporation amendment proposal;
3. To approve the issuance of PacWest common stock in the merger, referred to as the PacWest stock issuance proposal;
4. To (i) approve an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock authorized for grant thereunder from 6.5 million shares to [] million shares and to extend the expiration of the plan from May 31, 2017 to May 31, 2019 and (ii) re-approve the business criteria listed under the PacWest 2003 Stock Incentive Plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code, referred to as the PacWest stock plan amendment proposal;
5. To approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of PacWest in connection with the merger, referred to as the PacWest advisory (non-binding) proposal on specified compensation; and
6. To approve one or more adjournments of the PacWest special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal, the PacWest stock issuance proposal or the PacWest stock plan amendment proposal, referred to as the PacWest adjournment proposal.

PacWest will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the merger agreement is attached as Appendix A to this document.

The PacWest board of directors has set [], 2013 as the record date for the PacWest special meeting. Only holders of record of PacWest common stock at the close of business on [], 2013 will be entitled to notice of and to vote at the PacWest special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the PacWest 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 PacWest common stock.

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Your vote is very important. To ensure your representation at the PacWest 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 PacWest special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the PacWest special meeting.

The PacWest board of directors has approved the merger agreement and the transactions contemplated thereby and recommends that you vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal, "FOR" the PacWest advisory (non-binding) proposal on specified compensation and "FOR" the PacWest adjournment proposal (if necessary or appropriate).

BY ORDER OF THE BOARD OF DIRECTORS

Lynn M. Hopkins
Executive Vice President and Corporate Secretary
Los Angeles, California
[], 2013

PLEASE VOTE YOUR SHARES OF PACWEST 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 PACWEST INVESTOR RELATIONS AT (310) 286-1144.

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CAPITALSOURCE INC.
655 WEST 5TH STREET, 33RD FLOOR
LOS ANGELES, CALIFORNIA 90071

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON [], 2013

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of CapitalSource Inc., referred to as CapitalSource, will be held at [] at [], Pacific time, on [], 2013, for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 22, 2013, by and between PacWest Bancorp, and CapitalSource, 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 CapitalSource merger proposal;
2. To approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of CapitalSource in connection with the merger, referred to as the CapitalSource advisory (non-binding) proposal on specified compensation; and
3. To approve one or more adjournments of the CapitalSource special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the CapitalSource merger proposal, referred to as the CapitalSource adjournment proposal.

CapitalSource will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement thereof.

The above proposals are described in more detail in this document, which you should read carefully in its entirety before you vote. A copy of the merger agreement is attached as Appendix A to this document.

The CapitalSource board of directors has set [], 2013 as the record date for the CapitalSource special meeting. Only holders of record of CapitalSource common stock at the close of business on [], 2013 will be entitled to notice of and to vote at the CapitalSource special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the CapitalSource 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 CapitalSource common stock.

Your vote is very important. To ensure your representation at the CapitalSource 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 CapitalSource special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the CapitalSource special meeting.

The CapitalSource board of directors has approved the merger agreement and the transactions contemplated thereby and recommends that you vote "FOR" the CapitalSource merger proposal, "FOR" the CapitalSource advisory (non-binding) proposal on specified compensation and "FOR" the CapitalSource adjournment proposal (if necessary or appropriate).

BY ORDER OF THE BOARD OF DIRECTORS

James J. Pieczynski
Chief Executive Officer

Los Angeles, California
[], 2013

PLEASE VOTE YOUR SHARES OF CAPITALSOURCE 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 CAPITALSOURCE INVESTOR RELATIONS AT (866) 876-8723.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS

The following are answers to certain questions that you may have regarding the special meetings. The parties urge you to read carefully 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 CapitalSource have entered into a merger agreement, pursuant to which, subject to the terms and conditions of the merger agreement, CapitalSource will merge with and into PacWest, with PacWest continuing as the surviving corporation, which is referred to as the merger. A copy of the merger agreement is attached as Appendix A to this document. Immediately following the merger, CapitalSource Bank, a wholly owned subsidiary of CapitalSource, will merge with and into Pacific Western Bank, a wholly owned subsidiary of PacWest, with Pacific Western Bank continuing as the surviving bank, which is referred to as the bank merger. In order to complete the transaction, each party needs not only the approval of its respective stockholders but the approval of both of these mergers by the applicable banking regulators of PacWest, Pacific Western Bank and CapitalSource Bank.

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

A. Each of PacWest and CapitalSource is sending these materials to its stockholders to help them decide how to vote their shares of PacWest or CapitalSource common stock, as the case may be, with respect to the merger agreement and other matters to be considered at the special meetings.

The merger cannot be completed unless PacWest stockholders adopt the merger agreement, adopt the amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock and approve the issuance of PacWest common stock in the merger and CapitalSource stockholders adopt the merger agreement. Each of PacWest and CapitalSource is holding a special meeting of its stockholders to vote on the proposals necessary to complete the merger as well as other related matters. Information about these special meetings, the merger and the other business to be considered by stockholders at each of the special meetings is contained in this document.

This document constitutes both a joint proxy statement of PacWest and CapitalSource and a prospectus of PacWest. It is a joint proxy statement because each of the boards of directors of PacWest and CapitalSource is soliciting proxies using this document from their respective stockholders. It is a prospectus because PacWest, in connection with the merger, is offering shares of its common stock in exchange for outstanding shares of CapitalSource common stock in the merger.

Q: WHAT WILL CAPITALSOURCE STOCKHOLDERS RECEIVE IN THE MERGER?

A: In the merger, each share of CapitalSource common stock owned by a CapitalSource stockholder will be converted into the right to receive \$2.47 in cash and 0.2837 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 NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

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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 CapitalSource 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 for 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 CapitalSource stockholders will receive.

Q: WHAT HAPPENS TO CAPITALSOURCE EQUITY AWARDS IN THE MERGER?

A: The number of shares of PacWest common stock that holders of CapitalSource equity awards will receive is based on the per share value of the merger consideration when the merger is consummated. For this purpose, the value of the per share merger consideration equals: (i) \$2.47 (the cash portion of the per share merger consideration), plus (ii) 0.2837 (the fraction of a share of PacWest common stock comprising the stock portion of the merger consideration) multiplied by the average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated.

CapitalSource Stock Options. At the effective time of the merger, referred to as the effective time, each outstanding option to purchase shares of CapitalSource common stock, whether vested or unvested, that is in-the-money (that is, has an exercise price less than the value of the per share merger consideration) will vest (to the extent it is not already vested) and each such outstanding option will convert into the right to receive a number of shares of PacWest common stock equal to (i) the number of shares of CapitalSource common stock subject to the option immediately before the merger is consummated, multiplied by (ii) the excess of the value of the per share merger consideration over the exercise price of the option, divided by (iii) the value of a share of PacWest common stock (calculated based on the average closing price described above). Cash will be paid in lieu of any fractional shares of PacWest common stock. Options with an exercise price greater than or equal to the value of the per share merger consideration, whether vested or unvested, will be cancelled for no consideration.

CapitalSource Restricted Stock Unit and Restricted Stock Awards. At the effective time, each CapitalSource restricted stock unit, or RSU, and restricted stock award will vest in full and entitle the holder to receive a number of shares of PacWest common stock equal to (i) the number of shares of CapitalSource common stock subject to the award, multiplied by (ii) the value of the per share merger consideration, divided by (iii) the value of a share of PacWest common stock (calculated based on the average closing price described above), plus any accrued but unpaid dividend equivalents. Cash will be paid in lieu of any fractional shares of PacWest common stock.

CapitalSource Deferred Units. At the effective time, each CapitalSource deferred unit will vest in full (to the extent not vested) and be converted into the right for the holder to receive a number of shares of PacWest common stock equal to (i) the number of shares of CapitalSource common stock underlying such deferred unit, multiplied by (ii) the value of the per share merger consideration, divided by (iii) the value of a share of PacWest common stock (calculated based on the average closing price described above), plus any accrued but unpaid dividend equivalents, with fractional shares to be credited and paid in cash at the applicable settlement date.

Q: WHEN WILL THE MERGER BE COMPLETED?

A: PacWest and CapitalSource are working to complete the merger as soon as practicable. The parties are seeking regulatory approval by the end of the fourth quarter of 2013, with the consummation of the merger to occur as soon as practicable thereafter. Neither PacWest nor CapitalSource can

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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 parties' respective stockholders' approvals will be received. For further information, please see the section entitled "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 120.

Q: WHO IS ENTITLED TO VOTE?

A: *PacWest Special Meeting.* Holders of record of PacWest common stock at the close of business on [], 2013 which is the date that the PacWest board of directors has fixed as the record date for the PacWest special meeting, are entitled to vote at the PacWest special meeting.

CapitalSource Special Meeting. Holders of record of CapitalSource common stock at the close of business on [], 2013, which is the date that the CapitalSource board of directors has fixed as the record date for the CapitalSource special meeting, are entitled to vote at the CapitalSource special meeting.

Q: WHAT CONSTITUTES A QUORUM?

A: *PacWest Special Meeting.* The presence at the PacWest special meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of PacWest common stock entitled to vote at the PacWest special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

CapitalSource Special Meeting. The presence at the CapitalSource special meeting, in person or represented by proxy, of the holders of a majority of the outstanding shares of CapitalSource common stock entitled to vote at the CapitalSource special meeting will constitute a quorum for the transaction of business. Abstentions and broker non-votes will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum.

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

A: *PacWest Special Meeting.* PacWest stockholders are being asked to vote on the following proposals:

1. to adopt the merger agreement, a copy of which is attached as Appendix A, referred to as the PacWest merger proposal;
2. to adopt the amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock from 75 million shares to 200 million shares, referred to as the PacWest certificate of incorporation amendment proposal;
3. to approve the issuance of PacWest common stock in the merger, referred to as the PacWest stock issuance proposal;
4. to (i) approve an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock authorized for grant thereunder from 6.5 million shares to [] million shares and to extend the expiration of the plan from May 31, 2017 to May 31, 2019 and (ii) re-approve the business criteria listed under the PacWest 2003 Stock Incentive Plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code, referred to as the PacWest stock plan amendment proposal;

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5. to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of PacWest in connection with the merger, referred to as the PacWest advisory (non-binding) proposal on specified compensation; and

6. to approve one or more adjournments of the PacWest special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal, the PacWest stock issuance proposal or the PacWest stock plan amendment proposal, referred to as the PacWest adjournment proposal.

Stockholder approval of the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal and the PacWest stock issuance proposal is required to complete the merger. PacWest will transact no business other than as listed above at the PacWest special meeting, except for business properly brought before the PacWest special meeting or any adjournment or postponement thereof.

CapitalSource Special Meeting. CapitalSource stockholders are being asked to vote on the following proposals:

1. to adopt the merger agreement, a copy of which is attached as Appendix A, referred to as the CapitalSource merger proposal;
2. to approve, on an advisory (non-binding) basis, specified compensation that may become payable to the named executive officers of CapitalSource in connection with the merger, referred to as the CapitalSource advisory (non-binding) proposal on specified compensation; and
3. to approve one or more adjournments of the CapitalSource special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the CapitalSource merger proposal, referred to as the CapitalSource adjournment proposal.

Stockholder approval of the CapitalSource merger proposal is required to complete the merger. CapitalSource will transact no business other than as listed above at the CapitalSource special meeting, except for business properly brought before the CapitalSource special meeting or any adjournment or postponement thereof.

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

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

The PacWest Certificate of Incorporation Amendment Proposal: The affirmative vote of a majority of the outstanding shares of PacWest common stock entitled to vote on this proposal is required to approve the PacWest certificate of incorporation amendment proposal.

The PacWest Stock Issuance Proposal: The affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and entitled to vote on the proposal is required to approve the PacWest stock issuance proposal.

The PacWest Stock Plan Amendment Proposal: The affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and

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entitled to vote on the proposal is required to approve the PacWest stock plan amendment proposal.

The PacWest Advisory (Non-Binding) Proposal on Specified Compensation: The affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and entitled to vote on the proposal is required to approve the PacWest advisory (non-binding) proposal on specified compensation.

The PacWest Adjournment Proposal: The affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and entitled to vote on the proposal is required to approve the PacWest adjournment proposa