

LAKELAND BANCORP INC  
Form 424B3  
November 05, 2018  
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**Filed Pursuant to Rule 424(b)(3)  
Registration Statement No. 333-227727**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholder:

The board of directors of Highlands Bancorp, Inc. has approved the merger of Highlands Bancorp with and into Lakeland Bancorp, Inc. In the merger, the shareholders of Highlands Bancorp will receive 1.015 shares of Lakeland Bancorp, Inc. common stock for each outstanding share of Highlands Bancorp, Inc. common stock that they own at the effective time of the merger.

Lakeland's common stock is quoted on the NASDAQ Global Select Market under the symbol LBAI. On November 1, 2018, the closing sale price of Lakeland common stock on the NASDAQ Global Select Market was \$16.50 per share.

If the market price of Lakeland Bancorp common stock falls substantially, both in absolute terms (that is, below \$15.60) and by comparison to the list of banking institutions that comprise the NASDAQ Bank Index, Highlands Bancorp may terminate the merger agreement. However, if Highlands Bancorp seeks to exercise this termination right, Lakeland Bancorp will have the right to negate such termination by increasing the exchange ratio from 1.015 to a formula amount determined in accordance with the merger agreement, as described in this proxy statement and prospectus.

The merger cannot be completed unless Highlands Bancorp, Inc.'s shareholders approve it. You will be asked to vote on the merger at our special meeting. **The Highlands Bancorp, Inc. board of directors unanimously recommends that you vote to approve the merger.** Each member of your board has agreed to vote his or her shares in favor of the merger.

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

Thursday, December 13, 2018

11:00 a.m.

Highlands Bancorp's Corporate Offices at 310 Route 94, Vernon, New Jersey 07462

Only shareholders of record as of November 1, 2018, are entitled to attend and vote at the meeting.

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger.

Steven C. Ackmann

President and CEO

Highlands Bancorp, Inc.

**Neither the Securities and Exchange Commission, nor any bank regulatory agency, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**The shares of Lakeland Bancorp, Inc. common stock to be issued in the merger are not savings accounts, deposits or other obligations of a bank or depository institution and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.**

**Investing in Lakeland common stock involves risks that are described in RISK FACTORS beginning on page 13.**

This proxy statement and prospectus is dated November 5, 2018, and is first being mailed to Highlands Bancorp, Inc. shareholders on or about November 8, 2018.

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**HIGHLANDS BANCORP, INC.**

**310 Route 94**

**Vernon, New Jersey 07462**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**To be Held December 13, 2018**

To The Shareholders of Highlands Bancorp, Inc.:

A special meeting of shareholders of Highlands Bancorp will be held at the Corporate Offices of Highlands Bancorp, 310 Route 94, Vernon, New Jersey 07462, at 11:00 a.m. on Thursday, December 13, 2018 for the following purposes:

1. To approve an Agreement and Plan of Merger, dated as of August 23, 2018, by and between Highlands Bancorp and Lakeland Bancorp, Inc., providing for:

the merger of Highlands with and into Lakeland; and

the automatic conversion of each outstanding share of the common stock of Highlands into 1.015 shares of Lakeland common stock.

2. To transact such other business as shall properly come before the special meeting, which may include a motion to adjourn the meeting to another time or place in order to solicit additional proxies in favor of the merger agreement and the merger.

Shareholders of record as of the close of business on November 1, 2018 are entitled to notice of and to vote at the meeting. Whether or not you contemplate attending the special meeting, please execute the enclosed proxy and return it to us. You may revoke your proxy at any time prior to its exercise by delivering to us a later-dated proxy or by delivering a written notice of revocation to us prior to or at the special meeting.

This meeting involves a matter of major importance to all shareholders. You are urged to read and carefully consider the attached proxy statement and prospectus, as well as the annexes.

The Highlands Bancorp board of directors unanimously recommends that shareholders vote **FOR** approval of the merger.

By Order of the Board of Directors,

George E. Irwin

Chairman of the Board

November 5, 2018

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**YOUR VOTE IS IMPORTANT. PLEASE SIGN AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED.**

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement and prospectus provides you with detailed information about the merger agreement and the merger. The boards of directors of Highlands Bancorp, Inc., which we sometimes refer to as Highlands Bancorp or Highlands, and Lakeland Bancorp, Inc., which we sometimes refer to as Lakeland Bancorp or Lakeland, encourage you to read this entire document carefully.

This proxy statement and prospectus incorporates by reference important business and financial information about Lakeland Bancorp that is not included in or delivered with this document. You can obtain free copies of this information by writing or calling:

Timothy J. Matteson, Esq.

Executive Vice President,

Chief Administrative Officer,

General Counsel and Corporate Secretary

Lakeland Bancorp, Inc.

250 Oak Ridge Road

Oak Ridge, New Jersey 07438

Telephone: 973-697-2000

Email: [tmatteson@lakelandbank.com](mailto:tmatteson@lakelandbank.com)

In order to obtain timely delivery of these documents, you should request the information by December 6, 2018. See **WHERE YOU CAN FIND MORE INFORMATION** at page 67 for additional information.

Neither Highlands nor Lakeland has authorized anyone to provide you with any information other than the information included in this document and the documents to which you are referred in this document. If someone provides you with other information, please do not rely on it as being authorized by Highlands or Lakeland.

This proxy statement and prospectus offers only the shares of Lakeland common stock offered in the merger, and offers such shares only where it is legal to do so.

This proxy statement and prospectus has been prepared as of November 5, 2018. Changes that may have occurred in the affairs of Lakeland or Highlands or their respective subsidiaries since that date are not reflected in this document.

The information contained in this document with respect to Lakeland was provided solely by Lakeland, and the information contained in this document with respect to Highlands was provided solely by Highlands.

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- B. Opinion of FIG Partners, LLC



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE HIGHLANDS SPECIAL MEETING**

**Q: WHAT IS THE PURPOSE OF THIS DOCUMENT?**

A: This document serves as both a proxy statement of Highlands and a prospectus of Lakeland. As a proxy statement, it is being provided to Highlands' s shareholders by Highlands' s board of directors in connection with that board' s solicitation of proxies for the Highlands special meeting at which the Highlands shareholders will be asked to approve the merger agreement and the merger with Lakeland.

As a prospectus, this document is being provided to Highlands' s shareholders because Lakeland is offering to exchange shares of its common stock for shares of Highlands common stock upon completion of the merger.

**Q: WHY ARE HIGHLANDS AND LAKELAND PROPOSING TO MERGE?**

A: The boards of directors of Highlands and Lakeland are proposing to merge Highlands into Lakeland because they believe that combining the strengths of these two financial institutions is in the best interests of both companies, their respective shareholders and their respective customers. Please see THE MERGER Highlands' s Reasons for the Merger and THE MERGER Recommendation of the Highlands Board of Directors at pages 34 to 35 for the various factors considered by the Highlands board of directors in recommending that Highlands' s shareholders vote **FOR** the proposal to approve the merger agreement and the merger. Please see THE MERGER Lakeland' s Reasons for the Merger at page 45.

**Q: WHAT WILL A HIGHLANDS SHAREHOLDER RECEIVE IN THE MERGER?**

A: Upon completion of the merger, the shareholders of Highlands will receive 1.015 shares of Lakeland common stock for each outstanding share of Highlands common stock that they own at the effective time of the merger.

**Q: WHAT ARE THE TAX CONSEQUENCES OF THE MERGER TO HIGHLANDS' S SHAREHOLDERS?**

A. The obligation of Lakeland and Highlands to complete the merger is conditioned upon the receipt of a legal opinion from Lowenstein Sandler LLP, counsel to Lakeland, to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Provided that the merger qualifies as a reorganization for United States federal income tax purposes, then you generally will not recognize any gain or loss, except with respect to the cash received instead of a fractional share of Lakeland Bancorp common stock.

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see THE MERGER - Material United States Federal Income Tax Consequences beginning on page 57.

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

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

A: No.

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

A: Yes. The merger of Highlands into Lakeland, and the merger of Highlands State Bank into Lakeland Bank, which the merger agreement provides will occur immediately following the holding company merger, must be approved by the Federal Deposit Insurance Corporation (the FDIC ) and the New Jersey Department of Banking and Insurance, and an approval (or waiver) must be obtained from the Board of Governors of the

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Federal Reserve System. Applications were filed with the FDIC and the New Jersey Department of Banking and Insurance on September 28, 2018. Approval of the New Jersey Department of Banking and Insurance was granted on October 25, 2018, and FDIC approval is pending. A waiver request was submitted to the Board of Governors of the Federal Reserve System and is pending.

In addition, the merger must be approved by the holders of at least a majority of the votes cast at the Highlands special meeting, assuming a quorum is present.

Completion of the merger is also subject to certain other conditions. See **THE MERGER** Conditions to the Merger, beginning at page 51.

### **Q: WHAT DOES THE HIGHLANDS BOARD OF DIRECTORS RECOMMEND?**

A: The Highlands board of directors has unanimously approved the merger and the merger agreement and believes that the proposed merger is in the best interests of Highlands and its shareholders. Accordingly, the Highlands board of directors unanimously recommends that Highlands shareholders vote **FOR** approval of the merger agreement and the merger.

### **Q: ARE THERE RISKS ASSOCIATED WITH LAKELAND S COMMON STOCK OR THE MERGER?**

A: Yes. For a description of some of the risks, see **RISK FACTORS**, beginning at page 13.

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

A: After you have carefully read this proxy statement and prospectus, you should indicate on your proxy card how you want your shares to be voted, and then sign, date and mail the proxy card in the enclosed postage-paid envelope as soon as possible so that your shares may be represented and voted at the special meeting. In addition, you may attend the special meeting in person and vote, whether or not you have signed and mailed your proxy card.

If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote **FOR** approval of the merger agreement.

### **Q: MAY I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?**

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a later-dated, signed proxy card before the special meeting. Second, you may revoke your proxy by written notice (which you could personally deliver at the special meeting) to the Secretary of Highlands, at any time prior to the vote being taken at the Highlands special meeting. Third, you may submit a new proxy via telephone or the Internet. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote. If you deliver such a notice or if you do not submit a proxy, you may vote your shares at the special meeting. If you wish to vote in person at the special meeting, you may deliver your completed proxy card in person or you may vote by completing a ballot, which will be available at the special meeting. Attendance at the special meeting will not by itself constitute a revocation of a proxy.

### **Q: SHOULD I SEND IN MY HIGHLANDS STOCK CERTIFICATES NOW?**

A: No. Lakeland will mail to you instructions for exchanging your stock certificates promptly after the merger is consummated.

**Q: HOW MANY SHARES OF LAKELAND COMMON STOCK ARE ISSUABLE PURSUANT TO THE MERGER?**

A: If:

all of the outstanding Highlands stock options are exercised prior to the completion of the merger;

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no adjustment is made in the exchange ratio because of a stock split, stock dividend or similar event affecting the stock price of Lakeland common stock; and

no adjustment is made in the exchange ratio as a result of the price adjustment provision described below under **THE MERGER Termination** ,  
then, the maximum number of shares of Lakeland common stock issuable pursuant to the merger agreement is 2,959,808 shares.

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

A: Yes. Much of the business and financial information about Lakeland that may be important to you is not included in this document. Instead, that information is incorporated by reference to documents separately filed by Lakeland with the Securities and Exchange Commission. This means that Lakeland may satisfy its disclosure obligations to you by referring you to one or more documents separately filed by it with the SEC. See **WHERE YOU CAN FIND MORE INFORMATION** beginning at page 67, for a list of documents that Lakeland has incorporated by reference into this proxy statement and prospectus and for instructions on how to obtain copies of those documents. The documents are available to you without charge.

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

A: You should rely on the later filed document. Information in this proxy statement and prospectus may update information contained in one or more of the Lakeland documents incorporated by reference. Similarly, information in documents that Lakeland may file after the date of this proxy statement and prospectus may update information contained in this proxy statement and prospectus or information contained in previously filed documents.

**Q: WHEN DO YOU EXPECT TO MERGE?**

A: We cannot close the merger until (a) after we receive all necessary bank regulatory approvals and the 15 to 30 day period following FDIC approval during which the Justice Department may file objections to the merger relating to competitive factors has passed and (b) after the shareholders of Highlands have approved the merger agreement and the merger at the Highlands special meeting. We expect to complete the merger early in 2019.

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

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

Steven C. Ackmann

President & CEO

Highlands Bancorp, Inc.

310 Route 94, PO Box 160

Vernon, New Jersey 07462

Telephone: 973-658-4573

Email: sackmann@Highlandsstatebank.com

or

Laurel Hill Advisory Group, LLC (Highlands s Proxy Solicitor)

Joseph Contorno Senior Vice President

2 Robbins Lane, Suite 201

Jericho, New York 11753

Telephone: 516-396-7939

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**SUMMARY**

This summary highlights selected information from this proxy statement and prospectus. Because this is a summary, it does not contain all of the information that may be important to you. You should carefully read this entire document and the other documents we refer to in this document before you decide how to vote. These references will give you a more complete description of the merger agreement and the merger. We have included page references in this summary to direct you to more complete descriptions of the topics provided elsewhere in this proxy statement and prospectus.

**The Companies** (See page 62 for Highlands and page 62 for Lakeland)

Highlands Bancorp, Inc.

310 Route 94, PO Box 160

Vernon, New Jersey 07462

Telephone: 973-764-3200

Highlands Bancorp, Inc., which is sometimes referred to in this proxy statement and prospectus as Highlands Bancorp or Highlands, is a one-bank holding company incorporated under the laws of New Jersey in 2010 to serve as the holding company for Highlands State Bank. Highlands State Bank, a state-chartered commercial bank which commenced business in 2005, is a full service community bank headquartered and maintaining its main office in Vernon, New Jersey with additional branch offices in Sparta, Totowa and Denville, New Jersey. Highlands State Bank provides deposit and loan banking services to consumers and businesses in northern New Jersey. As of September 30, 2018, Highlands Bancorp had consolidated total assets, total loans, total deposits and total stockholders' equity of \$487.9 million, \$430.1 million, \$405.3 million and \$31.3 million, respectively.

Lakeland Bancorp, Inc.

250 Oak Ridge Road

Oak Ridge, New Jersey 07438

Telephone: 973-697-2000

Lakeland Bancorp, Inc., which is sometimes referred to in this proxy statement and prospectus as Lakeland Bancorp or Lakeland, is a New Jersey business corporation and a registered bank holding company. Lakeland was organized in March of 1989 and commenced operations on May 19, 1989, upon the consummation of the acquisition of all of the outstanding stock of Lakeland Bank, formerly named Lakeland State Bank. Lakeland Bank is a banking corporation organized under the banking laws of the State of New Jersey. Lakeland Bank operates 50 branch offices throughout Bergen, Essex, Morris, Ocean, Passaic, Somerset, Sussex, and Union counties in New Jersey including one branch in Highland Mills, New York; six New Jersey regional commercial lending centers in Bernardsville, Jackson, Montville, Newton, Teaneck and Waldwick; and one New York commercial lending center to serve the Hudson Valley region. Lakeland also has a commercial loan production office serving Middlesex and Monmouth counties in New Jersey. Lakeland Bank offers an extensive suite of financial products and services for businesses and consumers. As of September 30, 2018, Lakeland Bancorp had consolidated total assets, total loans, total deposits and total stockholders' equity of \$5.63 billion, \$4.33 billion, \$4.64 billion and \$607.6 million, respectively.

**The Merger** (See page 30)

Highlands will merge with and into Lakeland, with Lakeland as the surviving corporation in the merger. Immediately after the merger of the holding companies, Highlands State Bank will merge with and into Lakeland Bank, with Lakeland Bank as the surviving bank in the merger.

A copy of the merger agreement between Lakeland and Highlands is attached to this proxy statement and prospectus as Annex A. A copy of the form of the merger agreement pertaining to the bank merger is included as Exhibit A to the merger agreement attached to this proxy statement and prospectus as Annex A.



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Upon completion of the merger, the shareholders of Highlands will receive 1.015 shares of Lakeland common stock for each outstanding share of Highlands common stock that they own at the effective time of the merger.

See THE MERGER Terms of the Merger What Highlands Shareholders Will Receive in the Merger, beginning at page 46.

The exchange ratio will be adjusted proportionately if Lakeland makes any stock splits, stock dividends or similar distributions prior to the closing of the merger.

Lakeland will not issue any fractions of a share of common stock. Rather, Lakeland will pay cash (without interest) for any fractional share interest any Highlands shareholder would otherwise receive in the merger. All shares of Highlands common stock held by a shareholder immediately prior to the effective time of the merger will be aggregated before determining the need to pay cash in lieu of fractional shares to such former shareholder.

### **Tax Consequences** (See pages 57 to 60)

We expect that for federal income tax purposes, the merger will not be a taxable event to Highlands shareholders as they are receiving solely Lakeland common stock in exchange for their Highlands common stock (other than cash in lieu of fractional shares). However, we urge you to consult your tax advisor to gain a full understanding of the tax consequences of the merger to you. Tax matters are very complicated, and in many cases, the tax consequences of the merger will depend on your particular facts and circumstances.

### **Reasons for proposing the merger** (See pages 34 to 35 for Highlands and page 45 for Lakeland)

Highlands' s board of directors has unanimously approved the merger and the merger agreement and believes that the proposed merger is in the best interests of Highlands and its shareholders. If the merger is consummated, Highlands shareholders who receive Lakeland common stock in the merger will own stock in a larger and more diversified corporation.

In unanimously approving the merger agreement, Highlands' s board considered, among other things, the terms of the merger agreement, including the financial terms, the opinion of Highlands' s financial advisor, the income tax consequences of the transaction, the historical market prices and liquidity of Lakeland common stock and Highlands common stock, the historical cash dividends paid on Lakeland common stock and the fact that Lakeland has historically paid quarterly cash dividends on its common stock that are higher than the quarterly cash dividends that Highlands has historically paid on its common stock, the competitive environment facing Highlands, the regulatory environment faced by all community sized banks, including Highlands, and the business and prospects of Lakeland.

Lakeland' s board of directors focused principally on Highlands' s shared focus with Lakeland on community banking and the demographics of the New Jersey counties in which Highlands has locations.

### **Board recommendation** (See page 35)

The board of directors of Highlands unanimously approved the merger agreement and the merger, and unanimously recommends that Highlands shareholders vote **FOR** approval of that proposal.

**Highlands' s financial advisor has concluded that the consideration that Highlands shareholders will receive in the merger is fair.** (See pages 36 to 45)

FIG Partners, LLC, financial advisor to Highlands, whom we refer to as FIG, has provided a written fairness opinion, dated August 23, 2018, to Highlands's board of directors to the effect that, as of that date, the

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aggregate consideration to be paid in the merger is fair to the holders of Highlands common stock from a financial point of view. A copy of the fairness opinion is attached to this proxy statement and prospectus as Annex B.

You should read the fairness opinion in its entirety.

Pursuant to the FIG engagement agreement, Highlands agreed to pay FIG a fee of \$50,000 upon rendering its fairness opinion to the Highlands board of directors. In addition to the fairness opinion fee, upon the successful completion of the merger FIG will be paid a success fee equal to 1.0% of the merger consideration.

In the ordinary course of FIG's business as a broker-dealer, FIG may purchase securities from and sell securities to Highlands and Lakeland and their affiliates. FIG may also actively trade the equity or debt securities of Highlands and Lakeland or their affiliates for its own account and for the accounts of FIG's customers.

### **Special meeting of Highlands's shareholders to be held on December 13, 2018** (See pages 26 to 29)

The special meeting of Highlands's shareholders will be held on December 13, 2018, at Highlands Bancorp's Corporate Offices, 310 Route 94, Vernon, New Jersey 07462, beginning at 11:00 a.m. At the special meeting, Highlands will ask its shareholders:

1. To approve an Agreement and Plan of Merger, dated as of August 23, 2018, by and between Highlands and Lakeland, providing for:

the merger of Highlands with and into Lakeland; and

the automatic conversion of each outstanding shares of Highlands common stock into 1.015 shares of Lakeland common stock.

2. To transact such other business as shall properly come before the special meeting, which may include a motion to adjourn the meeting to another time or place in order to solicit additional proxies in favor of the merger agreement and the merger.

### **Who can vote** (See page 26)

You are entitled to vote at the Highlands special meeting if you owned shares of Highlands common stock at the close of business on the record date of November 1, 2018. You will have one vote for each share of Highlands common stock that you owned on the record date. On the record date, there were 2,790,481 shares of Highlands common stock outstanding.

You may vote either by attending Highlands's special meeting and voting your shares, or by completing the enclosed proxy card and mailing it to Highlands in the enclosed envelope. Highlands shareholders may also vote by telephone or via the Internet, as described in the enclosed instructions.

The board of directors of Highlands is seeking your proxy to use at the special meeting. This proxy statement and prospectus has been prepared to assist you in deciding how to vote and whether or not to grant your proxy. Please indicate on your proxy card how you want to vote. Then sign, date and mail the proxy card as soon as possible so that your shares will be represented at the special meeting.

If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote **FOR** approval of the merger agreement.

If you sign a proxy, you may revoke it by written notice to the Secretary of Highlands, at any time before it is voted at the special meeting.

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You cannot vote shares held by your broker in street name. Only your broker can vote those shares, with your instructions. If you do not provide your broker with instructions on how to vote your shares, your broker will not be permitted to vote them.

### **Voting matters** (See pages 26 to 27)

The presence, in person or by proxy, of a majority of the shares of Highlands common stock outstanding on the record date will constitute a quorum for the purposes of the Highlands special meeting. Assuming a quorum is present, the approval of the merger agreement and the merger will require the approval of at least a majority of the votes cast at the Highlands special meeting. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum is present, but will have no effect on the vote to approve the merger agreement.

Each holder of shares of Highlands common stock outstanding on the record date will be entitled to one vote for each share held of record.

### **Directors and certain executive officers of Highlands have agreed to vote their shares of Highlands stock in favor of the merger agreement** (See page 27)

On Highlands' s record date, the directors and certain executive officers of Highlands, together with their affiliates, beneficially owned 366,633 outstanding shares of Highlands common stock (excluding shares issuable upon the exercise of options), or approximately 13.0% of the shares of Highlands common stock outstanding on the record date.

Highlands' s directors have entered into agreements with Lakeland in which they have agreed to vote all shares of Highlands common stock which they own on the record date in favor of the merger agreement and the merger.

To the best knowledge of Lakeland and Highlands:

Lakeland holds no shares of Highlands common stock other than shares held in a fiduciary capacity for others.

Highlands holds no shares of Lakeland common stock other than shares held in a fiduciary capacity for others.

As of October 5, 2018, 2018, Lakeland' s directors and executive officers, together with their affiliates, did not beneficially own any shares of Highlands common stock.

As of October 5, 2018, Highlands' s directors and executive officers, together with their affiliates, did not beneficially own any shares of Lakeland common stock, other than two Highlands directors, who beneficially owned an aggregate of 5,100 shares of Lakeland common stock.

### **Interests of Highlands directors and management in the merger** (See pages 56 to 57)

The directors and officers of Highlands have interests in the merger as directors and employees that are different from the interests of the other Highlands shareholders. These interests include, among others:

Certain executive officers of Highlands have agreements with Highlands providing for certain change in control benefits, pursuant to which they will receive a lump-sum payment upon the consummation of the merger.

In addition, certain Highlands employees who are not party to an agreement with Highlands whose employment is terminated or substantially adversely modified (other than for cause) within one year of the merger will be entitled to severance equal to two weeks of his or her then current base salary plus two additional weeks of salary for each year of service with Highlands or Highlands State Bank.

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Certain employees of Highlands and Highlands State Bank will be entitled to a retention bonus if they maintain their employment with Highlands until that person's job function has been converted or transitioned and that person does not accept an offer for continued employment.

All stock options to purchase Highlands common stock outstanding at the effective time of the merger (which we refer to as "old stock options") will be forfeited or, if the holders execute and deliver prior to the effective time an option cancellation agreement, in form and substance reasonably satisfactory to Lakeland, cancelled in exchange for a payment to be made by Lakeland to any such holder promptly after the later of the effective time and Lakeland's receipt of the holder's option cancellation agreement and cancelled old stock option. The payment, referred to as the option cancellation amount, for each old stock option outstanding immediately prior to the effective time will equal the number of shares of Highlands common stock covered by the old stock option multiplied by the amount, if any, by which the average (rounded to four decimals) of the daily closing sales prices of Lakeland common stock as reported on the NASDAQ Global Select Market for the 20 consecutive full trading days ending at the close of trading on the date immediately preceding the effective time, exceeds the exercise price of such old stock option.

The merger agreement provides that Lakeland will indemnify the directors and officers of Highlands against certain liabilities for a six-year period following completion of the merger. In addition, Lakeland has agreed to cause the persons serving as officers and directors of Highlands immediately prior to the merger to be covered by directors and officers liability insurance for a period of six years after the closing, subject to a limitation on the amount which Lakeland must spend for this insurance.

Highlands's board of directors was aware of these interests and considered them in approving and recommending the merger. For additional information on the benefits of the merger to Highlands's management, see pages 56 to 57.

**Merger expected to occur early in 2019** (See page 47)

The merger of Highlands with and into Lakeland will become final when a certificate of merger is filed under New Jersey law. That certificate may not be filed until all bank regulatory approvals have been received, the 15 to 30 day period following FDIC approval during which the Justice Department may file objections to the merger relating to competitive factors has passed and Highlands's shareholders approve the merger agreement and the merger. We currently anticipate that the merger will be completed early in 2019, although delays could occur. Immediately following the merger of Highlands with and into Lakeland, Highlands State Bank will merge with and into Lakeland Bank. The bank merger will become final when a merger agreement attaching certifications by Lakeland Bank and Highlands State Bank as to the requisite shareholder approval having been obtained, is filed with the New Jersey Commissioner of Banking and Insurance.

We cannot assure you that we can obtain the necessary regulatory or shareholder approvals or that the other conditions precedent to the merger or the bank merger can or will be satisfied.

**Regulatory approval must be obtained and other conditions must be satisfied before the mergers will be completed** (See pages 51 to 52 and page 56)

Our obligations to complete the mergers are subject to various conditions that are usual and customary for this kind of transaction, including obtaining approvals from the New Jersey Department of Banking and Insurance and the FDIC, and obtaining a waiver from the Board of Governors of the Federal Reserve System. Applications were filed with the FDIC and the New Jersey Department of Banking and Insurance on September 28, 2018. Approval of the New Jersey

Department of Banking and Insurance was granted on October 25, 2018, and FDIC approval is pending. A waiver request was submitted to the Board of Governors of



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the Federal Reserve System and is pending. In addition to the required regulatory approvals, the merger will only be completed if certain conditions, including the following, are met or, where permissible, waived:

Holdings of Highlands common stock must approve the merger agreement at the Highlands special meeting.

Highlands and Lakeland must each receive an opinion of Lakeland's counsel with respect to certain tax matters.

Highlands and Lakeland must not have breached any of their respective representations or obligations under the merger agreement, subject to certain materiality qualifications.

The merger agreement attached to this proxy statement and prospectus as Annex A describes other conditions that must be met or waived before the merger may be completed.

**Amendment or termination of the merger agreement is possible** (See pages 53 to 55)

Lakeland and Highlands may agree to terminate the merger agreement and not complete the merger at any time before the merger is completed. We each can unilaterally terminate the merger in certain circumstances. These include a failure to complete the merger by August 23, 2019, unless the terminating party's breach is the reason that the merger has not been completed.

Highlands may terminate the merger agreement if:

during a specified 20 business day period, the average closing sale price of Lakeland common stock on the NASDAQ Global Select Market is less than \$15.60; and

such average closing sale price of Lakeland common stock under-performs the average stock price of the NASDAQ Bank Index by more than 20%, as measured in accordance with the merger agreement; and

in response to its receipt of a notice of termination from Highlands, Lakeland does not increase the number of shares of Lakeland common stock issuable for each share of Highlands common stock in the merger to the extent required by the merger agreement.

See THE MERGER Termination beginning at page 53 for additional information regarding this and other bases for terminating the merger agreement, including Highlands's fiduciary out.

**Rights of Lakeland shareholders differ from those of Highlands shareholders** (See pages 65 to 66)

When the merger is completed, each Highlands shareholder will automatically become a Lakeland shareholder. The rights of Lakeland shareholders differ from the rights of holders of Highlands common stock in certain ways, primarily as a result of certain provisions in Lakeland's certificate of incorporation and by-laws that differ from those of Highlands's certificate of incorporation and by-laws. Some of these provisions are intended to make a takeover of

Lakeland holder if Lakeland's board of directors does not approve it.

**Highlands shareholders do not have dissenters' appraisal rights** (See page 60)

Under the New Jersey Business Corporation Act, Highlands's shareholders will not have dissenters' appraisal rights in connection with the merger.

**Stock certificates to be submitted after the merger is complete** (See pages 55 to 56)

Promptly after the merger is completed, the former shareholders of Highlands will receive a letter and instructions on how to surrender their Highlands stock certificates in exchange for Lakeland common stock. Highlands shareholders will need to carefully review and complete these materials and return them as instructed along with their stock certificates for Highlands common stock in order to receive the merger consideration.

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The shares of Highlands common stock are traded on the OTC Pink Marketplace operated by OTC Markets Group Inc. under the symbol HSBK . The following table sets forth the high and low closing prices of the shares of Highlands common stock and the cash dividends declared for the periods indicated.

	High	Low	Dividends Declared
Year ended December 31, 2016			
First Quarter	\$ 8.00	\$ 6.85	\$ 0.02
Second Quarter	8.60	7.10	0.02
Third Quarter	8.85	7.95	0.02
Fourth Quarter	10.20	8.40	0.02

	High	Low	Dividends Declared
Year ended December 31, 2017			
First Quarter	\$ 10.77	\$ 9.95	\$ 0.02
Second Quarter	11.15	10.70	0.02
Third Quarter	12.65	11.05	0.02
Fourth Quarter	13.00	11.58	0.02

	High	Low	Dividends Declared
Year ending December 31, 2018			
First Quarter	\$ 13.55	\$ 12.85	\$ 0.02
Second Quarter	15.25	12.77	0.02
Third Quarter	18.91	15.25	0.02
Fourth Quarter (through November 1)	18.25	16.01	0.02

The shares of Highlands common stock are not actively traded. On August 13, 2018, the last full trading day prior to announcement of the execution of the merger agreement on which a trade occurred in Highlands common stock, the reported high and low sales prices and the closing sale price of Highlands common stock on the OTC Pink Marketplace were as follows:

	August 13, 2018		Closing Sale Price
	High	Low	
Highlands	\$ 16.50	\$ 15.95	\$ 16.50

On November 1, 2018, the last practicable date prior to the date of this proxy statement and prospectus on which a trade occurred in Highlands common stock, the reported high and low sales prices and the closing sale price of Highlands common stock on the OTC Pink Marketplace were as follows:

	November 1, 2018		Last Sale Price
	High	Low	

Highlands	\$ 16.30	\$ 16.30	\$ 16.30
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Shareholders are urged to obtain current market quotations for shares of Highlands common stock.

As of November 1, 2018, there were 2,790,481 shares of Highlands common stock outstanding, held of record by approximately 387 shareholders, and outstanding options that were exercisable on that date, or within 60 days after that date, for 72,251 shares of Highlands common stock.

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The shares of Lakeland common stock are traded on the NASDAQ Global Select Market under the symbol LBAI . The following table sets forth the high and low daily closing prices for shares of Lakeland common stock for the periods indicated, as provided by NASDAQ, and the cash dividends declared per share by Lakeland for the periods indicated.

Year ended December 31, 2016	High	Low	Dividends Declared
First Quarter	\$ 11.62	\$ 9.81	\$ 0.085