

PACWEST BANCORP  
Form S-4/A  
May 20, 2015

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As filed with the Securities and Exchange Commission on May 19, 2015

Registration No. 333-203573

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

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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)

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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**

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

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

**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)

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**Los Angeles, California 90067**  
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**Counsel**  
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**406 Blackwell Street, Suite 240**  
**Durham, North Carolina 27701**  
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**Edward D. Herlihy, Esq.**  
**Matthew M. Guest, Esq.**  
**Wachtell, Lipton, Rosen & Katz**  
**51 W. 52nd Street**  
**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 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 May 19, 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 26 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 41 and 72)**

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 73)**

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 46)**

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 48)**

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 34)**

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 63)**

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.

We estimate that the aggregate amount that would become payable to Square 1's eight executive officers in settlement of their unvested Square 1 stock options and RSUs, as severance benefits (including a prorated bonus for 2015) and in respect of retention awards due upon the closing of the merger, assuming that the closing of the merger occurred on May 31, 2015 and each executive officer experienced a severance-qualifying termination at such time, is \$14,422,331. In addition, we estimate that the aggregate amount of the retention awards payable to Mr. Bowers, Mr. Bhaumik, Ms. Earle, Ms. Erwin and Mr. Tower in respect of post-closing services is \$3,435,000. We estimate that the aggregate amount that would become payable to Square 1's 11 non-employee directors in settlement of their unvested Square 1 stock options and RSUs is \$679,359. The foregoing amounts do not include certain interests that cannot be quantified at this time, such as continued indemnification and

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compensation that might be paid in respect of continued employment. For a more complete description of these interests, and information regarding how the foregoing amounts were estimated, 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 41)**

*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 (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 42)**

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 63)**

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 68)**

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

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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 86)**

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 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.

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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;

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;



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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 84)**

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 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 88)**

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



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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;

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 89)**

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.

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**Voting Agreements (page 89)**

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).

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 91)**

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 90)**

Three putative stockholder class action lawsuits, referred to as the merger litigation, have been filed in connection with the merger agreement. The first 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. This action alleged, among other things, that the members of the Square 1 board of directors breached their fiduciary duties to Square 1 stockholders, and was voluntarily dismissed without prejudice on May 5, 2015.

Two more actions were filed in the United States District Court for the Middle District of North Carolina: (1) *Lakowitz v. Bowers et al.*, Case No. 1:15-CV-371, filed on May 6, 2015; and (2) *Li v. Bowers et al.*, Case No. 1:15-CV-373, filed on May 7, 2015. Both complaints allege, on behalf of a putative class of Square 1 stockholders, 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; engaging a conflicted financial advisor; entering into the merger agreement containing

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preclusive deal protection devices; and causing a materially deficient and misleading Registration Statement to be filed and disseminated to stockholders. The complaints also allege claims against PacWest and Square 1 for aiding and abetting these alleged breaches of fiduciary duties. The plaintiffs in both actions also bring claims in their individual capacities against Square 1 and the members of the Square 1 board of directors for alleged violations of Sections 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and against the members of the Square 1 board of directors for alleged violations of Section 20(a) of the Exchange Act, based upon alleged omissions and misrepresentations in the Registration Statement. The plaintiffs in these actions seek injunctive relief prohibiting consummation of the merger, rescission and damages in the event the merger is consummated, an accounting of damages suffered by the plaintiffs and the putative class, 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 94)**

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 39)**

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 March 31 2015, PacWest had total assets of \$16.6 billion, gross loans and leases of \$12.3 billion, total deposits of \$11.9 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. PacWest operates 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

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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 March 31, 2015, Square 1 had consolidated total assets of \$3.3 billion, total loans and leases of \$1.5 billion, investment securities of \$1.7 billion, deposits of \$3.0 billion and stockholders' equity of \$318.8 million. Square 1 had 270 full-time equivalent employees as of March 31, 2015.

**Risk Factors (page 26)**

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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and 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. Financial amounts as of and for the three months ended March 31, 2015 and 2014 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of PacWest believes that such amounts reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of its results of operations and financial position as of the dates and for the periods indicated. You should not assume the results of operations for past years and for the three months ended March 31, 2015 and 2014 indicate results for any future period.

	At or for the Three Months Ended March 31,		At or For the Year Ended December 31,				2010
	2015	2014	2014	2013	2012	2011	
(In thousands, except per share amounts and percentages)							
<b>Results of Operations(1):</b>							
Interest income	\$ 214,314	\$ 88,360	\$ 704,775	\$ 309,914	\$ 296,115	\$ 295,284	\$ 290,284
Interest expense	(15,239)	2,345	(42,398)	(12,201)	(19,648)	(32,643)	(40,957)
Net interest income	199,075	86,015	662,377	297,713	276,467	262,641	249,327
Total (provision) negative provision for credit losses(2)	(16,434)	644	(11,499)	4,210	12,819	(26,570)	(212,492)
Gain on securities	3,275	4,752	4,841	5,359	1,239		
FDIC loss sharing (expense) income, net	(4,399)	(11,430)	(31,730)	(26,172)	(10,070)	7,776	22,784
Other noninterest income	21,995	11,369	69,076	25,057	24,703	23,650	20,454
Total noninterest income	20,871	4,691	42,187	4,244	15,872	31,426	43,238
Foreclosed assets (expense) income, net	(336)	1,861	(5,401)	1,503	(10,931)	(10,676)	(14,770)
Acquisition, integration and reorganization costs	(2,000)	(2,200)	(101,016)	(40,812)	(4,089)	(600)	(732)
Debt termination expense					(22,598)		(2,660)
Other noninterest expense	(82,024)	(49,825)	(302,327)	(191,378)	(174,044)	(168,717)	(170,641)
Total noninterest expense	(84,360)	(50,164)	(408,744)	(230,687)	(211,662)	(179,993)	(188,803)
Earnings (loss) from continuing operations before income tax (expense) benefit	119,152	41,186	284,321	75,480	93,496	87,504	(108,730)
Income tax (expense) benefit	(46,073)	(15,281)	(113,853)	(30,003)	(36,695)	(36,800)	46,714
Net earnings (loss) from continuing operations	73,079	25,905	170,468	45,477	56,801	50,704	(62,016)
Loss from discontinued operations before income tax benefit		(1,413)	(2,677)	(620)			
Income tax benefit		588	1,114	258			
Net loss from discontinued operations		(825)	(1,563)	(362)			

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• risk of losses associated with accidents;

exposure to product liability claims;

- changes in the availability of capital and interest rates;
- adverse weather patterns or conditions;
- acts of cyber intrusion;
- variations in the performance of the financial markets, including the credit markets; and

other factors described herein and in Item 1A our Annual Report on Form 10-K for the year ended January 3, 2015, as filed with the SEC.

Given these risks and uncertainties, we caution you not to place undue reliance on forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law.

#### Executive Level Overview

##### Background

We are a leading distributor of building products in North America. The Company is headquartered in Atlanta, Georgia, and we operate our distribution business through a current network of 48 distribution centers. We operate in all of the major metropolitan areas in the United States (“U.S.”). We distribute products in two principal categories: structural products and specialty products. Structural products include plywood, oriented strand board (“OSB”), rebar and remesh, lumber and other wood products primarily used for structural support, walls, and flooring in construction projects. Structural products represented approximately 41% of our first quarter of fiscal 2015 net sales. Specialty products include roofing, insulation,



moulding, engineered wood, vinyl products (used primarily in siding), outdoor living, and metal products (excluding rebar and remesh). Specialty products accounted for approximately 59% of our first quarter of fiscal 2015 net sales.

Industry Conditions

Many of the factors that cause our operations to fluctuate are seasonal or cyclical in nature.

Key Business Metrics

Net Sales

Net sales result primarily from the distribution of products to dealers, industrial manufacturers, manufactured housing producers, and home improvement retailers. All revenues recognized are net of trade allowances, cash discounts, and sales returns. In addition, we provide inventory to certain customers through pre-arranged agreements on a consignment basis. When consigned inventory is sold by the customer, we recognize revenue on a gross basis. Net sales may not be comparable year-over-year due to closed facilities, unusual weather patterns, and/or market-driven fluctuations in the prices of the inventories we sell.

Gross Profit

Gross profit primarily represents revenues less the product cost from our suppliers (net of earned rebates and discounts), including the cost of inbound freight. The cost of outbound freight, purchasing, receiving, and warehousing are included in selling, general, and administrative expenses within operating expenses. Our gross profit may not be comparable to that of other companies, as other companies may include some or all of the costs related to their distribution network in cost of sales. Market price fluctuations, particularly on structural products vulnerable to commodity price variability, may impact our gross profit.

Adjusted EBITDA

Adjusted EBITDA is an amount equal to net income (loss) plus interest expense and all interest expense related items (e.g., write-off of debt issuance costs, charges associated with mortgage refinancing), income taxes, depreciation and amortization, and further adjusted to exclude non-cash items and certain other adjustments to Consolidated Net Income (Loss). We present Adjusted EBITDA because it is a primary measure used by management to evaluate operating performance and helps to enhance investors' overall understanding of the financial performance of our business. However, Adjusted EBITDA is not a presentation made in accordance with GAAP, and is not intended to present a superior measure of the financial condition from those determined under GAAP. Adjusted EBITDA, as used herein, is not necessarily comparable to other similarly titled captions of other companies due to differences in methods of calculation.

We believe Adjusted EBITDA is helpful in highlighting operating trends. We further believe that Adjusted EBITDA is frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present an Adjusted EBITDA measure when reporting their results. We compensate for the limitations of using non-GAAP financial measures by using them to supplement GAAP results to provide a more complete understanding of the factors and trends affecting the business than using GAAP results alone.

The Company's Adjusted EBITDA for the first three months of fiscal 2015 and the first three months of fiscal 2014 are shown in the following table:

	Three Months Ended April 4, 2015 (Dollars in thousands) (unaudited)	Three Months Ended April 5, 2014
Net income (loss)	\$(8,945	) \$(8,608 )
Adjustments:		
Depreciation and amortization	2,278	2,352
Interest expense	6,553	6,454
Provision for (benefit from) income taxes	(84	) 331
Gain from the sale of properties	—	(210 )
Share-based compensation expense, excluding restructuring	617	690
Restructuring, severance, debt fees, and other	(31	) —

Adjusted EBITDA

\$388

\$1,009

## Results of Operations

First Quarter of Fiscal 2015 Compared to First Quarter of Fiscal 2014

The following table sets forth our results of operations for the first quarters of fiscal 2015 and fiscal 2014:

	First Quarter of Fiscal 2015	% of Net Sales	First Quarter of Fiscal 2014	% of Net Sales
	(Dollars in thousands) (unaudited)			
Net sales	\$454,949	100.0%	\$443,944	100.0%
Gross profit	50,196	11.0%	52,676	11.9%
Selling, general, and administrative	50,036	11.0%	51,987	11.7%
Depreciation and amortization	2,278	0.5%	2,352	0.5%
Operating income (loss)	(2,118 )	(0.5)%	(1,663 )	(0.4)%
Interest expense, net	6,553	1.4%	6,454	1.5%
Other expense (income), net	358	0.1%	160	—%
Income (loss) before provision for (benefit from) income taxes	(9,029 )	(2.0)%	(8,277 )	(1.9)%
Provision for (benefit from) income taxes	(84 )	—%	331	0.1%
Net income (loss)	\$(8,945 )	(2.0)%	\$(8,608 )	(1.9)%

The following table sets forth changes in net sales by product category, sales variances due to changes in unit volume and dollar and percentage changes in unit volume and price versus comparable prior periods:

	First Quarter of Fiscal 2015	First Quarter of Fiscal 2014
	(Dollars in millions) (unaudited)	
Sales by category		
Structural products	\$188	\$185
Specialty products	274	264
Other <sup>(1)</sup>	(7 )	(5 )
Total sales	\$455	\$444
Sales variances \$		
Unit volume \$ change from prior year	\$13	\$(18 )
Price/other <sup>(1)</sup>	(2 )	(41 )
Total \$ change	\$11	\$(59 )
Sales variances %		
Unit volume % change from prior year	2.9 %	(3.8 )%
Price/other <sup>(1)</sup>	(0.4 )%	(8.0 )%
Total % change	2.5 %	(11.8 )%

<sup>(1)</sup> "Other" includes unallocated allowances and discounts.

The following table sets forth changes in gross margin dollars and percentage changes by product category, and percentage changes in unit volume growth by product, versus comparable prior periods:

	First Quarter of Fiscal 2015 (Dollars in millions) (unaudited)	First Quarter of Fiscal 2014		
Gross margin by category				
Structural products	\$14	\$15		
Specialty products	35	34		
Other <sup>(1)</sup>	1	4		
Total gross margin	\$50	\$53		
Gross margin % by category				
Structural products	7.3	% 8.3		%
Specialty products	13.0	% 13.0		%
Total gross margin %	11.0	% 11.9		%
Unit volume change by product, from prior year				
Structural products	3.2	% (9.5		)%
Specialty products	2.6	% 1.0		%
Total change in unit volume %	2.9	% (3.8		)%

<sup>(1)</sup> "Other" includes unallocated allowances and discounts.

Net sales. For the first quarter of fiscal 2015, net sales increased by 2.5%, or \$11.0 million. The increase in sales was driven by an increase in demand, offset by harsh winter weather conditions. Structural sales increased by \$2.7 million, or 1.4%, compared to the first quarter of fiscal 2014. Structural sales were impacted by an increase in unit volumes of 3.2%, partially offset by a decrease in structural product prices in the lumber commodities markets and other changes of 1.8%. Specialty sales increased by \$9.6 million, or 3.6%, compared to the first quarter of fiscal 2014. Specialty sales were impacted by an increase in unit volumes of 2.6% and an increase in product prices and other changes of 1.0%.

Gross profit. For the first quarter of fiscal 2015, gross profit decreased by 4.7%, or \$2.5 million. The decrease was driven by an unfavorable variance in the gross margin of structural products, partially offset by an increase in volume. The structural gross margin percentage decreased 100 basis points compared to prior year to 7.3% as of April 4, 2015 from 8.3% as of April 5, 2014. This decrease was primarily due to low commodities prices for our structural products during the first quarter of fiscal 2015.

Selling, general, and administrative expenses. The decrease of 3.8%, or \$2.0 million, is primarily related to a \$1.4 million decrease in fuel costs resulting from our fuel purchase commitment and lower market fuel prices.

#### Seasonality

We are exposed to fluctuations in quarterly sales volumes and expenses due to seasonal factors common in the building products distribution industry. The first and fourth quarters are typically our slowest quarters, due to the impact of poor weather on the construction market. Our second and third quarters are typically our strongest quarters, reflecting a substantial increase in construction, due to more favorable weather conditions. Our accounts receivable and payable generally peak in the third quarter, while inventory generally peaks in the second quarter in anticipation of the summer building season.

#### Liquidity and Capital Resources

We expect our primary sources of liquidity to be cash flows from sales in the normal course of our operations, and borrowings under our revolving credit facilities, and we expect that these sources will fund our ongoing cash requirements for the foreseeable future. We believe that the amounts currently available from our revolving credit facilities and other sources would be sufficient to fund our routine operations, excluding the May 1, 2016, payment due under the U.S. revolving credit facility, for at least the next 12 months. On May 1, 2016, a payment of \$35.0 million is due under the terms of the U.S. revolving credit facility, as discussed in Note 4. Per the terms of the U.S. revolving credit facility agreement, this payment must be made from sources other than normal operations.



### Mortgage

As of April 4, 2015, the balance on our mortgage loan was \$169.8 million. The mortgage is secured by our owned distribution facilities. Per the Tenth Amendment, we are required to refinance the mortgage on or before May 1, 2016.

We are currently exploring our refinancing options.

During the first three months of fiscal 2015, approximately \$7.1 million of funds held in collateral were used to prepay the mortgage, without incurring a prepayment premium, from cash currently held as collateral under the mortgage agreement. Approximately \$2.0 million of cash held in collateral was released to us during the first three months of fiscal 2015 as reimbursement for usual and customary repair and maintenance of the collateral over prior periods.

### Revolving Credit Facilities

On August 4, 2006, we entered into the U.S. revolving credit facility, as later amended, including the Tenth Amendment as discussed in Note 4. The U.S. revolving credit facility has a final maturity of April 15, 2017, and maximum available credit of \$467.5 million, which includes the \$20.0 million Tranche A Loan. The U.S. revolving credit facility also includes an additional \$75.0 million uncommitted accordion credit facility, which permits us to increase the maximum available credit up to \$542.5 million.

Our subsidiary BlueLinx Building Products Canada Ltd. has a revolving credit agreement with Canadian Imperial Bank of Commerce (the "Canadian revolving credit facility") due upon the earlier of August 12, 2016 or the maturity date of the U.S. revolving credit facility. The Canadian revolving credit facility has a maximum available credit of \$10.0 million. The Canadian revolving credit facility also provides for an additional \$5.0 million uncommitted accordion credit facility, which permits us to increase the maximum available credit up to \$15.0 million.

As of April 4, 2015, we had outstanding borrowings of \$271.9 million and excess availability of \$77.0 million under the terms of the U.S. revolving credit facility and outstanding borrowings of \$3.8 million and excess availability of \$1.4 million under the terms of our Canadian revolving credit facility.

We are in compliance with all covenants under these revolving credit facilities.

### Sources and Uses of Cash

#### Operating Activities

Net cash used in operating activities for the first three months of fiscal 2015 was \$37.5 million, compared to net cash used in operating activities of \$46.1 million in the first three months of fiscal 2014. In the first three months of fiscal 2015, we had \$8.9 million net loss compared to a net loss of \$8.6 million in the first three months of fiscal 2014. Accounts receivable increased by \$33.1 million during fiscal 2015, compared to an increase of \$40.5 million in the year ago period. The increase in accounts receivable over the first three months of the year was commensurate with sales activity. Inventory increased by \$32.5 million in the first three months of 2015 compared to an increase of \$37.4 million in the corresponding period of 2014. The increase in inventories over the first three months of the year represented participation in certain early buy programs coupled with anticipated increased sales activity in fiscal 2015 as compared to fiscal 2014.

#### Investing Activities

Net cash used in investing activities for the first three months of fiscal 2015 was \$0.3 million compared to net cash used in operating activities of \$0.5 million in the first three months of fiscal 2014. The decrease was primarily related to lower capital expenditures compared to the first three months of fiscal 2014.

#### Financing Activities

Net cash provided by financing activities of \$39.4 million for the first three months of fiscal 2015, reflected net borrowings on the revolving lines of credit of \$45.1 million, offset by a net decrease in cash related to the mortgage of \$2.8 million, and a decrease in bank overdrafts of \$1.5 million. The net decrease in cash related to the mortgage includes the \$7.9 million in principal payments, offset by the \$5.1 million decrease in restricted cash used for the principal payments as discussed above. The net cash provided by financing activities of \$49.2 million in the first three months of fiscal 2014 primarily was driven by net borrowings on the revolving lines of credit of \$50.0 million. We anticipate borrowings to fluctuate due to seasonal factors, with higher borrowings expected during the typically strong second and third quarters, and lower borrowings anticipated during the typically slower fourth and first quarters.

#### Working Capital

Working capital is an important measurement used in determining the efficiencies of our operations and our ability to readily convert assets into cash. The material components of working capital for us include accounts receivable, inventory, accounts payable, bank overdrafts, and the current portion of our long-term debt. Working capital management helps to ensure that we can maximize our return on assets and continue to invest in the operations for future growth.

Our working capital requirements reflect the seasonal nature of our business. Working capital components at April 4, 2015, compared to January 3, 2015, increased on a net basis due to the contractual increase of current maturities of long-term debt of \$1.8 million, seasonal payment patterns, and increases in purchase volume associated with projected increased demand. We anticipate the accounts receivable and inventory components of our working capital calculation to continue to fluctuate on a seasonal basis. Our inventories and receivables have increased as expected, by \$32.5 million and \$33.1 million, respectively, as we move into our peak selling season.

#### Contractual Obligations

There have been no material changes to our contractual obligations from those disclosed above or in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

#### Critical Accounting Policies

The preparation of our consolidated financial statements and related disclosures in conformity with U.S. generally accepted accounting principles requires our management to make judgments and estimates that affect the amounts reported in our consolidated financial statements and accompanying notes. There have been no material changes to our critical accounting policies from the information provided in Item 7 of our Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in market risk from the information provided in Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

### ITEM 4. CONTROLS AND PROCEDURES

Our management performed an evaluation, as of the end of the period covered by this report on Form 10-Q, under the supervision of our chief executive officer and chief financial officer of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms, and is accumulated and communicated to our management including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

There were no changes in our internal controls over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.



PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

During the first quarter of fiscal 2015, there were no material changes to our legal proceedings as disclosed in our Annual Report on Form 10-K for the year ended January 3, 2015. Additionally, we are, and from time to time may be, a party to routine legal proceedings incidental to the operation of our business. The outcome of any pending or threatened proceedings is not expected to have a material adverse effect on our financial condition, operating results, or cash flows, based on our current understanding of the relevant facts. Legal expenses incurred related to these contingencies are generally expensed as incurred.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the year ended January 3, 2015, as filed with the SEC.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	The Tenth Amendment, dated February 18, 2015, to the Amended Loan and Security Agreement, dated August 4, 2006, as amended by and between BlueLinx Corporation, Wells Fargo, and the other signatories listed therein (incorporated by reference to Exhibit 10.1 to the Company Form 8-K filed on February 19, 2015).
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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101	The following financial information from the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended April 4, 2015, formatted in Extensible Business Reporting Language ("XBRL"): (i) Consolidated Statements of Operations and Comprehensive Loss, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows and (iv) Notes to Consolidated Financial Statements (Unaudited).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

BlueLinx Holdings Inc.  
(Registrant)

Date: May 7, 2015

By: /s/ Susan C. O'Farrell  
Susan C. O'Farrell  
Senior Vice President, Chief Financial Officer,  
Treasurer, and Principal Accounting Officer

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