



**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ SECTIONS

354, 356, 358, 1221

18 Can any resulting loss be recognized? ▶ SEE ATTACHED

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ SEE ATTACHED

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ *Michael Fitzpatrick* Date ▶ 4/2/2019

Print your name ▶ MICHAEL FITZPATRICK Title ▶ EVP/CFO

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
YIFEI YANG	<i>[Signature]</i>	3-28-2019		P01704051
Firm's name ▶ KPMG LLP			Firm's EIN ▶	13-5565207
Firm's address ▶ 345 PARK AVENUE, NEW YORK, NY 10154			Phone no.	1-212-758-9700

OceanFirst Financial Corporation  
22-3412577  
Attachment to Form 8937

**Part II Line 14- Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:**

On January 31, 2019, OceanFirst Financial Corp., a Delaware corporation ("OceanFirst"), completed its acquisition of Capital Bank of New Jersey, a New Jersey chartered commercial bank ("Capital Bank"), pursuant to the Agreement and Plan of Merger, dated as of October 25, 2018 (the "Merger Agreement"), by and among OceanFirst, OceanFirst Bank, National Association, a wholly-owned subsidiary of OceanFirst ("OceanFirst Bank"), and Capital Bank.

In accordance with the terms of the Merger Agreement, on January 31, 2019, Capital Bank merged with and into OceanFirst Bank (the "Merger"), with OceanFirst Bank as the surviving bank in the Merger. At the effective time of the Merger, the former Capital Bank stockholders (other than holders, if any, who have properly exercised dissenters' rights) became entitled to receive 1.25 shares of OceanFirst common stock, together with cash in lieu of fractional shares, for each outstanding share of Capital Bank common stock

**Part II Line 15-Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:**

Generally, a U.S. holder's aggregate tax basis in the OceanFirst's common stock received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "Cash in Lieu of Fractional Shares of OceanFirst Common Stock," will equal such U.S. holder's aggregate tax basis in the Capital Bank common stock surrendered in the merger, increased by the amount of taxable gain, if any, recognized by such U.S. holder in the merger (other than with respect to cash received in lieu of fractional shares of OceanFirst common stock), and decreased by the amount of cash, if any, received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of OceanFirst common stock). The holding period for the shares of OceanFirst common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "Cash in Lieu of Fractional Shares of OceanFirst Common Stock," generally will include the holding period for the shares of Capital Bank common stock exchanged therefore.

*Cash in Lieu of Fractional Shares of OceanFirst Common Stock*

A U.S. holder who receives cash instead of a fractional share of OceanFirst common stock will be treated as having received the fractional share of OceanFirst common stock pursuant to the merger and then as having exchanged the fractional share of OceanFirst common stock for cash in a redemption by the OceanFirst.

In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of Capital Bank common stock allocable to such fractional interest.

**Part II Line 16 -Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:**

The exchange ratio as defined in the Merger Agreement was 1.25.

Therefore for each share of Capital Bank common stock that is exchanged for OceanFirst common stock, a Capital Bank shareholder would receive 1.25 shares of OceanFirst common stock. As discussed above a U.S. holder's aggregate tax basis in the OceanFirst common stock received in the merger, including any fractional shares deemed received, generally will equal such U.S. holder's aggregate tax basis in the Capital Bank common stock surrendered by such U.S. holder in the merger.

To calculate the basis of the OceanFirst shares received pursuant to the Merger Agreement, divide the aggregate basis in the Capital Bank shares given up in the exchange by the exchange ratio of 1.25. For example if U.S Holder owned one share of Capital Bank with a basis of \$25, the basis in each share of Ocean stock received would be \$20.

Aggregate basis in Capital Bank stock	\$25.00
Divided by exchange ratio	1.25
Basis per share OceanFirst stock received	\$20.00
Total basis in shares of OceanFirst stock received	\$25.00

**Part II Line 18- Can any resulting loss be recognized?**

A U.S. holder who receives cash instead of a fractional share of OceanFirst common stock will be treated as having received the fractional share of OceanFirst common stock pursuant to the merger and then as having exchanged the fractional share of OceanFirst common stock for cash in a redemption by the Company. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of Capital common stock allocable to such fractional interest. Such gain or loss generally will constitute capital gain or loss and will be long-term capital gain or loss if the U.S. holder's holding period for the Capital common stock exchanged by such U.S. holder is greater than one year as of the effective time. The deductibility of capital losses is subject to limitations.

**Part II Line 19-Provide any other information necessary to implement the adjustment, such as the reportable tax year:**

The merger occurred on January 31, 2019. Therefore any gain or loss recognized with respect to the fractional shares should be reported by Capital Bank shareholders in the tax year which includes January 31, 2019 (e.g. calendar-year shareholder would report the transaction on his or her federal income tax return filed for the 2019 calendar year).

Capital Bank shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the merger. The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code of 1986, as amended, or (ii) promoting, marketing, or recommending any transaction or matter addressed herein.