PACWEST BANCORP
Form 424B3
December 06, 2013

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Registration Statement No. 333-191130

Dear Stockholders of PacWest Bancorp and CapitalSource Inc.:

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

In the merger, each share of CapitalSource common stock, other than treasury shares and dissenting shares, will be converted into the right to receive $2.47 in cash and 0.2837 of a share of PacWest common stock. Based on the number of shares of CapitalSource common stock currently outstanding, PacWest currently expects to pay an aggregate cash consideration of approximately $479.1 million. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to such fraction multiplied by the average closing price of PacWest common stock as quoted on the NASDAQ Global Select Market, or NASDAQ, over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated.

The market value of the merger consideration will fluctuate with the price of PacWest common stock. Based on the closing price of PacWest common stock on July 22, 2013, the last trading day before the public announcement of the signing of the merger agreement, the value of the per share merger consideration payable to holders of CapitalSource common stock was $11.68. Based on the closing price of PacWest common stock on December 3, 2013, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of CapitalSource common stock was $14.05. You should obtain current stock price quotations for PacWest common stock and CapitalSource common stock. PacWest common stock is traded on NASDAQ under the symbol "PACW," and CapitalSource common stock is traded on the New York Stock Exchange, or NYSE, under the symbol "CSE."

Based on the current number of shares of CapitalSource common stock outstanding and reserved for issuance under its employee benefit plans, PacWest currently expects to issue approximately 57,270,035 shares upon completion of the merger. However, an increase or decrease in the number of outstanding shares of CapitalSource common stock prior to completion of the merger could cause the actual number of shares issued upon completion of the merger to change.

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Internal Revenue Code. Assuming the merger qualifies as a reorganization, a stockholder of CapitalSource generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for CapitalSource common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (except with respect to any cash received in lieu of a fractional share of PacWest common stock, as discussed below under "Material United States Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of PacWest Common Stock").

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

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

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

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

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

Sincerely,

Matthew P. Wagner *Chief Executive Officer of* *PacWest Bancorp*	James J. Pieczynski *Chief Executive Officer of* *CapitalSource Inc.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, the issuance of the PacWest common stock in connection with the merger or the other transactions described in this document, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

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

This document is dated December 5, 2013 and is first being mailed to stockholders of PacWest and CapitalSource on or about December 11, 2013.

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WHERE YOU CAN FIND MORE INFORMATION

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

PacWest has filed a registration statement on Form S-4 of which this document forms a part. As permitted by SEC rules, this document does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits, at the addresses set forth below. Statements contained in this document as to the contents of any contract or other documents referred to in this document are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This document incorporates by reference documents that PacWest and CapitalSource have previously filed with the SEC. They contain important information about the companies and their financial condition. For further information, please see the section entitled "Incorporation of Certain Documents by Reference" beginning on page 164. These documents are available without charge to you upon written or oral request to the applicable company's principal executive offices. The respective addresses and telephone numbers of such principal executive offices are listed below.

PacWest Bancorp 10250 Constellation Blvd., Suite 1640 Los Angeles, California 90067 Attention: Investor Relations (310) 286-1144	CapitalSource Inc. 633 West 5th Street, 33rd Floor Los Angeles, California 90071 Attention: Investor Relations (866) 876-8723

To obtain timely delivery of these documents, you must request the information no later than January 6, 2014 in order to receive them before PacWest's special meeting of stockholders and no later than January 6, 2014 in order to receive them before CapitalSource's special meeting of stockholders.

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

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PACWEST BANCORP

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

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 13, 2014

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of PacWest Bancorp, referred to as PacWest, will be held at The Jonathan Club, 850 Palisades Beach Road, Santa Monica, CA 90403, at 10:00 AM, Pacific time, on January 13, 2014 for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 22, 2013, by and between PacWest and CapitalSource, as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, referred to as the PacWest merger proposal;

2. To adopt an amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock from 75 million shares to 200 million shares, referred to as the PacWest certificate of incorporation amendment proposal;

3. To approve the issuance of PacWest common stock in the merger, referred to as the PacWest stock issuance proposal;

4. To (i) approve an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock authorized for grant thereunder from 6.5 million shares to 9 million shares and to extend the expiration of the plan from May 31, 2017 to May 31, 2019 and (ii) re-approve the business criteria listed under the PacWest 2003 Stock Incentive Plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code, referred to as the PacWest stock plan amendment proposal;

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

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

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

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

The PacWest board of directors has set December 4, 2013 as the record date for the PacWest special meeting. Only holders of record of PacWest common stock at the close of business on December 4, 2013 will be entitled to notice of and to vote at the PacWest special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the PacWest special meeting is entitled to appoint a proxy to attend and vote on such stockholder's behalf. Such proxy need not be a holder of PacWest common stock.

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

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

BY ORDER OF THE BOARD OF DIRECTORS

Lynn M. Hopkins
Executive Vice President and Corporate Secretary
Los Angeles, California
December 5, 2013

PLEASE VOTE YOUR SHARES OF PACWEST COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL PACWEST INVESTOR RELATIONS AT (310) 286-1144.

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CAPITALSOURCE INC.

633 WEST 5TH STREET, 33RD FLOOR
LOS ANGELES, CALIFORNIA 90071

NOTICE OF THE SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON JANUARY 13, 2014

NOTICE IS HEREBY GIVEN that a special meeting of the stockholders of CapitalSource Inc., referred to as CapitalSource, will be held at its corporate headquarters, 633 West 5th Street, 33rd Floor, Los Angeles, CA 90071 at 8:00 AM, Pacific time, on January 13, 2014, for the following purposes:

1. To adopt the Agreement and Plan of Merger, dated as of July 22, 2013, by and between PacWest Bancorp, and CapitalSource, as such agreement may be amended from time to time, referred to as the merger agreement, a copy of which is attached as Appendix A, referred to as the CapitalSource merger proposal;

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

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

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

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

The CapitalSource board of directors has set December 4, 2013 as the record date for the CapitalSource special meeting. Only holders of record of CapitalSource common stock at the close of business on December 4, 2013 will be entitled to notice of and to vote at the CapitalSource special meeting and any adjournments or postponements thereof. Any stockholder entitled to attend and vote at the CapitalSource special meeting is entitled to appoint a proxy to attend and vote on such stockholder's behalf. Such proxy need not be a holder of CapitalSource common stock.

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

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

BY ORDER OF THE BOARD OF DIRECTORS

James J. Pieczynski

Chief Executive Officer
Los Angeles, California
December 5, 2013

PLEASE VOTE YOUR SHARES OF CAPITALSOURCE COMMON STOCK PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CALL CAPITALSOURCE INVESTOR RELATIONS AT (866) 876-8723.

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETINGS

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

Q:

WHAT IS THE MERGER?

A.

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

Q:

WHY AM I RECEIVING THIS JOINT PROXY STATEMENT/PROSPECTUS?

A.

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

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

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

Q:

WHAT WILL CAPITALSOURCE STOCKHOLDERS RECEIVE IN THE MERGER?

A:

In the merger, each share of CapitalSource common stock owned by a CapitalSource stockholder will be converted into the right to receive $2.47 in cash and 0.2837 of a share of PacWest common stock. For each fractional share that would otherwise be issued, PacWest will pay cash in an amount equal to the fraction of a share of PacWest common stock which the holder would otherwise be entitled to receive multiplied by the average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

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Q:

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

A:

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

Q:

WHAT HAPPENS TO CAPITALSOURCE EQUITY AWARDS IN THE MERGER?

A:

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

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

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

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

Q:

WHEN WILL THE MERGER BE COMPLETED?

A:

PacWest and CapitalSource are working to complete the merger as soon as practicable. The parties are seeking regulatory approval by the end of the fourth quarter of 2013, with the consummation of the merger to occur as soon as practicable thereafter. Neither PacWest nor CapitalSource can predict, however, the actual date on which the merger will be completed because it is subject to factors beyond each company's control, including whether or when the required regulatory approvals and the parties' respective stockholders' approvals will be received. For further information, please see the section entitled "The Merger Agreement Conditions to Consummation of the Merger" beginning on page 120.

Q:

WHO IS ENTITLED TO VOTE?

A:

PacWest Special Meeting. Holders of record of PacWest common stock at the close of business on December 4, 2013 which is the date that the PacWest board of directors has fixed as the record date for the PacWest special meeting, are entitled to vote at the PacWest special meeting.

CapitalSource Special Meeting. Holders of record of CapitalSource common stock at the close of business on December 4, 2013, which is the date that the CapitalSource board of directors has fixed as the record date for the CapitalSource special meeting, are entitled to vote at the CapitalSource special meeting.

Q:

WHAT CONSTITUTES A QUORUM?

A:

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

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

Q:

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

A:

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

1. to adopt the merger agreement, a copy of which is attached as Appendix A, referred to as the PacWest merger proposal;

2. to adopt the amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock from 75 million shares to 200 million shares, referred to as the PacWest certificate of incorporation amendment proposal;

3. to approve the issuance of PacWest common stock in the merger, referred to as the PacWest stock issuance proposal;

4. to (i) approve an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock authorized for grant thereunder from 6.5 million shares to 9 million shares and to extend the expiration of the plan from May 31, 2017 to May 31, 2019 and (ii) re-approve the business criteria listed under the PacWest 2003 Stock Incentive Plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code, referred to as the PacWest stock plan amendment proposal;

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

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

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

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

1. to adopt the merger agreement, a copy of which is attached as Appendix A, referred to as the CapitalSource merger proposal;

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

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

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

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

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

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

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

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

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

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

Q:

WHAT WILL HAPPEN IF PACWEST'S STOCKHOLDERS DO NOT APPROVE THE PACWEST ADVISORY (NON-BINDING) PROPOSAL ON SPECIFIED COMPENSATION?

A:

The vote on the PacWest advisory (non-binding) proposal on specified compensation is a vote separate and apart from the vote to approve the PacWest merger proposal and other related proposals. You may vote for this proposal and against the PacWest merger proposal and other related proposals, or vice versa. Because the vote on this proposal is advisory only, it will not be binding on PacWest or CapitalSource and will have no impact on whether the merger is consummated or on whether any contractually obligated payments are made to PacWest's named executive officers.

Q:

WHAT DOES THE PACWEST BOARD OF DIRECTORS RECOMMEND?

A:

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

Q:

WHAT VOTE IS REQUIRED TO APPROVE EACH PROPOSAL AT THE CAPITALSOURCE SPECIAL MEETING?

A:

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

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

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

Q:

WHAT WILL HAPPEN IF CAPITALSOURCE'S STOCKHOLDERS DO NOT APPROVE THE CAPITALSOURCE ADVISORY (NON-BINDING) PROPOSAL ON SPECIFIED COMPENSATION?

A:

The vote on the CapitalSource advisory (non-binding) proposal on specified compensation is a vote separate and apart from the vote to approve the CapitalSource merger proposal. You may vote for this proposal and against the CapitalSource merger proposal, or vice versa. Because the vote on

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this proposal is advisory only, it will not be binding on CapitalSource or PacWest and will have no impact on whether the merger is consummated or on whether any contractually obligated payments are made to CapitalSource's named executive officers.

Q:

WHAT DOES THE CAPITALSOURCE BOARD OF DIRECTORS RECOMMEND?

A:

The CapitalSource board of directors recommends that CapitalSource stockholders vote "FOR" the CapitalSource merger proposal, "FOR" the CapitalSource advisory (non-binding) proposal on specified compensation and "FOR" the CapitalSource adjournment proposal (if necessary or appropriate).

Q:

WHAT DO I NEED TO DO NOW?

A:

After carefully reading and considering the information contained in this document, please vote your shares as soon as possible so that your shares will be represented at your respective company's special meeting. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker, bank or other nominee.

Q:

HOW DO I VOTE?

A:

If you are a stockholder of record of PacWest as of the PacWest record date, or a stockholder of record of CapitalSource as of the CapitalSource record date, you may submit your proxy before your respective company's 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 your respective company's special meeting.

If your shares are held in "street name," through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your 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 DO I VOTE IF I OWN SHARES THROUGH THE PACWEST 401(K) PLAN?

A:

Under the terms of the PacWest 401(k) Plan, all shares held by the plan are voted by the trustee but each participant may direct the trustee on how to vote the shares of common stock allocated to his or her account. Unallocated shares and allocated shares for which no timely voting instructions are received will be voted by the trustee on each proposal in the same proportion as shares for which it has received timely voting instructions. Please follow the instructions set forth in the voting materials sent to you by the trustee.

Q:

HOW MANY VOTES DO I HAVE?

A:

PacWest Stockholders. You are entitled to one vote for each share of PacWest common stock that you owned as of the PacWest record date. As of the close of business on the PacWest record date, there were approximately 44,316,774 outstanding shares of PacWest common stock entitled to vote (which excludes shares of unvested time-based and performance-based restricted stock). As of that date, approximately 3.6% of such outstanding shares of PacWest common stock were beneficially owned by the directors and executive officers of PacWest.

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CapitalSource Stockholders. You are entitled to one vote for each share of CapitalSource common stock that you owned as of the CapitalSource record date. As of the close of business on the CapitalSource record date, there were approximately 196,911,167 outstanding shares of CapitalSource common stock entitled to vote. As of that date, approximately 1.11% of the outstanding shares of CapitalSource common stock were owned by the directors and executive officers of CapitalSource.

Q:

WHEN AND WHERE ARE THE PACWEST AND CAPITALSOURCE SPECIAL MEETINGS OF STOCKHOLDERS?

A:

The special meeting of PacWest stockholders will be held at The Jonathan Club, 850 Palisades Beach Road, Santa Monica, CA 90403 at 10:00 AM, Pacific time, on January 13, 2014. Subject to space availability, all PacWest stockholders as of the PacWest record date, or their duly appointed proxies, may attend the PacWest 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 9:30 AM, Pacific time.

The special meeting of CapitalSource stockholders will be held at its corporate headquarters, 633 West 5th Street, 33rd Floor, Los Angeles, CA 90071 at 8:00 AM, Pacific time, on January 13, 2014. Subject to space availability, all CapitalSource stockholders as of the CapitalSource record date, or their duly appointed proxies, may attend the CapitalSource 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 7:30 AM, Pacific 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 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 PacWest or CapitalSource or by voting in person at your respective company's special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee.

Under the rules of NASDAQ and the NYSE, 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 NASDAQ or the NYSE determines to be "non-routine" without specific instructions from the beneficial owner. It is expected that all proposals to be voted on at the PacWest and CapitalSource special meetings are such "non-routine" matters. Broker non-votes occur 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.

If you are a PacWest 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 PacWest merger proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" such proposal;

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- your broker, bank or other nominee may not vote your shares on the PacWest certificate of incorporation amendment proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" such proposal;

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

- your broker, bank or other nominee may not vote your shares on the PacWest stock plan amendment proposal, which broker non-votes will have no effect on the vote count for such proposal;

- your broker, bank or other nominee may not vote your shares on the PacWest advisory (non-binding) proposal on specified compensation, which broker non-votes will have no effect on the vote count for such proposal; and

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

If you are a CapitalSource 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 CapitalSource merger proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" such proposal;

- your broker, bank or other nominee may not vote your shares on the CapitalSource advisory (non-binding) proposal on specified compensation, which broker non-votes will have no effect on the vote count for such proposal; and

- your broker, bank or other nominee may not vote your shares on the CapitalSource 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 each of the PacWest special meeting and the CapitalSource special meeting, an abstention occurs when a stockholder attends the applicable special meeting, either in person or represented by proxy, but abstains from voting.

For the PacWest merger proposal and the PacWest certificate of incorporation amendment proposal, if a PacWest stockholder present in person at the PacWest special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" each such proposal. If a PacWest stockholder is not present in person at the PacWest special meeting and does not respond by proxy, it will have the same effect as a vote cast "**AGAINST**" each such proposal.

For the PacWest stock issuance proposal, the PacWest stock plan amendment proposal, the PacWest advisory (non-binding) proposal on specified compensation and the PacWest adjournment proposal, if a PacWest stockholder present in person at the PacWest special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" each such proposal. If a PacWest stockholder is not present in person at the PacWest special meeting and does not respond by proxy, it will have no effect on the vote count for each such proposal.

For the CapitalSource merger proposal, if a CapitalSource stockholder present in person at the CapitalSource special meeting abstains from voting, or responds by proxy with an "abstain" vote, it

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will have the same effect as a vote cast "**AGAINST**" this proposal. If a CapitalSource stockholder is not present in person at the CapitalSource special meeting and does not respond by proxy, it will have the same effect as a vote cast "**AGAINST**" this proposal.

For the CapitalSource advisory (non-binding) proposal on specified compensation and the CapitalSource adjournment proposal, if a CapitalSource stockholder present in person at the CapitalSource special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast **"AGAINST"** these proposals. If a CapitalSource stockholder is not present in person at the CapitalSource special meeting and does not respond by proxy, it will have no effect on the vote count for each such 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 PacWest common stock represented by your proxy will be voted as recommended by the PacWest board of directors with respect to each PacWest proposal and the CapitalSource common stock represented by your proxy will be voted as recommended by the CapitalSource board of directors with respect to each CapitalSource proposal. Unless a PacWest stockholder or a CapitalSource stockholder, as applicable, 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 PacWest special meeting or CapitalSource special meeting, as applicable.

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 PacWest or CapitalSource special meeting. You may do this in one of four ways:

- by sending a notice of revocation to the corporate secretary of PacWest or CapitalSource, as applicable;

- 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;

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

- by attending the PacWest or CapitalSource special meeting, as applicable, and voting in person.

If you choose any of the first three methods, you must take the described action such that the notice, internet vote or proxy card, as applicable, is received no later than the beginning of the applicable special meeting.

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 PACWEST OR CAPITALSOURCE MEETING IN PERSON?

A:

Yes. Please bring proper identification, together with proof that you are a record owner of PacWest or CapitalSource common stock, as the case may be. 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 PacWest or CapitalSource common stock, as applicable, on the record date.

Q:

ARE CAPITALSOURCE STOCKHOLDERS ENTITLED TO APPRAISAL RIGHTS?

A:

Yes. CapitalSource stockholders will have the right to demand appraisal of their shares of CapitalSource common stock and obtain payment in cash for the fair value of their shares, but only if they perfect their appraisal rights and comply with the applicable provisions of Delaware law. A copy of the Delaware statutory provisions related to appraisal rights is attached as Appendix H to this document, and a summary of these provisions can be found under "The Merger Appraisal Rights" beginning on page 103. Due to the complexity of the procedures for exercising the right to seek appraisal, CapitalSource stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with the applicable Delaware law provisions will result in the loss of the right of appraisal.

Q:

WHAT ARE THE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO CAPITALSOURCE STOCKHOLDERS?

A:

The merger is intended to qualify, and the obligation of PacWest and CapitalSource 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. In addition, in connection with the filing of the registration statement of which this document is a part, each of Wachtell, Lipton, Rosen & Katz and Sullivan & Cromwell LLP has delivered an opinion to CapitalSource and PacWest, respectively, to the same effect.

Accordingly, based on the opinions delivered in connection herewith, you generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for CapitalSource common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (except with respect to any cash received in lieu of a fractional share of PacWest common stock, as discussed below under "Material United States Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of PacWest Common Stock").

For a more detailed discussion of the material United States federal income tax consequences of the transaction, please see the section entitled "Material United States Federal Income Tax Consequences of the Merger" beginning on page 131.

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, CapitalSource stockholders will not receive any consideration for their shares of CapitalSource common stock that otherwise would have been received in connection with the merger. Instead, CapitalSource will remain an independent public company and its common stock will continue to be listed and traded on the NYSE. Under specified circumstances, each of CapitalSource and PacWest may have rights under the reciprocal stock option agreements with respect to the termination of the merger agreement, as described under the section entitled "The Merger Agreement Reciprocal Stock Option Agreements" beginning on page 125.

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

A: No. CapitalSource 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 CapitalSource stockholders under separate cover and the stock certificates should be sent at that time.

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

A: CapitalSource stockholders and PacWest 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 CapitalSource and/or PacWest 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 CapitalSource common stock or PacWest 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 for each company. 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 CapitalSource common stock and/or PacWest 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 PacWest 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 PacWest Investor Relations at (310) 286-1144.

If you are a CapitalSource 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 CapitalSource Investor Relations at (866) 876-8723.

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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 CapitalSource and PacWest into this document. For a description of this information, please see the section entitled "Incorporation of Certain Documents by Reference" beginning on page 164. 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, "CapitalSource" refers to CapitalSource Inc. and "we," "us" and "our" refer collectively to PacWest and CapitalSource. Also, the parties refer to the proposed merger of CapitalSource with and into PacWest as the "merger," the proposed merger of CapitalSource Bank with and into Pacific Western Bank as the "bank merger" and the Agreement and Plan of Merger, dated as of July 22, 2013, by and between PacWest and CapitalSource as the "merger agreement."

The Merger and the Merger Agreement (pages 58 and 107)

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, CapitalSource will merge with and into PacWest with PacWest as the surviving corporation.

Merger Consideration (page 109)

In the merger, each share of CapitalSource common stock, par value $0.01 per share, owned by a CapitalSource stockholder will be converted into the right to receive $2.47 in cash and 0.2837 of a share of PacWest common stock, 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 average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

The share price of PacWest common stock will fluctuate, and the value that holders of CapitalSource 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 CapitalSource publicly announced the signing of the merger agreement, on the date that this document is being mailed to each of the PacWest and CapitalSource stockholders, and on the date of the special meeting of PacWest and CapitalSource stockholders. Based on the closing price of PacWest common stock on July 22, 2013, the last trading day before the public announcement of the signing of the merger agreement, the value of the per share merger consideration payable to holders of CapitalSource common stock was $11.68. Based on the closing price of PacWest common stock on December 3, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of CapitalSource common stock was $14.05.

Recommendation of the PacWest Board of Directors (page 76)

After careful consideration, the PacWest board of directors recommends that PacWest stockholders vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal, "FOR" the PacWest advisory (non-binding) proposal on specified compensation and "FOR" the PacWest adjournment proposal (if necessary or appropriate).

Each of the directors of PacWest has entered into a voting agreement with CapitalSource, pursuant to which they have agreed to vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal and "FOR" any other matter required to be approved by the stockholders of PacWest 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" beginning on page 124.

For a more complete description of PacWest's reasons for the merger and the recommendations of the PacWest board of directors, please see the section entitled "The Merger Recommendation of the PacWest Board of Directors and Reasons for the Merger" beginning on page 76.

Recommendation of the CapitalSource Board of Directors (page 64)

After careful consideration, the CapitalSource board of directors recommends that CapitalSource stockholders vote "FOR" the CapitalSource merger proposal, "FOR" the CapitalSource advisory (non-binding) proposal on specified compensation and "FOR" the CapitalSource adjournment proposal (if necessary or appropriate).

Each of the directors of CapitalSource and the chairman of CapitalSource Bank has entered into a voting agreement with PacWest, pursuant to which they have agreed to vote "FOR" the CapitalSource merger proposal and "FOR" any other matter required to be approved by the stockholders of CapitalSource 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" beginning on page 124.

For a more complete description of CapitalSource's reasons for the merger and the recommendations of the CapitalSource board of directors, please see the section entitled "The Merger Recommendation of the CapitalSource Board of Directors and Reasons for the Merger" beginning on page 64.

Opinions of Financial Advisors (pages 66 and 79)

Opinion of PacWest's Financial Advisor

On July 22, 2013, at a meeting of the PacWest board of directors held to evaluate the merger, Jefferies LLC, referred to as Jefferies, delivered to the PacWest board of directors an oral opinion, confirmed by delivery of a written opinion dated July 22, 2013, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in Jefferies' opinion, the merger consideration was fair, from a financial point of view, to PacWest.

The full text of Jefferies' written opinion is attached as Appendix F to this document. PacWest stockholders should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by Jefferies in rendering its opinion.

Jefferies' opinion was provided for the use and benefit of the PacWest board of directors in its consideration of the merger and did not address the relative merits of the transactions contemplated

by the merger agreement as compared to any alternative transaction or opportunity that might be available to PacWest, nor did it address PacWest's underlying business decision to engage in the merger. Jefferies' opinion does not constitute a recommendation as to how any holder of shares of PacWest common stock or CapitalSource common stock should vote on the merger or any related matter.

For further information, please see the section entitled "The Merger Opinion of PacWest's Financial Advisor" beginning on page 79.

Opinion of CapitalSource's Financial Advisor

In connection with the merger, the CapitalSource board of directors received an opinion from J.P. Morgan Securities LLC, CapitalSource's financial advisor in connection with the merger, referred to as J.P. Morgan. On July 22, 2013, J.P. Morgan rendered its oral opinion to the CapitalSource board of directors (which was subsequently confirmed in writing by delivery of J.P. Morgan's written opinion dated the same date) that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of CapitalSource common stock in the merger was fair, from a financial point of view, to such holders.

The full text of J.P. Morgan's written opinion is attached as Appendix G to this document. CapitalSource stockholders should read the entire opinion for a discussion of, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken by J.P. Morgan in rendering its opinion.

J.P. Morgan's opinion is addressed to the CapitalSource board of directors, is directed only to the fairness of the merger consideration to be paid to the holders of CapitalSource common stock in the merger and does not constitute a recommendation to any holder of shares of CapitalSource common stock as to how such stockholder should vote with respect to the merger or any other matter at the CapitalSource special meeting.

For further information, please see the section entitled "The Merger Opinion of CapitalSource's Financial Advisor" beginning on page 66.

PacWest Special Meeting of Stockholders (page 47)

The PacWest special meeting will be held at 10:00 AM, Pacific time, on January 13, 2014, at The Jonathan Club, located at 850 Palisades Beach Road, Santa Monica, CA 90403. At the PacWest special meeting, PacWest stockholders will be asked to approve the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal, the PacWest stock issuance proposal, the PacWest stock plan amendment proposal, the PacWest advisory (non-binding) proposal on specified compensation and the PacWest adjournment proposal.

PacWest's board of directors has fixed the close of business on December 4, 2013 as the record date for determining the holders of PacWest common stock entitled to receive notice of and to vote at the PacWest special meeting. As of the PacWest record date, there were 44,316,774 shares of PacWest common stock outstanding and entitled to vote at the PacWest special meeting (which excludes shares of unvested time-based and performance-based restricted stock) held by 1,579 holders of record. Each share of PacWest common stock entitles the holder to one vote on each proposal to be considered at the PacWest special meeting. As of the record date, directors and executive officers of PacWest owned and were entitled to vote 1,611,783 shares of PacWest common stock, representing approximately 3.6% of the shares of PacWest common stock outstanding and entitled to vote on that date. Each of the directors of PacWest has entered into a voting agreement with CapitalSource, pursuant to which they have agreed, solely in their capacity as stockholders of PacWest, to vote all of their shares of PacWest

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common stock "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal and "FOR" any other matter required to be approved by the stockholders of PacWest to facilitate the transactions contemplated by the merger agreement. PacWest currently expects that PacWest's executive officers will vote their shares in favor of the proposals to be presented at the special meeting, although none of them has entered into any agreements obligating them to do so (other than those executive officers who are also directors). As of the record date, CapitalSource beneficially held no shares of PacWest's common stock.

Approval of the PacWest merger proposal and the PacWest certificate of incorporation amendment proposal requires the affirmative vote of a majority of the outstanding shares of PacWest common stock entitled to vote on such proposals. Approval of the PacWest stock issuance proposal, the PacWest stock plan amendment proposal, the PacWest advisory (non-binding) proposal on specified compensation and the PacWest adjournment proposal requires the affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and entitled to vote on such proposals.

CapitalSource Special Meeting of Stockholders (page 41)

The CapitalSource special meeting will be held at 8:00 AM, Pacific time, on January 13, 2014, located at its corporate headquarters, 633 West 5th Street, 33rd Floor, Los Angeles, CA 90071. At the CapitalSource special meeting, CapitalSource stockholders will be asked to approve the CapitalSource merger proposal, the CapitalSource advisory (non-binding) proposal on specified compensation and the CapitalSource adjournment proposal.

CapitalSource's board of directors has fixed the close of business on December 4, 2013 as the record date for determining the holders of CapitalSource common stock entitled to receive notice of and to vote at the CapitalSource special meeting. As of the CapitalSource record date, there were 196,911,167 shares of CapitalSource common stock outstanding and entitled to vote at the CapitalSource special meeting held by 389 holders of record. Each share of CapitalSource common stock entitles the holder to one vote on each proposal to be considered at the CapitalSource special meeting. As of the record date, directors and executive officers of CapitalSource owned and were entitled to vote 2,192,404 shares of CapitalSource common stock, representing approximately 1.11% of the shares of CapitalSource common stock outstanding on that date. Each of the directors of CapitalSource and the chairman of CapitalSource Bank has entered into a voting agreement with PacWest, pursuant to which they have agreed, solely in their capacity as stockholders of CapitalSource, to vote all of their shares of CapitalSource common stock "FOR" the CapitalSource merger proposal and any other matter required to be approved by the stockholders of CapitalSource to facilitate the transactions contemplated by the merger agreement. CapitalSource currently expects that CapitalSource's executive officers will vote their shares in favor of the proposals to be presented at the special meeting, although none of them has entered into any agreements obligating them to do so (other than those executive officers who are also directors). As of the record date, PacWest beneficially held no shares of CapitalSource's common stock.

Approval of the CapitalSource merger proposal requires the affirmative vote of a majority of the outstanding shares of CapitalSource common stock entitled to vote on such proposal. Approval of the CapitalSource advisory (non-binding) proposal on specified compensation and the CapitalSource adjournment proposal requires the affirmative vote of a majority of the shares of CapitalSource common stock represented in person or by proxy at the CapitalSource special meeting and entitled to vote on such proposals.

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PacWest's Directors and Executive Officers Have Certain Interests in the Merger (page 88)

The interests of some of the directors and executive officers of PacWest may be different from those of other PacWest stockholders, and directors and officers of PacWest may be participants in arrangements that are different from, or are in addition to, those of other PacWest stockholders. After the consummation of the merger, PacWest's executive officers will be eligible, upon a qualifying termination of employment, to receive increased severance payments under the Executive Severance Pay Plan. In addition, each of PacWest's executive officers and directors hold equity awards, which will become fully vested upon the consummation of the merger. The merger agreement also provides that eight of 13 initial directors of the combined company will be designated by PacWest and that Matthew P. Wagner, the current chief executive officer of PacWest, and John M. Eggemeyer III, the current chairman of the board of directors of PacWest, will become, respectively, the chief executive officer and chairman of the board of directors of the combined company at the effective time. These interests are described in more detail under the section entitled "The Merger Interests of PacWest Directors and Executive Officers in the Merger" beginning on page 88.

In addition, PacWest's chairman of the board of directors, John M. Eggemeyer III, who will become chairman of the board of directors of the combined company at the effective time, is chief executive officer of Castle Creek Financial, LLC. Pursuant to an agreement, dated May 18, 2011, PacWest retained Castle Creek Financial as its financial advisor, and PacWest will pay Castle Creek Financial a fee upon the consummation of the merger. Castle Creek Financial performed various customary financial advisory services for PacWest in connection with entering into the merger agreement, including assisting PacWest in structuring the financial aspects of the transaction, financial modeling and statistical analysis and assistance in negotiation of the financial terms of the merger agreement. In the event of an acquisition of a financial institution by PacWest for greater than $20 million, the contract under which Castle Creek Financial performs these services provides for a fee of $200,000 plus 0.65% of the amount of the transaction value in excess of $20 million, subject to reduction for certain expenses. Castle Creek Financial is also entitled to reimbursement of its reasonable expenses incurred on behalf of PacWest. Pursuant to the engagement letter and further discussions between the parties, the fee payable by PacWest to Castle Creek Financial has been reduced to $9 million, which will be paid at the closing of the merger. These interests are described in more detail under the section entitled "The Merger Interests of PacWest Directors and Executive Officers in the Merger" beginning on page 88.

CapitalSource's Directors and Executive Officers Have Certain Interests in the Merger (page 91)

CapitalSource's executive officers and directors have interests in the merger that are different from, or in addition to, the interests of CapitalSource's stockholders generally. Such interests include the rights to accelerated vesting of equity awards, payments in connection with the termination of employment agreements with certain executive officers, and the right to indemnification and insurance coverage following the consummation of the merger. In addition, pursuant to the merger agreement, the board of directors of the combined company will consist of 13 members, five of whom will be designated by CapitalSource, each of whom will be mutually agreeable to PacWest and CapitalSource. At the effective time, Douglas (Tad) Lowrey, current chief executive officer and chairman of CapitalSource Bank, will be the chairman of the board of directors of the surviving bank in the bank merger. The members of the CapitalSource board of directors were aware of and considered these interests, among other matters, when they approved the merger agreement and recommended that CapitalSource stockholders approve the CapitalSource merger proposal. These interests are described in more detail under the section entitled "The Merger Interests of CapitalSource Directors and Executive Officers in the Merger" beginning on page 91.

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Treatment of CapitalSource Stock Options, Restricted Stock Units, Restricted Shares and Deferred Units (page 59)

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

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

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

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

Management and Board of Directors of PacWest After the Merger (page 88)

Pursuant to the merger agreement, the board of directors of the combined company will consist of 13 members, eight of whom will be designated by PacWest and five of whom will be designated by CapitalSource, each of whom will be mutually agreeable to PacWest and CapitalSource. At the effective time, Matthew P. Wagner, the current chief executive officer of PacWest, will be the chief executive officer of the combined company and John M. Eggemeyer III, the current chairman of the board of PacWest, will be the chairman of the board of directors of the combined company. At the effective time, Douglas (Tad) Lowrey, current chief executive officer and chairman of CapitalSource Bank, will be the chairman of the board of directors of the surviving bank in the bank merger.

Regulatory Approvals Required for the Merger (page 99)

Completion of the merger and the bank merger are subject to various regulatory approvals, including approvals from the Board of Governors of the Federal Reserve System, referred to as Federal

Reserve Board, the Federal Deposit Insurance Corporation, referred to as the FDIC, and the California Department of Business Oversight, referred to as the CDBO. The merger and the bank merger are also subject to the consent of the FDIC under the shared-loss agreements between Pacific Western Bank and the FDIC. 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 and the CDBO. 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 the combined company after the completion of the merger. The regulatory approvals to which completion of the merger and bank merger are subject are described in more detail under the section entitled "The Merger Regulatory Approvals Required for the Merger" beginning on page 99.

Conditions to Consummation of the Merger (page 120)

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

- approval of the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal and the PacWest stock issuance proposal by the PacWest stockholders and approval of the CapitalSource merger proposal by the CapitalSource stockholders;

- the receipt of all regulatory approvals required to consummate the merger and the bank merger from the Federal Reserve Board, the FDIC and the CDBO, without such approvals containing any materially burdensome regulatory condition, as defined below, and the consent of the FDIC that the shared-loss agreements between Pacific Western Bank and the FDIC will remain in effect after the merger;

- 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 or the other transactions contemplated by the merger agreement or the reciprocal stock option agreements;

- the effectiveness of the registration statement on Form S-4, of which this document is a part, and the absence of a stop order or proceeding initiated or threatened by the SEC for that purpose;

- holders of not more than 10% of the outstanding shares of CapitalSource common stock having duly exercised their dissenters' rights under § 262 of the Delaware General Corporation Law, or the DGCL;

- the accuracy of the representations and warranties of the other party as of the closing date of the merger, other than, in most cases, those failures to be true and correct that would not reasonably be expected to result in a material adverse effect on such party;

- performance in all material respects by the other party of the obligations required to be performed by it at or prior to the closing date of the merger;

- with respect to CapitalSource's obligation to complete the merger, as of the last business day of the month reflected in the closing financial statements (defined below) the adjusted PacWest stockholders' equity (defined below) not being less than $801,699,000 as determined in accordance with GAAP;

with respect to PacWest's obligation to complete the merger, as of the last business day of the month reflected in the closing financial statements, the adjusted CapitalSource stockholders'

- equity (defined below) not being less than $1,551,645,000 as determined in accordance with GAAP;

- receipt by each party of an opinion of its tax counsel as to certain tax matters; and

- there not having occurred any material adverse effect with respect to the other party since the date of the merger agreement.

No Solicitation (page 119)

Under the terms of the merger agreement, PacWest and CapitalSource have agreed not to solicit, initiate, encourage or facilitate inquiries or proposals with respect to, or engage or participate in any discussions or negotiations concerning, or provide any confidential or nonpublic information or data to, 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 board of directors of the party receiving such proposal determines in good faith (after consultation with its outside legal counsel) that the failure to take such action would reasonably be expected to violate such board of directors' fiduciary duties under applicable law, the applicable party 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 board of directors of the party receiving such proposal 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 its stockholders to adopt the merger agreement would reasonably be expected to violate such board of directors' fiduciary duties under applicable law, such party's board of directors may change its recommendation to its stockholders that such stockholders adopt the merger agreement.

Termination of the Merger Agreement (page 123)

PacWest and CapitalSource may mutually agree at any time to terminate the merger agreement without completing the merger, even if the CapitalSource stockholders have adopted the merger agreement and the PacWest stockholders have adopted the merger agreement, approved the PacWest certificate of incorporation amendment increasing the number of authorized shares of PacWest common stock and approved the issuance of PacWest common stock in connection with the merger.

The merger agreement may also be terminated and the merger abandoned at any time prior to the effective time, as follows:

- at any time prior to the effective time, whether before or after the CapitalSource stockholder approval or PacWest stockholder approval, by action of the board of directors of either party, in the event that the merger is not consummated by July 31, 2014, 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 CapitalSource stockholder approval or PacWest 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 shall have been denied by final and nonappealable action of such governmental authority, or an application thereof shall have been permanently withdrawn by mutual agreement of the parties at the request or suggestion of a governmental authority; or either the CapitalSource stockholder approval or the PacWest stockholder approval is not obtained at the duly convened CapitalSource special meeting or the PacWest special meeting;

at any time prior to the effective time, whether before or after the CapitalSource stockholder approval or PacWest stockholder approval, by action of either party's board if there has been a breach of any representation, warranty, covenant or agreement made by the other party, such that if continuing on the closing date of the merger, the condition as to the accuracy of the representations and warranties or the compliance with covenants by the other party would not be satisfied and such breach or condition is not curable or, if curable, is not cured within 30 days after written notice thereof is given by the terminating party (or such shorter period as remaining prior to July 31, 2014); provided, that the terminating party is not then in material breach of any representation, warranty, covenant or agreement; or

by action of a party's board at any time prior to the other party's stockholder approval, in the event:

such other party has breached in any material respect the prohibitions in the merger agreement relating to acquisition proposals described above under "No Solicitation";

such other party's board has effected a change of recommendation;

at any time after the end of 15 business days following receipt of an acquisition proposal, the other party's board has failed to reaffirm its board recommendation as promptly as practicable (but in any event within five business days) after receipt of any written request to do so by the terminating party; or

a tender offer or exchange offer for outstanding shares of such other party's common stock has been publicly disclosed (other than by the terminating party or an affiliate of the terminating party) and such other party's board recommends that its stockholders tender their shares in such tender or exchange offer or, within 10 business days after the commencement of such tender or exchange offer, such other party's board 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" beginning on page 123.

Reciprocal Stock Option Agreements (page 125)

When the parties entered into the merger agreement, they also entered into reciprocal stock option agreements. Under the terms of the stock option granted by PacWest to CapitalSource, CapitalSource may purchase up to 9,169,733 shares of PacWest common stock at an exercise price equal to the lesser of $32.32 per share or the closing sale price of PacWest common stock on NASDAQ on the trading day immediately preceding the exercise date. Under the terms of the stock option granted by CapitalSource to PacWest, PacWest may purchase up to 39,191,656 shares of CapitalSource common stock at an exercise price equal to the lesser of $9.69 per share or the closing sale price of CapitalSource common stock on the NYSE on the trading day immediately preceding the exercise date. In no case, however, can the number of shares issuable upon exercise of each option respectively exceed 19.9% of CapitalSource or PacWest common stock outstanding without giving effect to any shares issued under the option. In the event that any additional shares of common stock are either issued or redeemed by the party granting the applicable stock option after the date of the stock option agreements, the number of shares of common stock subject to the option will be adjusted so that such number equals 19.9% of the number of shares of common stock then issued and outstanding without giving effect to any shares of common stock subject to or issued under the option.

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PacWest's total realizable value under the option it has been granted is subject to a cap of $112,000,000. CapitalSource's total realizable value under the option it has been granted is subject to a cap of $72,000,000. Under certain circumstances, each of the parties may be required to repurchase for cash the applicable option or the shares acquired pursuant to the exercise of such option. Neither option is currently exercisable and they will only become exercisable upon the occurrence of certain events relating to a third party acquisition proposal relating to the issuer of the option.

Material United States Federal Income Tax Consequences of the Merger (page 131)

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 CapitalSource generally will not recognize any gain or loss upon receipt of PacWest common stock in exchange for CapitalSource common stock in the merger, and will recognize gain (but not loss) in an amount not to exceed any cash received as part of the merger consideration (except with respect to any cash received in lieu of a fractional share of PacWest common stock, as discussed below under "Material United States Federal Income Tax Consequences of the Merger Cash Received In Lieu of a Fractional Share of PacWest Common Stock"). It is a condition to the completion of the merger that PacWest and CapitalSource 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 CapitalSource stockholder may depend on such stockholder's particular facts and circumstances. CapitalSource 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 United States Federal Income Tax Consequences of the Merger" beginning on page 131.

Amendment to PacWest's Certificate of Incorporation (page 52)

PacWest is proposing, and its board of directors has approved, an amendment to the PacWest certificate of incorporation to increase the number of authorized shares of common stock from 75 million shares to 200 million shares in order to have sufficient shares to complete the merger and a reasonable reserve of additional shares issuable by PacWest in future offerings including in connection with future acquisitions. It is a condition to the merger that PacWest's stockholders adopt the amendment to the PacWest certificate of incorporation with respect to such increase.

Tax Benefit Preservation Plan (page 102)

CapitalSource's board of directors has adopted a tax benefit preservation plan designed to preserve its net operating losses and certain other tax assets. The plan discourages persons from becoming "5-percent stockholders" (as defined under the federal tax laws) of CapitalSource and existing "5-percent stockholders" from increasing their beneficial ownership of shares. PacWest currently does not have a tax benefit preservation plan but the merger agreement provides that, at or immediately following the effective time, PacWest will adopt a tax benefit preservation plan designed to preserve the net operating losses and certain other tax assets of the combined company. For more information, please see the sections entitled "Risk Factors" beginning on page 30 and "The Merger Tax Benefit Preservation Plan" beginning on page 102.

Litigation Related to the Merger (page 130)

Since July 24, 2013, 11 putative stockholder class action lawsuits, referred to as the merger litigations, were filed against PacWest, CapitalSource and certain other defendants in connection with the merger agreement. Five of the 11 actions were filed in Superior Court of California, Los Angeles County. The other six actions were filed in the Court of Chancery of the State of Delaware.

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The merger litigations were filed on behalf of a putative class of CapitalSource stockholders against CapitalSource, the individual members of CapitalSource's board of directors, and PacWest. The merger litigations allege variously that the members of the CapitalSource board breached their fiduciary duties owed to CapitalSource stockholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other CapitalSource stockholders; entering into the merger agreement containing preclusive deal protection devices; failing to take steps to maximize the value to be paid to the CapitalSource stockholders; and failing to disclose material information regarding the proposed transaction. Each of the merger litigations also alleges claims against CapitalSource and PacWest for aiding and abetting these alleged breaches of fiduciary duties.

The plaintiffs in each of the merger litigations generally seek, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting consummation of the acquisition, rescission, an accounting by defendants, damages and attorneys' fees and costs, and other and further relief. For more information, please see the section entitled "Litigation Related to the Merger" beginning on page 130.

Comparison of Stockholders' Rights (page 143)

The rights of CapitalSource 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 CapitalSource. For more information, please see the section entitled "Comparison of Stockholders' Rights" beginning on page 143.

The Parties (page 56)

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

PacWest is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, referred to as the BHC Act. As of September 30, 2013, PacWest had consolidated total assets of $6.6 billion, total loans and leases of $4.3 billion, deposits of $5.4 billion and stockholders' equity of $0.8 billion.

CapitalSource Inc.
633 West 5th Street, 33rd Floor
Los Angeles, California 90071
Phone: (213) 443-7700

CapitalSource, through its wholly owned subsidiary CapitalSource Bank, makes commercial loans to small and middle-market businesses nationwide and offers depository products and services in 21 retail branches in southern and central California. CapitalSource, headquartered in Los Angeles, California, had total assets of $8.8 billion, total loans and leases of $6.6 billion, deposits of $6.0 billion and stockholders' equity of $1.6 billion as of September 30, 2013.

Risk Factors (page 30)

Before voting at the PacWest or CapitalSource 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" beginning on page 30 or described in PacWest's and CapitalSource's Annual Reports on Form 10-K for the year ended on December 31, 2012 and other reports filed with the SEC, which are incorporated by reference into this document. Please see "Where You Can Find More Information" beginning on page iii and "Incorporation of Certain Documents by Reference" beginning on page 164.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR PACWEST

The following table summarizes consolidated financial results achieved by 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 September 30, 2013 and its Annual Report on Form 10-K for the year ended December 31, 2012. Please see the section entitled "Where You Can Find More Information" beginning on page iii for instructions on how to obtain the information that has been incorporated by reference. Financial amounts as of and for the nine months ended September 30, 2013 and 2012 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 nine months ended September 30, 2013 and 2012 indicate results for any future period.

Selected Historical Consolidated Financial Data for PacWest

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(In thousands, except per share amounts and percentages)						
Results of Operations(1):							
Interest income	$ 226,058	$ 222,413	$ 296,115	$ 295,284	$ 290,284	$ 269,874	$ 287,828
Interest expense	(9,603)	(15,549)	(19,648)	(32,643)	(40,957)	(53,828)	(68,496)
Net interest income	216,455	206,864	276,467	262,641	249,327	216,046	219,332
Negative provision (provision) for credit losses	2,872	8,486	12,819	(26,570)	(212,492)	(159,900)	(45,800)
FDIC loss sharing income (expense), net	(15,579)	(4,048)	(10,070)	7,776	22,784	16,314	
Gain on acquisition						66,989	
Other noninterest income	23,749	17,863	25,942	23,650	20,454	22,604	24,427
Total noninterest income	8,170	13,815	15,872	31,426	43,238	105,907	24,427
OREO income (expense), net	934	(11,076)	(10,931)	(10,676)	(14,770)	(23,322)	(2,218)
Debt termination expense		(22,598)	(22,598)		(2,660)	(481)	
Goodwill write-off							(761,701)
Other noninterest expense	(165,533)	(134,463)	(178,133)	(169,317)	(171,373)	(155,401)	(142,016)
Total noninterest expense	(164,599)	(168,137)	(211,662)	(179,993)	(188,803)	(179,204)	(905,935)
Earnings (loss) from continuing operations before income tax (expense) benefit	62,898	61,028	93,496	87,504	(108,730)	(17,151)	(707,976)
Income tax (expense) benefit	(20,868)	(24,119)	(36,695)	(36,800)	46,714	7,801	(20,089)
Net earnings (loss) from continuing operations	42,030	36,909	56,801	50,704	(62,016)	(9,350)	(728,065)
Loss from discontinued operations before income tax benefit	(42)						
Income tax benefit	18						
Net loss from discontinued operations	(24)						
Net earnings (loss)	$ 42,006	$ 36,909	$ 56,801	$ 50,704	$ (62,016)	$ (9,350)	$ (728,065)
Per Common Share Data:							
Basic earnings (loss) per share (EPS):							
Net earnings from continuing operations	$ 1.03	$ 1.00	$ 1.54	$ 1.37	$ (1.77)	$ (0.30)	$ (26.81)
Net earnings	$ 1.03	$ 1.00	$ 1.54	$ 1.37	$ (1.77)	$ (0.30)	$ (26.81)

Diluted earnings (loss) per share (EPS):							
Net earnings from continuing operations	$ 1.03	$ 1.00	$ 1.54	$ 1.37	$ (1.77)	$ (0.30)	$ (26.81)
Net earnings	$ 1.03	$ 1.00	$ 1.54	$ 1.37	$ (1.77)	$ (0.30)	$ (26.81)
Dividends declared	$ 0.75	$ 0.54	$ 0.79	$ 0.21	$ 0.04	$ 0.35	$ 1.28
Book value per share(2)	$ 17.71	$ 15.61	$ 15.74	$ 14.66	$ 13.06	$ 14.47	$ 13.18
Tangible book value per share(2)	$ 12.62	$ 13.06	$ 13.22	$ 13.14	$ 11.06	$ 13.52	$ 11.78
Shares outstanding(2)	46,091	37,420	37,421	37,254	36,672	35,015	28,516
Average shares outstanding:							
Basic EPS	39,643	35,674	35,684	35,491	35,108	31,899	27,177
Diluted EPS	39,643	35,674	35,684	35,491	35,108	31,899	27,177

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Selected Historical Consolidated Financial Data for PacWest

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(In thousands, except per share amounts and percentages)						
Balance Sheet Data:							
Total assets	$ 6,616,855	$ 5,538,502	$ 5,463,658	$ 5,528,237	$ 5,529,021	$ 5,324,079	$ 4,495,502
Cash and cash equivalents	144,019	160,406	164,404	295,617	108,552	211,048	159,870
Investment securities	1,546,242	1,398,134	1,392,511	1,372,464	929,056	474,129	155,359
Non-purchased credit impaired (Non-PCI) loans and leases(3)	3,951,555	3,080,068	3,074,947	2,841,071	3,196,881	3,716,444	3,996,484
Allowance for credit losses, Non-PCI loans and leases(3)	67,801	75,012	72,119	93,783	104,328	124,278	68,790
Purchased credit impaired (PCI) loans(3)	432,757	571,113	517,885	705,332	910,394	636,624	
FDIC loss sharing asset	55,653	72,640	57,475	95,187	116,352	112,817	
Goodwill	215,862	79,592	79,866	39,141	47,301		
Core deposit and customer relationship intangibles	18,678	15,899	14,723	17,415	25,843	33,296	39,922
Deposits	5,433,144	4,787,348	4,709,121	4,577,453	4,649,698	4,094,569	3,475,215
Borrowings	8,243	17,996	12,591	225,000	225,000	542,763	450,000
Subordinated debentures	132,500	108,250	108,250	129,271	129,572	129,798	129,994
Liabilities of discontinued operations	155,807						
Stockholders' equity	816,289	584,086	589,121	546,203	478,797	506,773	375,726
Performance Ratios:							
Stockholders' equity to total assets ratio	12.34%	10.55%	10.78%	9.88%	8.66%	9.52%	8.36%
Tangible common equity ratio	9.12%	8.98%	9.21%	8.95%	7.44%	8.95%	7.54%
Loans to deposits ratio	80.70%	76.27%	76.30%	77.48%	88.33%	106.31%	115.00%
Net interest margin	5.36%	5.53%	5.52%	5.26%	5.02%	4.79%	5.30%
Efficiency ratio(4)	73.28%	76.19%	72.40%	61.21%	64.53%	55.66%	59.17%
Return on average assets	0.95%	0.90%	1.04%	0.92%	(1.14)%	(0.19)%	(15.43)%
Return on average equity	8.20%	8.78%	10.01%	9.92%	(12.56)%	(1.93)%	(106.28)%
Return on average tangible equity	10.52%	10.27%	11.76%	11.33%	(14.15)%	(2.08)%	(215.50)%
Average equity to average assets	11.53%	10.26%	10.36%	9.32%	9.10%	10.06%	14.52%
Dividend payout ratio	70.58%	53.29%	50.68%	15.04%	(5)	(5)	(5)
Tier 1 leverage capital ratio(6)	11.16%	10.26%	10.53%	10.42%	8.54%	10.85%	10.50%
Tier 1 risk-based capital ratio(6)	15.35%	14.91%	15.17%	15.97%	12.68%	14.31%	10.69%
Total risk-based capital ratio(6)	16.39%	16.18%	16.43%	17.25%	13.96%	15.58%	11.95%
Asset Quality:							
Non-PCI nonaccrual loans and leases(3)	$ 50,845	$ 39,185	$ 41,762	$ 61,619	$ 95,509	$ 240,717	$ 63,470
Other real estate owned	55,972	63,707	56,414	81,918	81,414	70,943	41,310
Nonperforming assets	$ 106,817	$ 102,892	$ 98,176	$ 143,537	$ 176,923	$ 311,660	$ 104,780
Asset Quality Ratios:							
Non-PCI nonaccrual loans and leases to non-PCI loans and leases(3)	1.29%	1.27%	1.36%	2.17%	2.99%	6.48%	1.59%
Nonperforming assets to Non-PCI loans and leases and OREO(3)	2.67%	3.27%	3.14%	4.91%	5.40%	8.23%	2.59%
Allowance for credit losses to non-PCI nonaccrual loans and leases	133.3%	191.4%	172.70%	152.20%	109.20%	51.60%	108.40%
Allowance for credit losses to non-PCI loans and leases	1.72%	2.44%	2.35%	3.30%	3.26%	3.34%	1.72%
Net charge-offs (annualized) to average gross non-PCI loans and leases	0.17%	0.31%	0.33%	0.80%	5.88%	2.22%	0.97%

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

(2) Includes 1,791,462 shares and 1,718,019 shares at September 30, 2013 and 2012, respectively, and 1,698,281 shares, 1,675,730 shares, 1,230,582 shares, 1,095,417 shares, and 1,309,586 shares of unvested restricted stock outstanding at December 31, 2012, 2011, 2010, 2009, and 2008, respectively.

(3) Non-PCI loans and leases include (a) originated loans and leases and (b) acquired loans and leases that were not impaired on the purchase date. PCI loans include acquired loans that were impaired on the purchase date. During 2010, Pacific Western Bank executed two sales of non-PCI adversely classified loans totaling $398.5 million that included a total of $128.1 million in nonaccrual loans.

(4) The 2009 efficiency ratio includes the $67.0 million gain from the Affinity acquisition. Excluding this gain, the efficiency ratio would be 70.29%. The 2008 efficiency ratio excludes the goodwill write-off. Including the goodwill write-off, the efficiency ratio would be 371.65%.

(5) Not meaningful.

(6) Capital ratios presented are for PacWest Bancorp consolidated.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA FOR CAPITALSOURCE

The following table summarizes consolidated financial results achieved by CapitalSource for the periods and at the dates indicated and should be read in conjunction with CapitalSource's consolidated financial statements and the notes to the consolidated financial statements contained in reports that CapitalSource has previously filed with the SEC. Historical financial information for CapitalSource can be found in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2013 and its Annual Report on Form 10-K for the year ended December 31, 2012. Please see the section entitled "Where You Can Find More Information" beginning on page iii for instructions on how to obtain the information that has been incorporated by reference. Financial amounts as of and for the nine months ended September 30, 2013 and 2012 are unaudited and are not necessarily indicative of the results of operations for the full year or any other interim period, and management of CapitalSource 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 nine months ended September 30, 2013 and 2012 indicate results for any future period.

	Selected Historical Consolidated Financial Data for CapitalSource						
	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	($ in thousands, except per share and share data)						
Results of operations:							
Interest income	$ 334,218	$ 353,293	$ 468,214	$ 510,390	$ 639,641	$ 871,946	$ 1,209,469
Interest expense	55,281	60,535	79,407	150,010	232,096	427,312	677,707
Net interest income	278,937	292,758	388,807	360,380	407,545	444,634	531,762
Provision for loan and lease losses	16,268	30,567	39,442	92,985	307,080	845,986	593,046
Net interest income (loss) after provision for loan and lease losses	262,669	262,191	349,365	267,395	100,465	(401,352)	(61,284)
Non-interest income	40,474	29,297	49,846	92,694	71,662	(8,667)	(181,936)
Non-interest expense	142,964	144,259	193,682	375,170	333,451	364,511	215,494
Net income (loss) from continuing operations before income taxes	160,179	147,229	205,529	(15,081)	(161,324)	(774,530)	(458,714)
Income tax (benefit) expense(1)	53,810	(296,305)	(285,081)	36,942	(20,802)	136,314	(190,583)
Net income (loss) from continuing operations	106,369	443,534	490,610	(52,023)	(140,522)	(910,844)	(268,131)
Net income from discontinued operations, net of taxes					9,489	49,868	49,350
Gain (loss) from sale of discontinued operations, net of taxes					21,696	(8,071)	104
Net income (loss)	106,369	443,534	490,610	(52,023)	(109,337)	(869,047)	(218,677)
Net (loss) income attributable to noncontrolling interests					(83)	(28)	1,426
Net income (loss) attributable to CapitalSource Inc.	$ 106,369	$ 443,534	$ 490,610	$ (52,023)	$ (109,254)	$ (869,019)	$ (220,103)
Basic income (loss) per share:							
From continuing operations	$ 0.54	$ 1.94	$ 2.19	$ (0.17)	$ (0.44)	$ (2.97)	$ (1.07)
From discontinued operations					$ 0.10	$ 0.14	$ 0.20
Attributable to CapitalSource Inc.	$ 0.54	$ 1.94	$ 2.19	$ (0.17)	$ (0.34)	$ (2.84)	$ (0.88)
Diluted income (loss) per share:							
From continuing operations	$ 0.53	$ 1.88	$ 2.13	$ (0.17)	$ (0.44)	$ (2.97)	$ (1.07)
From discontinued operations					$ 0.10	$ 0.14	$ 0.20
Attributable to CapitalSource Inc.	$ 0.53	$ 1.88	$ 2.13	$ (0.17)	$ (0.34)	$ (2.84)	$ (0.88)

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Selected Historical Consolidated Financial Data for CapitalSource

	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	($ in thousands, except per share and share data)						
Average shares outstanding:							
Basic	195,606,073	229,091,849	223,928,583	302,998,615	320,836,867	306,417,394	251,213,699
Diluted	200,703,002	235,712,522	230,154,989	302,998,615	320,836,867	306,417,394	251,213,699
Cash dividends declared per share	$ 0.03	$ 0.03	$ 0.54	$ 0.04	$ 0.04	$ 0.04	$ 1.30
Balance sheet data:							
Investment securities, available-for-sale	$ 911,572	$ 1,094,070	$ 1,079,025	$ 1,188,002	$ 1,522,911	$ 960,591	$ 679,551
Investment securities, held-to-maturity	122,262	108,066	108,233	111,706	184,473	242,078	14,389
Mortgage-related receivables, net							1,801,535
Mortgage-backed securities pledged, trading							1,489,291
Commercial real estate "A" Participation Interest, net						530,560	1,396,611
Total loans(2)	6,424,044	5,767,582	6,044,676	5,729,537	5,922,650	7,549,215	8,857,631
Assets of discontinued operations, held for sale						624,650	1,062,992
Total assets	8,754,919	8,677,301	8,549,005	8,300,068	9,445,407	12,261,050	18,419,632
Deposits	6,051,411	5,535,482	5,579,270	5,124,995	4,621,273	4,483,879	5,043,695
Repurchase agreements							1,595,750
Credit facilities					67,508	542,781	1,445,062
Term debt			177,188	309,394	979,254	2,956,536	5,338,456
Other borrowings	1,001,599	1,009,880	1,005,738	1,015,099	1,375,884	1,204,074	1,223,502
Total borrowings	1,001,599	1,009,880	1,182,926	1,324,493	2,422,646	4,703,391	9,602,770
Liabilities of discontinued operations						363,293	420,505
Total shareholders' equity	1,593,214	1,743,460	1,625,172	1,575,146	2,053,942	2,183,259	2,830,720
Total loan commitments	7,766,011	7,427,523	7,448,235	7,558,327	8,592,968	11,600,297	13,296,755
Average outstanding loan size	3,679	3,361	3,643	3,779	4,538	7,720	8,857
Average balance of loans(3)	6,291,134	5,930,657	6,013,799	5,816,760	7,375,775	9,028,580	9,655,117
Employees as of year end	515	540	543	564	625	665	716
Performance ratios:							
Return on average assets:							
Income (loss) from continuing operations	1.66%	7.06%	5.80%	(0.58)%	(1.36)%	(6.41)%	(1.62)%
Net income (loss)	1.66%	7.06%	5.80%	(0.58)%	(1.06)%	(5.69)%	(1.25)%
Return on average equity:							
Income (loss) from continuing operations	9.08%	37.18%	30.25%	(2.64)%	(6.97)%	(43.86)%	(11.73)%
Net income (loss)	9.08%	37.18%	30.25%	(2.64)%	(5.42)%	(31.96)%	(7.53)%
Yield on average interest-earning assets(4)	5.83%	6.22%	6.16%	6.28%	6.65%	6.42%	7.84%
Cost of funds(4)	1.08%	1.22%	1.19%	2.23%	2.90%	3.60%	4.88%
Net interest margin(4)	4.87%	5.15%	5.12%	4.43%	4.24%	3.27%	3.45%
Operating expenses as a percentage of average total assets(5)	1.97%	2.22%	2.21%	2.37%	2.15%	1.91%	1.48%
Core lending spread(4)	6.36%	7.02%	6.96%	7.67%	7.51%	7.41%	6.80%
Efficiency ratio(6)	41.12%	44.34%	43.50%	47.18%	46.41%	62.39%	72.78%
Credit quality ratios(7):							
Loans 30-89 days contractually delinquent as a percentage of average loans (as of period end)	0.02%	0.51%	0.41%	0.22%	0.49%	3.09%	3.13%
Loans 90 or more days delinquent as a percentage of average loans (as of period end)	0.49%	0.73%	0.66%	1.62%	4.34%	5.24%	1.27%
Loans on non-accrual status as a percentage of average loans (as of period end)	1.83%	2.68%	2.01%	4.76%	9.38%	11.80%	4.31%
Impaired loans as a percentage of average loans (as of period end)	1.87%	4.49%	3.39%	7.27%	12.78%	13.83%	7.12%

Net charge offs (as a percentage of average loans)	0.59%	2.09%	1.27%	4.68%	5.89%	6.92%	3.08%

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	Selected Historical Consolidated Financial Data for CapitalSource						
	At or For the Nine Months Ended September 30,		At or For the Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	($ in thousands, except per share and share data)						
Allowance for loan and lease losses as a percentage of loans receivable (as of period end)(8)	1.76%	2.15%	1.91%	2.70%	5.44%	7.21%	4.57%
Capital and leverage ratios:							
Average equity to average assets(4)	18.24%	18.99%	19.18%	22.01%	19.49%	14.61%	14.05%
Equity to total assets (as of year end)(4)	18.20%	20.09%	19.01%	18.98%	21.75%	17.81%	15.37%

(1) As a result of being a REIT in 2008, CapitalSource provided for income taxes for the year ended December 31, 2008, based on effective tax rates of 36.5%, for the income earned by its taxable REIT subsidiaries ("TRSs"). CapitalSource did not provide for any income taxes for the income earned by its qualified REIT subsidiaries for the year ended December 31, 2008. Effective January 1, 2009, CapitalSource revoked its REIT election. CapitalSource provided for income tax (benefit) expense on the consolidated income earned or loss incurred based on effective tax rates of (138.7)%, (245.0)%, 12.9%, (17.6)%, and 41.5% in 2012, 2011, 2010, 2009 and 2008, respectively.

(2) Includes loans held for sale and loans held for investment, net of deferred loan fees and discounts and the allowance for loan and lease losses.

(3) Excludes the impact of deferred loan fees and discounts and the allowance for loan and lease losses. Includes lower of cost or fair value adjustments on loans held for sale.

(4) Ratios calculated based on continuing operations.

(5) Operating expenses included compensation and benefits, professional fees, occupancy expense, FDIC fees and assessments, general depreciation and amortization and other administrative expenses.

(6) Efficiency ratio is defined as operating expense divided by net interest and non-interest income, less leased equipment depreciation.

(7) Credit ratios calculated based on average gross loans, which excludes the allowance for loan and lease losses.

(8) Loans receivable includes loans held for investment and deferred loan fees and excludes the allowance for loan and lease losses.

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UNAUDITED COMPARATIVE PER COMMON SHARE DATA

The following table shows per common share data regarding basic and diluted earnings, cash dividends and book value for (a) PacWest and CapitalSource on a historical basis, (b) PacWest and First California Financial Group, Inc. ("FCAL"), which was acquired by PacWest on May 31, 2013, on a pro forma combined basis, (c) PacWest and CapitalSource on a pro forma combined basis, and (d) CapitalSource on a pro forma equivalent basis. The pro forma basic and diluted earnings per share information was computed as if the merger and the FCAL acquisition had been completed on January 1, 2012 and that the operations of FCAL's Electronic Payment Services division were discontinued on January 1, 2012. The pro forma book value per share information was computed as if the merger had been completed on the dates presented.

The following pro forma information has been derived from and should be read in conjunction with PacWest's and CapitalSource's audited consolidated financial statements for the year ended December 31, 2012, and their respective unaudited consolidated financial statements as of and for the nine months ended September 30, 2013, incorporated herein by reference, and FCAL's audited consolidated financial statements for the year ended December 31, 2012 and unaudited consolidated financial statements for the three months ended March 31, 2013, incorporated herein by reference. This information is presented for illustrative purposes only. You should not rely on the pro forma combined or pro forma equivalent amounts as they are not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the dates indicated, nor are they necessarily indicative of the future operating results or financial position of the combined company. The pro forma information, although helpful in illustrating the financial characteristics of the combined company under one set of assumptions, does not reflect the benefits of expected cost savings, opportunities to earn additional revenue, the impact of restructuring and merger-related costs (except merger costs that are reflected in the unaudited pro forma combined condensed consolidated balance sheet included elsewhere herein), or other factors that may result as a consequence of the merger and, accordingly, does not attempt to predict or suggest future results. The information below should be read in conjunction with the section entitled "Unaudited Pro Forma Combined Condensed Consolidated Financial Statements" beginning on page 134.

	PacWest				
	Unaudited Comparative Per Common Share Data				
	Stand-Alone	**Pro Forma Combined with FCAL**	**CapitalSource**	**PacWest Pro Forma Combined**	**CapitalSource Pro Forma Equivalent Per Share(1)**
Basic Earnings					
Nine months ended September 30, 2013	$ 1.03	$ 1.08	$ 0.54	$ 1.60	$ 0.45
Year ended December 31, 2012	$ 1.54	$ 1.58	$ 2.19	$ 5.57	$ 1.58
Diluted Earnings					
Nine months ended September 30, 2013	$ 1.03	$ 1.08	$ 0.53	$ 1.60	$ 0.45
Year ended December 31, 2012	$ 1.54	$ 1.58	$ 2.13	$ 5.57	$ 1.58
Cash Dividends Paid(2)					
Nine months ended September 30, 2013	$ 0.75	$ 0.75	$ 0.03	$ 0.75	$ 0.21
Year ended December 31, 2012	$ 0.79	$ 0.79	$ 0.54	$ 0.79	$ 0.22
Book Value					
September 30, 2013	$ 17.71	$ 17.71	$ 8.09	$ 26.36	$ 7.48
December 31, 2012	$ 15.74	$ 17.50	$ 7.76	$ 26.20	$ 7.43

(1) Computed by multiplying the PacWest pro forma combined amounts by the exchange ratio of 0.2837.

(2) PacWest pro forma combined cash dividends paid are based only upon PacWest's historical amounts.

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COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

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

	PacWest Common Stock			CapitalSource Common Stock		
	High	Low	Dividend	High	Low	Dividend
2011						
First quarter	$ 22.64	$ 19.61	$ 0.01	$ 8.21	$ 6.97	$ 0.01
Second quarter	$ 23.31	$ 19.00	$ 0.01	$ 7.31	$ 5.95	$ 0.01
Third quarter	$ 21.34	$ 13.82	$ 0.01	$ 6.98	$ 5.08	$ 0.01
Fourth quarter	$ 19.76	$ 13.00	$ 0.18	$ 6.85	$ 5.54	$ 0.01
2012						
First quarter	$ 24.79	$ 19.57	$ 0.18	$ 7.26	$ 6.30	$ 0.01
Second quarter	$ 25.50	$ 20.82	$ 0.18	$ 6.99	$ 5.96	$ 0.01
Third quarter	$ 25.50	$ 22.20	$ 0.18	$ 7.93	$ 6.56	$ 0.01
Fourth quarter	$ 25.29	$ 21.50	$ 0.25	$ 8.15	$ 7.26	$ 0.51
2013						
First quarter	$ 29.20	$ 24.96	$ 0.25	$ 9.86	$ 7.61	$ 0.01
Second quarter	$ 31.02	$ 25.81	$ 0.25	$ 9.74	$ 8.42	$ 0.01
Third quarter	$ 36.31	$ 30.58	$ 0.25	$ 12.36	$ 9.27	$ 0.01
Fourth quarter (through December 3, 2013)	$ 41.77	$ 34.14	$ 0.25	$ 14.24	$ 11.85	$ 0.01

The following table sets forth the closing sale prices per share of PacWest common stock and CapitalSource common stock on July 22, 2013, the last trading day before the public announcement of the signing of the merger agreement, and on December 3, 2013, the latest practicable date before the date of this document. The following table also includes the equivalent market value per share of CapitalSource common stock on July 22, 2013 and December 3, 2013 determined by multiplying the share price of PacWest common stock on such dates by the exchange ratio of 0.2837 and adding $2.47.

	PacWest Common Stock	CapitalSource Common Stock	Equivalent Market Value per Share of CapitalSource Common Stock
July 22, 2013	$ 32.48	$ 9.83	$ 11.68
December 3, 2013	$ 40.81	$ 13.95	$ 14.05

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document, including the matters addressed under the caption entitled "Cautionary Statement Regarding Forward-Looking Statements," CapitalSource and PacWest stockholders should carefully consider the following factors in deciding whether to vote for each company's respective proposals. Please see the sections entitled "Where You Can Find More Information" beginning on page iii and "Incorporation of Certain Documents by Reference" beginning on page 164.

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

Upon completion of the merger, each outstanding share of CapitalSource common stock, excluding treasury shares and dissenting shares, will be converted into the right to receive $2.47 in cash and 0.2837 of a share of PacWest common stock pursuant to the terms of the merger agreement. The closing price of PacWest common stock on the date that the merger is completed may vary from the closing price of PacWest common stock on the date PacWest and CapitalSource announced the merger, on the date that this document is being mailed to each of the PacWest and CapitalSource stockholders, and on the date of the special meeting of PacWest and CapitalSource stockholders. Because the stock component of the merger consideration is determined by a fixed exchange ratio, at the time of the CapitalSource special meeting, CapitalSource stockholders will not know or be able to calculate the value of the PacWest common stock they will receive upon completion of the merger. Any change in the market price of PacWest common stock prior to completion of the merger may affect the value of the stock component of the merger consideration that CapitalSource stockholders will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of PacWest and CapitalSource. CapitalSource stockholders should obtain current market quotations for shares of PacWest common stock before voting their shares at the CapitalSource special meeting.

PacWest and CapitalSource stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

PacWest stockholders currently have the right to vote in the election of the board of directors of PacWest and on other matters affecting PacWest. CapitalSource stockholders currently have the right to vote in the election of the board of directors of CapitalSource and on other matters affecting CapitalSource. Upon the completion of the merger, each party's stockholders will be a stockholder of PacWest with a percentage ownership of PacWest that is smaller than such stockholder's current percentage ownership of PacWest or CapitalSource, as applicable. It is currently expected that the former stockholders of CapitalSource as a group will receive shares in the merger constituting approximately 55% of the outstanding shares of the combined company's common stock immediately after the merger. As a result, current stockholders of PacWest as a group will own approximately 45% of the outstanding shares of the combined company immediately after the merger. Because of this, CapitalSource and PacWest stockholders will have less influence on the management and policies of the combined company than they now have on the management and policies of PacWest or CapitalSource, as applicable.

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

Shares of PacWest common stock that are issued to stockholders of CapitalSource in the merger will be freely tradable without restrictions or further registration under the Securities Act. As of the record date, PacWest had approximately 46,078,152 shares of common stock outstanding, 9,200,000

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shares of PacWest common stock were reserved for issuance under the PacWest stock option agreement related to the merger and 1,433,647 shares of PacWest common Stock were reserved for issuance under the PacWest stock plan. Based on the shares of CapitalSource common stock, the in-the-money CapitalSource options, the CapitalSource restricted stock units, the CapitalSource restricted shares and the CapitalSource deferred units currently outstanding, PacWest currently expects to issue approximately 57,270,035 shares of its common stock in connection with the merger.

If the merger is completed and if CapitalSource's former stockholders sell substantial amounts of PacWest common stock in the public market following completion of the merger, the market price of PacWest common stock may decrease. These sales might also make it more difficult for PacWest to sell equity or equity-related securities at a time and price that it otherwise would deem appropriate.

The combined company may fail to realize the anticipated benefits of the merger.

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

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

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

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

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

The merger agreement is subject to a number of conditions which must be fulfilled in order to complete the merger. Those conditions include: (i) adoption of the merger agreement by CapitalSource stockholders, (ii) adoption of the merger agreement, adoption of the amendment to PacWest's certificate of incorporation increasing the total number of authorized shares of common stock and approval of the issuance of the shares of PacWest common stock in connection with the merger by PacWest stockholders, (iii) receipt of requisite regulatory approvals subject to certain limitations set

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forth in the merger agreement, (iv) absence of any governmental order or law prohibiting completion of the merger, (v) effectiveness of the registration statement of which this document is a part and (vi) the absence of more than 10% of the outstanding shares of CapitalSource common stock exercising their dissenters' rights under § 262 of the DGCL.

The obligation of each party to consummate the merger is also conditioned upon: (i) subject to certain exceptions, the accuracy of the representations and warranties of the other party, (ii) performance in all material respects by the other party of its obligations under the merger agreement, (iii) the adjusted stockholders' equity of the other party being in excess of a specified level, (iv) receipt by such party of a tax opinion to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, (v) the consent of the FDIC to the transaction under the shared-loss agreements with Pacific Western Bank that the shared-loss agreements will remain in effect after the merger and (vi) the absence of a material adverse effect with respect to the other party since the date of the merger agreement. PacWest and CapitalSource have agreed to use their respective reasonable best efforts to obtain all necessary regulatory approvals for the merger. The parties will not be required to take any action, or agree to any condition or restriction, in connection with obtaining any regulatory permits, consents, approvals and authorizations of governmental authorities that would reasonably be likely, in each case following the effective time (but regardless when the action, condition or restriction is to be taken or implemented), to (i) have a material adverse effect with respect to the combined company and its subsidiaries, taken as a whole or (ii) require PacWest, Pacific Western Bank, the combined company or the surviving bank in the bank merger to raise additional capital in an amount that would materially reduce the economic benefits of the merger to the holders of PacWest common stock (including the CapitalSource stockholders in respect of the shares of PacWest common stock received by them in the merger).

These conditions to the consummation of the merger may not be fulfilled and, accordingly, the merger may not be completed. In addition, if the merger is not completed by July 31, 2014, either PacWest or CapitalSource may choose not to proceed with the merger, and the parties can mutually decide to terminate the merger agreement at any time, before or after stockholder approval.

If the merger is not consummated, the ongoing business, financial condition and results of operations of each party may be materially adversely affected and the market price of each party's common stock may decline significantly, particularly to the extent that the current market price reflects a market assumption that the merger will be consummated. If the consummation of the merger is delayed, including by the receipt of a competing acquisition proposal, the business, financial condition and results of operations of each company may be materially adversely affected. Additionally, if the merger agreement is terminated, under certain circumstances, a party may exercise its option to purchase up to 19.9% of the other party's outstanding common stock, before giving effect to the exercise of the option. PacWest's total realizable value under the option it has been granted is subject to a cap of $112 million. CapitalSource's total realizable value under the option it has been granted is subject to a cap of $72 million. Under certain circumstances, a party may be required to repurchase for cash the applicable option.

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

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Additionally, PacWest's or CapitalSource's business may have been adversely impacted by the failure to pursue other beneficial opportunities due to the focus of management on the merger, without realizing any of the anticipated benefits of completing the merger, and the market price of PacWest common stock or CapitalSource common stock might decline to the extent that the current market price reflects a market assumption that the merger will be completed. If the merger agreement is terminated and a party's board of directors seeks another merger or business combination, such party's stockholders cannot be certain that such party will be able to find a party willing to engage in a transaction on more attractive terms than the merger.

PacWest and CapitalSource will be subject to business uncertainties and contractual restrictions while the merger is pending.

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

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

In addition, the merger agreement restricts each party from taking certain actions without the other party's consent while the merger is pending. These restrictions may, among other matters, prevent such party from pursuing otherwise attractive business opportunities, selling assets, incurring indebtedness, engaging in significant capital expenditures in excess of certain limits set forth in the merger agreement, entering into other transactions or making other changes to such party's business prior to consummation of the merger or termination of the merger agreement. These restrictions could have a material adverse effect on each party's business, financial condition and results of operations. Please see the section entitled "The Merger Agreement Conduct of Business Prior to the Completion of the Merger" beginning on page 112 for a description of the restrictive covenants applicable to CapitalSource and PacWest.

CapitalSource directors and officers may have interests in the merger different from the interests of other CapitalSource stockholders.

CapitalSource's executive officers and directors have interests in the merger that are different from, or in addition to, the interests of CapitalSource's stockholders generally. Such interests include the rights to accelerated vesting of equity awards, payments in connection with the termination of employment agreements with certain executive officers, and the right to indemnification and insurance coverage following the consummation of the merger. In addition, pursuant to the merger agreement, the board of directors of the combined company will consist of 13 members, five of whom will be designated by CapitalSource, each of whom will be mutually agreeable to PacWest and CapitalSource. At the effective time, Douglas (Tad) Lowrey, current chief executive officer and chairman of CapitalSource Bank, will be the chairman of the board of directors of the surviving bank in the bank merger. These interests are described in more detail under the section entitled "The Merger Interests of CapitalSource Directors and Executive Officers in the Merger" beginning on page 91.

PacWest directors and officers may have interests in the merger different from the interests of other PacWest stockholders.

The interests of some of the directors and executive officers of PacWest may be different from those of other PacWest stockholders, and directors and officers of PacWest may be participants in arrangements that are different from, or are in addition to, those of other PacWest stockholders. After the consummation of the merger, PacWest's executive officers will be eligible, upon a qualifying termination of employment, to receive increased severance payments under the Executive Severance Pay Plan. In addition, each of PacWest's executive officers and directors hold equity awards, which will become fully vested upon the consummation of the merger. The merger agreement also provides that eight of 13 initial directors of the combined company will be designated by PacWest and that Matthew P. Wagner, the current chief executive officer of PacWest, and John M. Eggemeyer III, the current chairman of the board of directors of PacWest, will become, respectively, the chief executive officer and chairman the board of directors of the combined company at the effective time. These interests are described in more detail under the section entitled "The Merger Interests of PacWest Directors and Executive Officers in the Merger" beginning on page 88.

In addition, PacWest's chairman of the board of directors, John M. Eggemeyer III, who will become chairman of the board of directors of the combined company at the effective time, is chief executive officer of Castle Creek Financial, LLC. Pursuant to an agreement, dated May 18, 2011, PacWest retained Castle Creek Financial as its financial advisor, and pursuant to the terms of that contract, PacWest will pay Castle Creek Financial a fee upon the consummation of the merger. Castle Creek Financial performed various customary financial advisory services for PacWest in connection with entering into the merger agreement, including assisting PacWest in structuring the financial aspects of the transaction, financial modeling and statistical analysis and assistance in negotiation of the financial terms of the merger agreement. In the event of an acquisition of a financial institution by PacWest for greater than \$20 million, the contract under which Castle Creek Financial performs these services provides for a fee of \$200,000 plus 0.65% of the amount of the transaction value in excess of \$20 million, subject to reduction for certain expenses. Castle Creek Financial is also entitled to reimbursement of its reasonable expenses incurred on behalf of PacWest. Pursuant to the engagement letter and further discussions between the parties, the fee payable by PacWest to Castle Creek Financial has been reduced to \$9 million, which will be paid at the closing of the merger. These interests are described in more detail under the section entitled "The Merger Interests of PacWest Directors and Executive Officers in the Merger" beginning on page 88.

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

Upon completion of the merger, the rights of former CapitalSource stockholders will be governed by the certificate of incorporation and bylaws of PacWest. The rights associated with CapitalSource common stock are different from the rights associated with PacWest common stock, although both companies are organized under Delaware law. Please see the section entitled "Comparison of Stockholders' Rights" beginning on page 143 for a discussion of the different rights associated with PacWest common stock.

The merger agreement contains provisions that may discourage other companies from trying to acquire each party.

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to CapitalSource or PacWest that might result in greater value to

CapitalSource's or PacWest's stockholders than the merger. These provisions include a general prohibition on each party from soliciting, or, subject to certain exceptions, entering into discussions with any third party regarding any acquisition proposal or offers for competing transactions. The members of the board of directors of each party, as well as Douglas (Tad) Lowrey, chief executive officer and chairman of CapitalSource Bank, have entered into voting agreements and have agreed to vote their shares of CapitalSource common stock and PacWest common stock, as applicable, in favor of the merger agreement and certain related matters and against alternative transactions. The stockholders that are party to the CapitalSource voting agreements and the PacWest voting agreements own in the aggregate approximately 0.64% of the outstanding shares of CapitalSource common stock and 2.4% of the outstanding shares of PacWest common stock entitled to vote as of the applicable record date. For further information, please see the sections entitled "The Merger Agreement Voting Agreements" beginning on page 124. Each party also has an unqualified obligation to submit their respective merger proposals to a vote by such party's stockholders, even if the party receives a proposal that its board of directors believes is superior to the merger. The existence of the reciprocal stock option agreements may also discourage a third party from submitting a business combination proposal to either party. Under certain circumstances, termination of the merger agreement may result in a party exercising its rights under its stock option agreement. PacWest's total realizable value under the option it has been granted is subject to a cap of $112,000,000 and CapitalSource's total realizable value under the option it has been granted is subject to a cap of $72,000,000. For further information, please see the sections entitled "The Merger Agreement Reciprocal Stock Option Agreements" beginning on page 125.

Combining the two companies may be more difficult, costly or time consuming than expected and the anticipated benefits and cost savings of the merger may not be realized.

PacWest and CapitalSource have operated and, until the completion of the merger, will continue to operate, independently. The success of the merger, including anticipated benefits and cost savings, will depend, in part, on the successful combination of the businesses of PacWest and CapitalSource. To realize these anticipated benefits and cost savings, after the completion of the merger, PacWest expects to integrate CapitalSource's business into its own. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect the combined company's ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits and cost savings of the merger. The loss of key employees could have an adverse effect on the companies' financial results and the value of their common stock. If PacWest experiences difficulties with the integration process, the anticipated benefits of the merger may not be realized fully or at all, or may take longer to realize than expected.

The combined company expects to incur substantial expenses related to the merger.

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

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The merger will result in changes to the board of directors of the combined company.

Upon completion of the merger, the composition of the board of directors of the combined company will be different than the current boards of PacWest and CapitalSource. The PacWest board of directors currently consists of 15 directors and the CapitalSource board of directors currently consists of eight directors. Upon the completion of the merger, the board of directors of the combined company will consist of 13 members, eight of whom will be designated by PacWest, and five of whom will be designated by CapitalSource, each of whom will be mutually agreeable to PacWest and CapitalSource. This new composition of the board of directors of the combined company may affect the future decisions of the combined company.

In connection with the announcement of the merger agreement, 11 lawsuits have been filed and are pending, seeking, among other things, to enjoin the merger, and an adverse judgment in this lawsuit may prevent the merger from becoming effective within the expected time frame (if at all).

Since July 24, 2013, 11 putative stockholder class action lawsuits, referred to as the merger litigations, were filed against CapitalSource, PacWest and certain other defendants in connection with the merger agreement. Five of the 11 actions were filed in Superior Court of California, Los Angeles County: (1) *Engel* v. *CapitalSource Inc. et al.*, Case No. BC516267, filed on July 24, 2013; (2) *Miller* v. *Fremder et al.*, Case No. BC516590, filed on July 29, 2013; (3) *Basu* v. *CapitalSource Inc. et al.*, Case No. BC516775, filed on July 31, 2013; (4) *Holliday* v. *PacWest Bancorp et al*., Case No. BC517209, filed on August 5, 2013; and (5) *Iron Workers Mid-South Pension Fund* v. *CapitalSource Inc. et al*., Case No. BC517698, filed on August 8, 2013, referred to as the California actions. The other six actions were filed in the Court of Chancery of the State of Delaware: (1) *Fosket* v. *Byrnes et al.*, Case No. 8765, filed on August 1, 2013; (2) *Bennett* v. *CapitalSource Inc. et al.*, Case No. 8770, filed on August 2, 2013; (3) *Chalfant* v. *CapitalSource et al.*, Case No. 8777, filed on August 6, 2013; (4) *Oliveira* v. *CapitalSource Inc. et al.*, Case No. 8779, filed on August 7, 2013; (5) *Desai* v. *CapitalSource Inc. et al.*, Case No. 8804, filed on August 13, 2013; and (6) *Fattore* v. *CapitalSource Inc. et al.*, Case No. 8927, filed on September 19, 2013, referred to as the Delaware actions.

The merger litigations allege variously that the members of the CapitalSource board of directors breached its fiduciary duties to CapitalSource stockholders by approving the proposed merger for inadequate consideration; approving the transaction in order to obtain benefits not equally shared by other CapitalSource stockholders; entering into the merger agreement containing preclusive deal protection devices; failing to take steps to maximize the value to be paid to the CapitalSource stockholders; and failing to disclose material information regarding the proposed transaction. Each of the merger litigations also alleges claims against CapitalSource and PacWest for aiding and abetting these alleged breaches of fiduciary duties. Plaintiffs generally seek, among other things, declaratory and injunctive relief concerning the alleged breaches of fiduciary duties, injunctive relief prohibiting consummation of the merger, rescission, an accounting by defendants, damages and 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 CapitalSource or PacWest. If the plaintiffs are successful in enjoining the consummation of the merger, the lawsuit may prevent the merger from becoming effective within the expected timeframe (or at all).

The unaudited pro forma combined condensed consolidated financial information included in this document is illustrative only and the actual financial condition and results of operations after the merger may differ materially.

The unaudited pro forma combined condensed consolidated financial information in this document is presented for illustrative purposes only and is not necessarily indicative of what PacWest's actual financial condition or results of operations would have been had the merger been completed on the dates indicated. The pro forma combined condensed consolidated financial information reflects adjustments, which are based upon preliminary estimates, to record the CapitalSource identifiable tangible and intangible assets acquired and liabilities assumed at fair value and the resulting goodwill recognized. The purchase price allocation reflected in this document is preliminary and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of CapitalSource as of the date of the completion of the merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this document. For more information, please see the section entitled "Unaudited Pro Forma Combined Condensed Consolidated Financial Statements" beginning on page 134.

If the merger is consummated, the combined company will be subject to substantial additional regulation.

If the merger is consummated, the combined company will be subject to substantial additional regulation. Areas of additional regulation will include, but not be limited to, more sophisticated stress testing, additional capital requirements, including the phase out of PacWest's trust preferred securities as Tier 1 capital that otherwise would have been grandfathered, enhanced governance standards, including those relating to risk management, higher FDIC deposit insurance assessments and direct oversight and examination by the Consumer Financial Protection Bureau. These additional regulatory requirements could divert management's attention away from ongoing business concerns, place a burden on internal resources, impose additional costs or limitations on the combined company and affect profitability.

Following the merger and related transactions, the combined company will have a large number of authorized but unissued shares.

Following the merger and related transactions, including the amendment to the PacWest certificate of incorporation described herein, based on the shares of CapitalSource common stock, the in-the-money CapitalSource options, the CapitalSource RSUs, the CapitalSource restricted shares and the CapitalSource deferred units currently outstanding, the combined company will have approximately 103,348,187 shares outstanding, leaving approximately 96,651,813 authorized but unissued shares. The combined company will be able to issue these shares without stockholder approval, unless stockholder approval is required by applicable law or stock exchange rules. Issuing additional shares may dilute the interest of existing stockholders and cause the market price of the combined company's common stock to decline. In addition, management of the combined company could use these authorized but unissued shares to make more difficult, and thereby discourage, an attempt to acquire control of the combined company, even though stockholders might deem such an acquisition desirable. To the extent that it would impede or prevent any takeover actions, the issuance of these additional shares could potentially serve to perpetuate incumbent management.

The opinions of CapitalSource's and PacWest's financial advisors will not reflect changes in circumstances between the dates of the opinions and the completion of the merger.

Each of the CapitalSource and PacWest board of directors received an opinion from its respective financial advisor on July 22, 2013 to address the fairness of the merger consideration from a financial point of view as of that date. Subsequent changes in the operations and prospects of CapitalSource or PacWest, general market and economic conditions and other factors that may be beyond the control of CapitalSource or PacWest, and on which CapitalSource's and PacWest's financial advisors' opinions were based, may significantly alter the value of CapitalSource or PacWest or the prices of the shares of PacWest common stock or CapitalSource common stock by the time the merger is completed. Because CapitalSource and PacWest do not anticipate asking their respective financial advisors to update their opinions, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed or as of any other date other than the date of such opinions. For a description of the opinions that PacWest and CapitalSource received from their respective financial advisors, please refer to the sections entitled "The Merger Opinion of CapitalSource's Financial Advisor" beginning on page 66 and "The Merger Opinion of PacWest's Financial Advisor" beginning on page 79.

The combined company may not be able to realize PacWest's and CapitalSource's deferred income tax assets.

CapitalSource has substantial operating losses for federal and state income tax purposes that can generally be utilized to offset future taxable income of CapitalSource, and, under certain circumstances, the combined company after the consummation of the merger.

If CapitalSource or the combined company were to undergo a change in ownership of more than 50% of its capital stock over a three-year period as measured under Section 382 of the Internal Revenue Code, the ability to utilize such net operating loss carryforwards and other tax attributes to offset future taxable income would be substantially limited. The annual limit would generally equal the product of the applicable long term tax exempt rate and the value of the relevant entity's capital stock immediately before the ownership change. These change of ownership rules generally focus on ownership changes involving stockholders owning directly or indirectly 5% or more of a company's outstanding stock, including certain public groups of stockholders as set forth under Section 382, and those arising from new stock issuances and other equity transactions. The determination of whether an ownership change occurs is complex and not entirely within CapitalSource's or the combined company's control.

To preserve CapitalSource's ability to utilize its net operating losses, CapitalSource has adopted a tax benefit preservation plan, which is triggered upon certain transfers of CapitalSource securities. The combined company plans to adopt a substantially similar tax benefit preservation plan upon consummation of the merger. The tax benefit preservation plan is generally designed to deter direct and indirect acquisitions of common stock if such acquisition would result in a stockholder becoming a "5-percent shareholder" (as defined by Section 382 and the related Treasury regulations) or increase the percentage ownership of common stock that is treated as owned by an existing 5-percent shareholder. CapitalSource's and the combined company's ability to utilize NOLs to offset its future taxable income would be limited if CapitalSource or the combined company were to undergo an "ownership change" within the meaning of Section 382 of the Internal Revenue Code.

Although the tax benefit preservation plans are intended to reduce the likelihood of an ownership change that could adversely affect CapitalSource or the combined company, there can be no assurance that such restrictions would prevent all transfers that could result in such an ownership change and thus no assurance can be given as to whether CapitalSource or the combined company could utilize the net operating losses to offset future taxable income. Additionally, because the tax benefit preservation plans may have the effect of restricting a stockholder's ability to dispose of or acquire the common stock of CapitalSource or the combined company, the liquidity and market value of common stock might suffer. See "The Merger Tax Benefit Preservation Plan" beginning on page 102.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

In addition to factors previously disclosed in PacWest's and CapitalSource's reports filed with the SEC and those identified elsewhere in this filing (including the section entitled "Risk Factors" beginning on page 30), the following factors, among others, could cause actual results to differ materially from forward-looking statements or historical performance:

- ability to obtain regulatory approvals and meet other closing conditions to the merger, including approval by PacWest stockholders and CapitalSource stockholders, on the expected terms and schedule;
- delay in closing the merger;
- difficulties and delays in integrating the PacWest and CapitalSource businesses or fully realizing cost savings and other benefits;
- business disruption following the merger;
- changes in each party's stock price before completion of the merger, including as a result of the financial performance of PacWest or CapitalSource prior to closing;
- the reaction to the merger of the companies' customers, employees and counterparties;
- if the merger is completed, additional regulatory requirements associated with the combined company being a bank and bank holding company with assets in excess of $10 billion;
- changes in asset quality and credit risk;
- inability to sustain revenue and earnings growth;
- changes in interest rates and capital markets;
- ability to access capital markets;
- inflation;

economic conditions;

customer acceptance of PacWest and CapitalSource's products and services;

customer borrowing, repayment, investment and deposit practices;

customer disintermediation;

the introduction, withdrawal, success and timing of business initiatives;

competitive conditions;

the inability to realize cost savings or revenues or to implement integration plans and other consequences associated with mergers, acquisitions and divestitures generally;

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the impact, extent and timing of technological changes, capital management activities, and other actions of the Federal Reserve Board, the CDBO and the FDIC, and legislative and regulatory actions and reforms;

the outcome of any legal proceedings that may be instituted against PacWest or CapitalSource;

liquidity risk affecting Pacific Western Bank's and CapitalSource Bank's ability to meet their obligations, known and unknown, when they come due;

price risk focusing on changes in market factors that may affect the value of traded instruments in "mark-to-market" portfolios;

greater than expected noninterest expenses;

excessive loan losses; and

other factors, which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

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CAPITALSOURCE SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place

The special meeting of CapitalSource stockholders will be held at its corporate headquarters, 633 West 5th Street, 33rd Floor, Los Angeles, CA 90071 at 8:00 AM, Pacific time, on January 13, 2014. On or about December 11, 2013, CapitalSource commenced mailing this document and the enclosed form of proxy to its stockholders entitled to vote at the CapitalSource special meeting.

Purpose of CapitalSource Special Meeting

At the CapitalSource special meeting, CapitalSource stockholders will be asked to:

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

Recommendation of the CapitalSource Board of Directors

The CapitalSource board of directors recommends that you vote "FOR" the CapitalSource merger proposal, "FOR" the CapitalSource advisory (non-binding) proposal on specified compensation and "FOR" the CapitalSource adjournment proposal (if necessary or appropriate). Please see the section entitled "The Merger Recommendation of the CapitalSource Board of Directors and Reasons for the Merger" beginning on page 64.

Each of the directors of CapitalSource and the chairman of CapitalSource Bank, a wholly owned subsidiary of CapitalSource, has entered into a voting agreement with PacWest, pursuant to which they have agreed to vote in favor of the CapitalSource merger proposal and any other matter required to be approved by the stockholders of CapitalSource 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" beginning on page 124.

CapitalSource Record Date and Quorum

The CapitalSource board of directors has fixed the close of business on December 4, 2013 as the record date for determining the holders of CapitalSource common stock entitled to receive notice of and to vote at the CapitalSource special meeting.

As of the CapitalSource record date, there were 196,911,167 shares of CapitalSource common stock outstanding and entitled to vote at the CapitalSource special meeting held by 389 holders of record. Each share of CapitalSource common stock entitles the holder to one vote at the CapitalSource special meeting on each proposal to be considered at the CapitalSource special meeting.

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

As of the record date, directors and executive officers of CapitalSource owned and were entitled to vote 2,192,404 shares of CapitalSource common stock, representing approximately 1.11% of the shares of CapitalSource common stock outstanding on that date. CapitalSource currently expects that CapitalSource's directors and executive officers will vote their shares in favor of each of the CapitalSource proposals. As of the record date, PacWest beneficially held no shares of CapitalSource common stock.

Required Vote

The affirmative vote of a majority of the outstanding shares of CapitalSource common stock entitled to vote is required to adopt the CapitalSource merger proposal.

The affirmative vote of a majority of the shares of CapitalSource common stock represented in person or by proxy at the CapitalSource special meeting and entitled to vote on the proposal is required to approve each of the CapitalSource advisory (non-binding) proposal on specified compensation and the CapitalSource adjournment proposal.

Treatment of Abstentions; Failure to Vote

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

- For the CapitalSource merger proposal, if a CapitalSource stockholder present in person at the CapitalSource 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 CapitalSource stockholder is not present in person at the CapitalSource special meeting and does not respond by proxy, it will have the same effect as a vote cast "**AGAINST**" this proposal.

- For the CapitalSource advisory (non-binding) proposal on specified compensation and the CapitalSource adjournment proposal, if a CapitalSource stockholder present in person at the CapitalSource special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" these proposals. If a CapitalSource stockholder is not present in person at the CapitalSource special meeting and does not respond by proxy, it will have no effect on the vote count for each such proposal.

Voting on Proxies; Incomplete Proxies

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

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

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

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

CapitalSource requests that CapitalSource stockholders vote by telephone, over the Internet or by completing and signing the accompanying proxy and returning it to CapitalSource as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of CapitalSource stock represented by it will be voted at the CapitalSource special meeting in accordance with the instructions contained on the proxy card.

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

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

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

Shares Held in Street Name

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

- your broker, bank or other nominee may not vote your shares on the CapitalSource advisory (non-binding) proposal on specified compensation or the CapitalSource adjournment proposal, which broker non-votes will have no effect on the vote count for these proposals.

Revocability of Proxies and Changes to a CapitalSource Stockholder's Vote

A CapitalSource stockholder has the power to change its vote at any time before its shares of CapitalSource common stock are voted at the CapitalSource special meeting by:

- sending a notice of revocation to CapitalSource's corporate secretary at 5404 Wisconsin Avenue, 2nd Floor, Chevy Chase, Maryland 20815, stating that you would like to revoke your proxy;

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

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- sending a completed proxy card bearing a later date than your original proxy card; or
- attending the CapitalSource special meeting and voting in person.

If you choose any of the first three methods, you must take the described action no later than the beginning of the CapitalSource special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the CapitalSource special meeting. If you have instructed a bank, broker or other nominee to vote your shares of CapitalSource common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

Solicitation of Proxies

The cost of solicitation of proxies from CapitalSource stockholders will be borne by CapitalSource. CapitalSource will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock. In addition to solicitations by mail, CapitalSource's directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation. CapitalSource has also engaged Georgeson Inc., a proxy soliciting firm, to assist in the solicitation of proxies for a fee of $18,500 plus expenses.

Attending the CapitalSource Special Meeting

Subject to space availability, all CapitalSource stockholders as of the record date, or their duly appointed proxies, may attend the CapitalSource special meeting. Since seating is limited, admission to the CapitalSource special meeting will be on a first-come, first-served basis. Registration and seating will begin at 7:30 AM, Pacific time.

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

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

CAPITALSOURCE PROPOSALS

CapitalSource Merger Proposal

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

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

CapitalSource Advisory (Non-Binding) Proposal on Specified Compensation

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, CapitalSource is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be payable to its named executive officers in connection with the merger, the value of which is set forth in the table included in the section of this document entitled "The Merger Merger-Related Compensation for CapitalSource's Named Executive Officers" beginning on page 96. As required by Section 14A of the Exchange Act, CapitalSource is asking its stockholders to vote on the adoption of the following resolution:

> "RESOLVED, that the compensation that may be paid or become payable to CapitalSource's named executive officers in connection with the merger, as disclosed in the table in the section of the joint proxy statement/prospectus statement entitled 'Interests of CapitalSource's Directors and Executive Officers in the Merger Quantification of Payments and Benefits to CapitalSource's Named Executive Officers,' including the associated narrative discussion, are hereby APPROVED."

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote to approve the merger. Accordingly, a stockholder may vote to approve the executive compensation and vote not to approve the merger and vice versa. Because the vote is advisory in nature only, it will not be binding on either CapitalSource or PacWest. Accordingly, because CapitalSource is contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the merger is approved and regardless of the outcome of the advisory vote.

*The CapitalSource board of directors recommends a vote "**FOR**" the CapitalSource advisory (non-binding) proposal on specified compensation.*

CapitalSource Adjournment Proposal

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

If, at the CapitalSource special meeting, the number of shares of CapitalSource common stock present or represented and voting in favor of the CapitalSource merger proposal is insufficient to approve the CapitalSource merger proposal, CapitalSource intends to move to adjourn the CapitalSource special meeting in order to enable the CapitalSource board of directors to solicit additional proxies for approval of the merger. In that event, CapitalSource will ask its stockholders to vote only upon the CapitalSource adjournment proposal, and not the CapitalSource merger proposal or the CapitalSource advisory (non-binding) proposal on specified compensation.

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

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

Other Matters to Come Before the CapitalSource Special Meeting

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

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PACWEST SPECIAL MEETING OF STOCKHOLDERS

Date, Time and Place

The special meeting of PacWest stockholders will be held at The Jonathan Club, 850 Palisades Beach Road, Santa Monica, CA 90403 at 10:00 AM, Pacific time, on January 13, 2014. On or about December 11, 2013, PacWest commenced mailing this document and the enclosed form of proxy to its stockholders entitled to vote at the PacWest special meeting.

Purpose of PacWest Special Meeting

At the PacWest special meeting, PacWest stockholders will be asked to:

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

- adopt an amendment to the PacWest certificate of incorporation to increase the number of authorized shares of PacWest common stock from 75 million shares to 200 million shares, referred to as the PacWest certificate of incorporation amendment proposal;

- approve the issuance of PacWest common stock in the merger, referred to as the PacWest stock issuance proposal;

- (i) approve an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock authorized for grant thereunder from 6.5 million shares to 9 million shares and to extend the expiration of the plan from May 31, 2017 to May 31, 2019 and (ii) re-approve the business criteria listed under the PacWest 2003 Stock Incentive Plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code, referred to as the PacWest stock plan amendment proposal;

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

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

- transact such other business as may properly come before the meeting or any adjournment thereof.

Recommendation of the PacWest Board of Directors

The PacWest board of directors recommends that you vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal, "FOR" the PacWest advisory (non-binding) proposal on specified compensation and "FOR" the PacWest adjournment proposal (if necessary or appropriate). Please see the section entitled "The Merger Recommendation of the PacWest Board of Directors and Reasons for the Merger" beginning on page 76.

Each of the directors of PacWest has entered into a voting agreement with CapitalSource, pursuant to which they have agreed to vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the

PacWest stock plan amendment proposal and "FOR" any other matter required to be approved by the stockholders of PacWest 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" beginning on page 124.

PacWest Record Date and Quorum

The PacWest board of directors has fixed the close of business on December 4, 2013 as the record date for determining the holders of PacWest common stock entitled to receive notice of and to vote at the PacWest special meeting.

As of the PacWest record date, there were 44,316,774 shares of PacWest common stock outstanding and entitled to vote at the PacWest special meeting (which excludes shares of unvested time-based and performance-based restricted stock) held by 1,579 holders of record. Each share of PacWest common stock entitles the holder to one vote at the PacWest special meeting on each proposal to be considered at the PacWest special meeting.

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

As of the record date, directors and executive officers of PacWest owned and were entitled to vote 1,611,783 shares of PacWest common stock, representing approximately 3.6% of the shares of PacWest common stock outstanding and entitled to vote on that date (which excludes shares of unvested time-based and performance-based restricted stock). PacWest currently expects that PacWest's directors and executive officers will vote their shares in favor of each of the PacWest proposals. As of the record date, CapitalSource beneficially held no shares of PacWest common stock.

Required Vote

The affirmative vote of a majority of the outstanding shares of PacWest common stock represented in person or by proxy is required to adopt the PacWest merger proposal and the PacWest certificate of incorporation amendment proposal.

The affirmative vote of a majority of the shares of PacWest common stock represented in person or by proxy at the PacWest special meeting and entitled to vote on the proposal is required to approve the PacWest stock issuance proposal, the PacWest stock plan amendment proposal, the PacWest advisory (non-binding) proposal on specified compensation and the PacWest adjournment proposal.

Treatment of Abstentions; Failure to Vote

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

- For the PacWest merger proposal and the PacWest certificate of incorporation amendment proposal, if a PacWest stockholder present in person at the PacWest special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" each such proposal. If a PacWest stockholder is not present in person at the PacWest special meeting and does not respond by proxy, it will have the same effect as a vote cast "**AGAINST**" each such proposal.

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For the PacWest stock issuance proposal, the PacWest stock plan amendment proposal, the PacWest advisory (non-binding) proposal on specified compensation and the PacWest adjournment proposal, if a PacWest stockholder present in person at the PacWest special meeting abstains from voting, or responds by proxy with an "abstain" vote, it will have the same effect as a vote cast "**AGAINST**" each such proposal. If a PacWest stockholder is not present in person at the PacWest special meeting and does not respond by proxy, it will have no effect on the vote count for each such proposal.

Voting on Proxies; Incomplete Proxies

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

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

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

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

PacWest requests that PacWest stockholders vote by telephone, over the Internet or by completing and signing the accompanying proxy and returning it to PacWest as soon as possible in the enclosed postage-paid envelope. When the accompanying proxy is returned properly executed, the shares of PacWest stock represented by it will be voted at the PacWest special meeting in accordance with the instructions contained on the proxy card.

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

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

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

Shares Held in Street Name

If you are a PacWest stockholder and your shares are held in "street name" through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to PacWest or by voting in person at the PacWest special meeting unless you provide a "legal proxy," which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of

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PacWest common stock on behalf of their customers may not give a proxy to PacWest to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters. Therefore, if you are a PacWest 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 PacWest merger proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" this proposal;
- your broker, bank or other nominee may not vote your shares on the PacWest certificate of incorporation amendment proposal, which broker non-votes will have the same effect as a vote "**AGAINST**" this proposal;
- your broker, bank or other nominee may not vote your shares on the PacWest stock issuance proposal, which broker non-votes will have no effect on the vote count for this proposal;
- your broker, bank or other nominee may not vote your shares on the PacWest stock plan amendment proposal, which broker non-votes will have no effect on the vote count for this proposal;
- your broker, bank or other nominee may not vote your shares on the PacWest advisory (non-binding) proposal on specified compensation, which broker non-votes will have no effect on the vote count for this proposal; and
- your broker, bank or other nominee may not vote your shares on the PacWest adjournment proposal, which broker non-votes will have no effect on the vote count for this proposal.

Voting of Shares Held in the PacWest Bancorp 401(k) Plan

If you hold your shares indirectly in the PacWest Bancorp 401(k) Plan, you have the right to direct the PacWest trustee how to vote shares allocated to your 401(k) plan account as described in the voting materials sent to you by the PacWest trustee.

Revocability of Proxies and Changes to a PacWest Stockholder's Vote

A PacWest stockholder has the power to change its vote at any time before its shares of PacWest common stock are voted at the PacWest special meeting by:

- sending a notice of revocation to PacWest Bancorp, Attention: Corporate Secretary, 10250 Constellation Blvd., Suite 1640, Los Angeles, California 90067 stating that you would like to revoke your proxy;
- 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;
- sending a completed proxy card bearing a later date than your original proxy card; or
- attending the PacWest special meeting and voting in person.

If you choose any of the first two methods, you must take the described action no later than the beginning of the PacWest special meeting. If you choose to send a completed proxy card bearing a later date than your original proxy card or a notice of revocation, the new proxy card or notice of revocation must be received before the beginning of the PacWest special meeting. If you have instructed a bank, broker or other nominee to vote your shares of PacWest common stock, you must follow the directions you receive from your bank, broker or other nominee in order to change or revoke your vote.

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Solicitation of Proxies

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

Discontinuing Multiple Mailings

If you are a stockholder of record and have more than one account in your name or at the same address as other stockholders of record, you may authorize PacWest to discontinue mailings of multiple annual reports and proxy statements, including this document. To discontinue multiple mailings, or to reinstate multiple mailings, please mail your request to PacWest Bancorp, Attention: Investor Relations, 10250 Constellation Blvd., Suite 1640, Los Angeles, California 90067.

Attending the PacWest Special Meeting

Subject to space availability, all PacWest stockholders as of the record date, or their duly appointed proxies, may attend the PacWest special meeting. Since seating is limited, admission to the PacWest special meeting will be on a first-come, first-served basis. Registration and seating will begin at 9:30 AM, Pacific time.

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

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

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PACWEST PROPOSALS

PacWest Merger Proposal

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

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

PacWest Certificate of Incorporation Amendment Proposal

PacWest's certificate of incorporation provides that the total number of shares of common stock, par value $0.01 per share, which PacWest shall have the authority to issue is 75 million. PacWest's board of directors adopted a resolution setting forth an amendment to the PacWest certificate of incorporation and declared its advisability to stockholders that stockholders approve such amendment to Article IV of PacWest's certificate of incorporation in order to increase the authorized number of shares of PacWest common stock from 75 million shares to 200 million shares.

It is a condition to completion of the merger that PacWest stockholders approve the PacWest certificate of incorporation amendment proposal to increase the number of shares of common stock that PacWest is authorized to issue from 75 million shares to 200 million shares. As of the record date, there were 46,078,152 shares of PacWest common stock issued and outstanding, 9,200,000 shares of PacWest common stock reserved for issuance under the PacWest stock option agreement and 1,433,647 shares of PacWest common stock reserved for issuance under the PacWest stock plan, leaving 18,288,201 shares available to be issued. Based on the number of shares of CapitalSource common stock, CapitalSource stock options, CapitalSource RSUs, shares of CapitalSource restricted stock and CapitalSource deferred units currently outstanding, approximately 57,270,035 shares of PacWest common stock are currently expected to be issued in the merger.

The additional 125 million shares authorized would be a part of the existing class of common stock and, if and when issued, would have the same rights and privileges as the shares of common stock presently issued and outstanding. Holders of PacWest common stock do not have preemptive rights to acquire additional shares of PacWest common stock. Accordingly, following the merger, the combined company will have approximately 96,651,813 authorized but unissued shares.

As noted above, approval of the PacWest certificate of incorporation amendment proposal is a condition to completion of the merger. In addition, PacWest's board of directors believes that the increased number of authorized shares of common stock contemplated by the proposed amendment is important to the combined company in order that additional shares be available for issuance from time to time, without further action or authorization by the stockholders (except as required by law), if needed for such corporate purposes as may be determined by the board of directors. Such corporate purposes might include the acquisition of other businesses in exchange for shares of PacWest's common stock; facilitating broader ownership of PacWest's common stock by effecting stock splits or issuing a stock dividend; flexibility for possible future financings; and attracting and retaining valuable employees and directors by the issuance of additional stock-based awards. The board of directors considers the authorization of additional shares advisable to ensure prompt availability of shares for issuance should the occasion arise. Other than the shares to be issued in connection with the merger, PacWest has no immediate plans, nor are there any existing or proposed agreements or understandings, to issue any of the additional shares of common stock other than pursuant to the PacWest stock plan.

*The PacWest board of directors recommends a vote "**FOR**" the PacWest certificate of incorporation amendment proposal.*

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PacWest Stock Issuance Proposal

It is a condition to completion of the merger that PacWest stockholders approve the issuance of shares of PacWest common stock in the merger. In the merger, each CapitalSource stockholder will receive, for each share of CapitalSource common stock, $2.47 in cash and 0.2837 of a share of PacWest common stock.

Under NASDAQ rules, a company is required to obtain stockholder approval prior to the issuance of securities if the number of shares of common stock to be issued is, or will be upon issuance, equal to or in excess of 20% of the number of shares of common stock outstanding before the issuance of the common stock or of securities convertible into or exercisable for common stock. If the merger is completed pursuant to the merger agreement, PacWest currently expects to issue approximately 57,270,546 shares of PacWest common stock in connection with the merger, based on the number of shares of CapitalSource common stock, CapitalSource stock options, CapitalSource RSUs, shares of CapitalSource restricted stock and CapitalSource deferred units currently outstanding. Accordingly, the aggregate number of shares of PacWest common stock that PacWest will issue in the merger will exceed 20% of the shares of PacWest common stock outstanding before such issuance, and for this reason, PacWest is seeking the approval of PacWest stockholders for the issuance of shares of PacWest common stock pursuant to the merger agreement.

In the event this proposal is not approved by PacWest stockholders, the merger cannot be consummated. In the event this proposal is approved by PacWest stockholders, but the merger agreement is terminated (without the merger being completed) prior to the issuance of shares of PacWest common stock pursuant to the merger agreement, PacWest will not issue the shares of PacWest common stock.

*The PacWest board of directors recommends a vote "**FOR**" the PacWest stock issuance proposal.*

PacWest Stock Plan Amendment Proposal

The PacWest board of directors has approved, subject to the approval of its stockholders, an amendment to the PacWest 2003 Stock Incentive Plan to increase the aggregate number of shares of PacWest common stock available for issuance under the plan from 6.5 million shares to a total of 9 million shares, subject to consummation of the merger, and to extend the expiration date of the plan from May 31, 2017 to May 31, 2019; the PacWest board of directors also requests that its stockholders re-approve the business criteria listed under the plan on which performance goals may be based for awards under the plan that are intended to satisfy the "performance-based compensation" exception to the deductibility limit under Section 162(m) of the Internal Revenue Code.

Currently, the plan authorizes the granting of common stock-based awards in the form of time-based and performance-based restricted stock grants, stock appreciation rights and options to purchase up to 6.5 million shares of PacWest common stock. The stock plan amendment proposal is necessary to permit PacWest to continue to provide incentives and rewards to its employees and directors, to attract and retain such persons on a competitive basis and to associate the interests of such persons with those of PacWest and its subsidiaries. PacWest is a services business, and has historically issued equity incentives as a key element to attract, motivate and retain its employees.

In 2003, PacWest discontinued the practice of granting stock options and currently grants time-based and performance-based restricted stock as forms of equity compensation. As of the PacWest record date, net grants of 875,000 shares of performance-based restricted stock and 886,378 shares of time-based restricted stock have been granted under the plan, with 1,433,647 shares remaining available for issuance under the plan.

The plan is an important tool for the retention and compensation of PacWest's employees and allows PacWest to compete effectively for the best banking talent. Additionally, the plan is a valuable

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asset in PacWest's acquisition strategy, as it allows PacWest to acquire companies with the promise of ensuring that key management of the target companies will be able to participate in the ongoing success of the combined company.

If this proposal is not approved by PacWest's stockholders, PacWest's flexibility may be limited with respect to PacWest's ability to provide incentives and rewards to its employees and directors, to attract and retain such persons on a competitive basis and to associate the interests of such persons with those of PacWest and its subsidiaries. Furthermore, failure to approve the proposal may limit the ability of PacWest to carry out its acquisition strategy effectively.

If approved by the stockholders, the PacWest stock plan amendment proposal will be effective as of the date of the special meeting, although the increase in the aggregate number of shares of PacWest common stock available for issuance under the plan will only be effective if the merger is consummated. In addition, if the merger is consummated, shares available for grant under the CapitalSource Third Amended and Restated Equity Incentive Plan will remain available for grant to employees of CapitalSource and CapitalSource Bank who remain employed with the combined company and to newly hired employees of the combined company. After adjusting such CapitalSource shares to reflect the merger, it is currently expected that there will be approximately 8,358,182 additional PacWest shares available for grant.

A description of the material provisions of the plan (as proposed to be amended) is included below under the section entitled "Summary of the PacWest 2003 Stock Incentive Plan" beginning on page 154 and the plan (as proposed to be amended) is attached as Appendix I to this document.

*The PacWest board of directors recommends that PacWest stockholders vote "**FOR**" the PacWest stock plan amendment proposal.*

PacWest Advisory (Non-Binding) Proposal on Specified Compensation

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act, PacWest is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be payable to its named executive officers in connection with the merger, the value of which is set forth in the table included in the section of this document entitled "The Merger Merger-Related Compensation for PacWest's Named Executive Officers" beginning on page 98. As required by Section 14A of the Exchange Act, PacWest is asking its stockholders to vote on the adoption of the following resolution:

> "RESOLVED, that the compensation that may be paid or become payable to PacWest's named executive officers in connection with the merger, as disclosed in the table in the section of the joint proxy statement/prospectus statement entitled 'Merger-Related Compensation for PacWest's Named Executive Officers,' including the associated narrative discussion, is hereby APPROVED."

The vote on executive compensation payable in connection with the merger is a vote separate and apart from the vote to approve the merger. Accordingly, a stockholder may vote to approve the executive compensation and vote not to approve the merger and vice versa. Because the vote is advisory in nature only, it will not be binding on either CapitalSource or PacWest. Accordingly, because PacWest is contractually obligated to pay the compensation, the compensation will be payable, subject only to the conditions applicable thereto, if the merger is approved and regardless of the outcome of the advisory vote.

*The PacWest board of directors recommends a vote "**FOR**" the PacWest advisory (non-binding) proposal on specified compensation.*

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PacWest Adjournment Proposal

The PacWest special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies if necessary to obtain additional votes in favor of the PacWest merger proposal, PacWest certificate of incorporation amendment proposal, PacWest stock issuance proposal, or PacWest stock plan amendment proposal.

If, at the PacWest special meeting, the number of shares of PacWest common stock present or represented and voting in favor of the PacWest merger proposal, the PacWest certificate of incorporation amendment proposal and PacWest stock issuance proposal is insufficient to approve such proposals, PacWest intends to move to adjourn the PacWest special meeting in order to enable the PacWest board of directors to solicit additional proxies for approval of such proposals.

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

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

Other Matters to Come Before the PacWest Special Meeting

No other matters are intended to be brought before the PacWest special meeting by PacWest, and PacWest does not know of any matters to be brought before the PacWest special meeting by others. If any proxy is returned without indication as to how to vote, the shares of PacWest common stock represented by the proxy will be voted as recommended by the PacWest board of directors. Unless a PacWest stockholder checks the box on its proxy card to withhold discretionary authority, the proxyholders may use their discretion to vote on any other matters voted upon at the PacWest special meeting.

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INFORMATION ABOUT THE COMPANIES

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

PacWest Bancorp is a bank holding company registered under the Bank Holding Company Act of 1956, as amended. As of September 30, 2013, PacWest had consolidated total assets of $6.6 billion, total loans and leases of $4.3 billion, deposits of $5.4 billion and stockholders' equity of $0.8 billion. PacWest had 1,114 full-time equivalent employees as of September 30, 2013.

PacWest's principal business is to serve as the holding company for its banking subsidiary, Pacific Western Bank. Pacific Western Bank is a full-service commercial bank offering a broad range of banking products and services including: accepting demand, money market, and time deposits; originating loans and leases, including commercial, real estate construction, equipment finance leases, SBA guaranteed and consumer loans; and providing other business-oriented products. PacWest's operations are primarily located in Southern California extending from San Diego County to California's Central Coast; PacWest also operates three banking offices in the San Francisco Bay area, a leasing operation based in Utah, and asset-based lending operations based in Arizona as well as San Jose and Santa Monica, California. Pacific Western Bank focuses on conducting business with small to medium sized businesses and the owners and employees of those businesses. The majority of Pacific Western Bank's loans are secured by the real estate collateral of such businesses. PacWest's asset-based lending function operates in Arizona, California, Texas, Colorado, Minnesota, and the Pacific Northwest. PacWest's equipment leasing function has lease receivables in 45 states. Special services, including international banking services, multi-state deposit services and investment services, or requests beyond the service area or current offerings of Pacific Western Bank can be arranged through correspondent banks. Pacific Western Bank also offers remote deposit capture services and issues ATM and debit cards. Pacific Western Bank has a network of branded ATMs and offers access to ATM networks through other major service providers. PacWest provides access to customer accounts via a 24-hour seven day a week toll-free automated telephone customer service and a secure online banking service.

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

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

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CapitalSource Inc.
633 West 5th Street, 33rd Floor
Los Angeles, California 90071
Phone: (213) 443-7700

CapitalSource Inc. is a Delaware corporation and a commercial lender that provides financial products to small and middle market businesses nationally. CapitalSource also provides depository products and services to customers in southern and central California, primarily through its wholly owned subsidiary CapitalSource Bank. CapitalSource has 21 retail bank branches located in southern and central California. The company's loan origination efforts are conducted nationwide with key offices located in Chevy Chase, Los Angeles, Denver, Chicago and New York, and it also maintains a number of smaller lending offices throughout the country. CapitalSource offers a broad range of specialized commercial loan products.

As of September 30, 2013, CapitalSource had consolidated total assets of $8.8 billion, total loans and leases of $6.6 billion, deposits of $6.0 billion and stockholders' equity of $1.6 billion. CapitalSource had 515 full-time equivalent employees as of September 30, 2013.

CapitalSource's stock is traded on the NYSE under the symbol "CSE."

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

THE MERGER

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

Terms of the Merger

Transaction Structure

PacWest's and CapitalSource's boards of directors have approved the merger agreement. The merger agreement provides for the merger of CapitalSource with and into PacWest, with PacWest continuing as the surviving corporation. Immediately after the merger, CapitalSource Bank, a bank chartered under the laws of the State of California and a wholly owned subsidiary of CapitalSource, will merge with and into Pacific Western Bank, a bank chartered under the laws of the State of California and a wholly owned subsidiary of PacWest, with Pacific Western Bank being the surviving bank. Under the terms of the merger agreement, the number of directors that will comprise the full board of directors of the combined company will be 13. Of the members of the initial board of directors of the combined company at the effective time, eight will be current directors of PacWest designated by PacWest, and five will be current directors of CapitalSource designated by CapitalSource, each of whom is mutually agreeable to the parties. The CapitalSource national lending operation will continue to do business under the name CapitalSource as a division of Pacific Western Bank.

Merger Consideration

In the merger, each share of CapitalSource common stock, par value $0.01 per share, owned by a CapitalSource stockholder, other than treasury shares and dissenting shares, will be converted into the right to receive $2.47 in cash and 0.2837 of a share of PacWest common stock, 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 average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated. No interest will be paid or accrue on cash payable to holders in lieu of fractional shares.

The market value of the merger consideration will fluctuate with the price of PacWest common stock, and the value of the shares of PacWest common stock that holders of CapitalSource common stock will receive upon consummation of the merger may be different than the value of the shares of PacWest common stock that holders of CapitalSource common stock would receive if calculated on the date PacWest and CapitalSource announced the merger, on the date that this document is being mailed to each of the PacWest and CapitalSource stockholders, and on the date of the special meeting of PacWest and CapitalSource stockholders. Based on the closing price of PacWest common stock on July 22, 2013 the value of the per share merger consideration payable to holders of CapitalSource common stock was $11.68. Based on the closing price of PacWest common stock on December 3, 2013, the last practicable date before the date of this document, the value of the per share merger consideration payable to holders of CapitalSource common stock was $14.05.

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Treatment of CapitalSource Stock Options, Restricted Shares, Restricted Stock Units and Deferred Units

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

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

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

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

A holder of CapitalSource stock options, restricted stock units and restricted stock awards will receive only whole shares of PacWest common stock and cash in lieu of any fractional shares of PacWest common stock such holder is entitled to receive based on the average closing price of PacWest common stock described above. No interest will be paid or accrue on cash payable to holders of CapitalSource stock options, restricted stock units and restricted stock awards in lieu of fractional shares.

Background of the Merger

Each of PacWest's and CapitalSource's board of directors and management regularly review their respective business strategies, opportunities and challenges as part of their consideration and evaluation of their respective long-term prospects, with the goal of enhancing value for their respective stockholders. The strategic considerations have focused on, among other things, the business and regulatory environment facing financial institutions generally and each of PacWest and CapitalSource, in particular, as well as conditions and ongoing consolidation in the financial services industry. In addition, PacWest regularly evaluates and consummates business combination opportunities generally in furtherance of its strategic objectives.

As part of PacWest's regular evaluation of business combination opportunities, in March 2013 management of PacWest held discussions with Jefferies LLC to discuss potential opportunities, including CapitalSource. PacWest was particularly interested in CapitalSource given the substantial benefits PacWest believed could be achieved through a combination of CapitalSource's strong middle market lending platform and PacWest's core-deposit funded bank. PacWest was also interested in CapitalSource due to the potential to create a larger and more diversified southern California financial institution better equipped to respond to economic and industry developments and the synergies potentially available for the combined companies to have superior future earnings and prospects. At the request of Matthew P. Wagner, the chief executive officer of PacWest, Jefferies reached out to John Bogler, CapitalSource's chief financial officer, to arrange a meeting. On March 28, 2013, Mr. Wagner and James J. Pieczynski, the chief executive officer of CapitalSource, met in person to discuss a potential transaction between the two companies.

Following the chief executive officers' meeting and through April 2013, each of PacWest and CapitalSource continued to hold discussions concerning a possible combination of their two companies, focusing in particular on the strategic and cultural fit and complementary nature of their respective businesses and preliminary economic terms of a potential combination. The preliminary, informal economic discussions during this time focused on an exchange ratio based primarily on historical stock trading prices of the two companies, with PacWest initially proposing a transaction with little or no premium to be paid over CapitalSource's trading price. However, the parties did not discuss specific pricing or structure at this stage. In addition, the initial discussions contemplated that the combined company's board of directors would be comprised of CapitalSource and PacWest directors in equal numbers. During this time period, PacWest retained Jefferies as its financial advisor in respect of a potential transaction involving CapitalSource, subject to the negotiation and finalization of a definitive engagement agreement, and CapitalSource retained J.P. Morgan as its financial advisor. As previously disclosed, PacWest was also party to an engagement letter with Castle Creek Financial, LLC with respect to business combination transactions. John M. Eggemeyer, chairman of the board of directors of PacWest, is chief executive officer of Castle Creek.

In early May 2013, the parties negotiated and on May 5, 2013 entered into a mutual non-disclosure agreement so that the parties could share with each other non-public information concerning their respective businesses. The companies' reciprocal due diligence efforts commenced on May 6, 2013 at an in-person meeting of the management teams of each of PacWest and CapitalSource, together with their respective financial advisors, at the offices of PacWest in Los Angeles. Over the course of the following weeks, the parties made available certain information and continued to conduct preliminary due diligence with respect to each other. In addition, during this period, the parties and their respective legal advisors held preliminary discussions concerning the regulatory approvals that would be required in connection with a potential transaction and the process for obtaining any required regulatory approvals.

Throughout the months of April and May 2013, each of PacWest management and CapitalSource management periodically updated their respective boards of directors with developments with respect to discussions concerning the potential transaction and the ongoing due diligence efforts.

On May 28, 2013, a joint meeting of the board of directors of CapitalSource and CapitalSource Bank was held, during which Mr. Pieczynski, Douglas (Tad) Lowrey and representatives of J.P. Morgan updated the CapitalSource and CapitalSource Bank boards of directors on the status of the preliminary discussions between the parties. At the meeting, CapitalSource's board of directors authorized management to continue with reciprocal due diligence, but directed management to communicate to PacWest that any potential transaction would require a substantial premium for CapitalSource's stockholders, and that a portion of the consideration would need to be payable in cash.

On May 30, 2013, CapitalSource, through J.P. Morgan, discussed with PacWest a transaction involving potential consideration levels approximating $11 per share, of which approximately 34%

would be payable in cash. During the ensuing weeks, Mr. Pieczynski and Mr. Wagner, along with other members of the senior management teams of each of CapitalSource and PacWest, continued to engage in discussions regarding the substantive terms of a potential transaction, including economic and governance terms. During this period, discussions coalesced around a strategic business combination in which CapitalSource would merge with and into PacWest, and immediately thereafter CapitalSource Bank would merge with and into Pacific Western Bank, with CapitalSource stockholders receiving PacWest common stock based on a fixed exchange ratio and a cash payment in exchange for their shares of CapitalSource common stock. On June 11, 2013, Mr. Wagner communicated to Mr. Pieczynski a verbal proposal under which CapitalSource's stockholders would receive total consideration per share of CapitalSource common stock with a value equal to 0.35 of a share of PacWest common stock, with $346 million being paid in cash (which equated to approximately $1.71 per share in cash). After further price negotiations, on June 16, 2013, Mr. Wagner communicated to Mr. Pieczynski an enhanced proposal which increased the exchange ratio from 0.35 of a share to 0.36 of a share of PacWest common stock and the portion payable in cash from $346 million to $487 million (which equated to approximately $2.47 per share in cash), with the exact exchange ratio for the component of the consideration consisting of PacWest common stock to be determined based on stock trading prices closer to any actual definitive agreement.

On June 18, 2013, a joint meeting of the board of directors of CapitalSource and CapitalSource Bank was held, during which Mr. Pieczynski, Mr. Lowrey and representatives of J.P. Morgan updated the CapitalSource and CapitalSource Bank boards of directors on the status of negotiations and communicated PacWest's enhanced proposal described above. After discussion among the directors, representatives of J.P. Morgan, and senior management of CapitalSource, CapitalSource's board of directors authorized Mr. Pieczynski to proceed with the negotiation of definitive documentation for a transaction on the financial terms discussed at the meeting.

On June 25, 2013, PacWest and its legal advisor, Sullivan & Cromwell LLP, referred to as S&C, discussed the key terms and conditions of the merger agreement that S&C had begun drafting at PacWest's request. The following day, S&C provided CapitalSource and its legal advisor, Wachtell, Lipton, Rosen & Katz, referred to as Wachtell Lipton, with the initial draft of the merger agreement. Over the course of the next month, the parties and their respective advisors negotiated the merger agreement and continued to conduct reciprocal due diligence on each other's businesses, including with respect to regulatory, litigation, tax, financial and other matters.

On June 27, 2013, the board of PacWest held a meeting to receive an update on the status of the ongoing diligence and negotiations with CapitalSource and formally approve the engagement letter with Jefferies. PacWest's board of directors also authorized management to continue to pursue and negotiate a transaction with CapitalSource on substantially the terms described to the board.

In June and July 2013 and through the signing of the definitive merger agreement, the parties and their respective advisors continued to conduct reciprocal due diligence on each other's businesses, including with respect to regulatory, litigation, tax, financial and other matters. In addition, CapitalSource management and CapitalSource's advisors regularly updated the board of directors on the status of discussions with PacWest and the due diligence review of PacWest, including through weekly update calls. On July 9, 2013, a joint meeting of the board of directors of CapitalSource and CapitalSource Bank was held to discuss the status of the potential transaction with PacWest. During that meeting, management and Wachtell Lipton discussed the current state of negotiations, including in particular the proposed composition of the board of directors of the combined company following a transaction. Based on the proposed financial terms of the transaction, including the premium to be paid to CapitalSource's stockholders, the parties agreed that the combined company's board would initially consist of 13 members, eight designated by PacWest and five designated by CapitalSource.

On July 10, 2013, PacWest and CapitalSource and their respective legal advisors held a conference call to negotiate the merger agreement based on comments provided by Wachtell Lipton on July 3,

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2013. The negotiations primarily focused on issues relating to the interim negative covenants by both parties and the provisions surrounding deal certainty, including the reciprocal no shop provisions, the grounds for terminating the merger agreement and the closing conditions, in particular, the mutual conditions related to minimum stockholders' equity and regulatory approvals and conditions. In the course of these negotiations, the parties reached agreement to use customary reciprocal stock options, rather than termination fees, as the principal means of compensating each party for the time and resources expended in connection with the proposed transaction in the event that the other party entered into an agreement to engage in an acquisition transaction with a third party or engaged in other specified conduct with respect to a third party acquisition transaction. Later in the evening, S&C sent a revised draft of the merger agreement to CapitalSource and Wachtell Lipton. A subsequent call took place on July 11, 2013, between the parties and the legal advisors, this time joined by the chief executive officers of both companies, during which the parties conducted further negotiations chiefly regarding the interim negative covenants and the closing conditions mentioned above.

S&C provided initial drafts of the reciprocal stock option agreements on July 13, 2013 and the forms of voting agreements on July 16, 2013. On the same day, Wachtell Lipton provided comments on the merger agreement, stock option agreements and voting agreements.

On July 15, 2013, members of the senior management teams of PacWest, CapitalSource and CapitalSource Bank met jointly with representatives of the Federal Reserve Board, the FDIC and the CDBO, during which the parties had discussions with and provided information to their regulators regarding the proposed business combination.

On July 16, 2013, a joint meeting of the board of directors of CapitalSource and CapitalSource Bank was held to discuss the status of the potential transaction with PacWest. Mr. Wagner, as well as Mr. Eggemeyer, chairman of PacWest's board of directors, Victor R. Santoro, PacWest's chief financial officer, and Jared M. Wolff, PacWest's general counsel, attended the meeting and delivered a presentation they had prepared regarding the proposed strategic business combination transaction and their anticipated strategy for the combined company. CapitalSource's and CapitalSource Bank's boards of directors discussed with the PacWest representatives in attendance the terms of the proposed transaction, as well as the cultural fit between the two companies. After Messrs. Wagner, Eggemeyer, Santoro and Wolff left the meeting, CapitalSource's senior management and representatives of J.P. Morgan and Wachtell Lipton updated the CapitalSource and CapitalSource Bank boards of directors on the status of negotiations, including the most recent versions of the transaction documents that had been prepared. CapitalSource's senior management also discussed the results of their due diligence review of PacWest, including the fact that if CapitalSource were to undergo an ownership change for purposes of the federal tax laws, it would be limited in its ability to utilize its net operating losses, and that as a result of the proposed transaction with PacWest, CapitalSource would be approaching the level at which an ownership change is deemed to occur. Thereafter, J.P. Morgan reviewed and discussed with the CapitalSource and CapitalSource Bank boards of directors its analysis with respect to the proposed transaction, and indicated that, subject to the finalization of the merger agreement and the other related transaction documents, J.P. Morgan expected to be able to deliver an opinion to the CapitalSource board of directors that, based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of CapitalSource common stock in the merger was fair, from a financial point of view, to such holders.

On July 17, 2013, PacWest and CapitalSource and their respective legal advisors met in person at S&C's offices in Los Angeles, with certain representatives of PacWest and CapitalSource joining by teleconference to continue negotiating the merger agreement, the reciprocal stock option agreements and the voting agreements. Among other things, the parties continued to discuss principally that day the interim negative covenants, including negative covenants relating to employee personnel and compensation matters, and made progress on the closing conditions related to minimum stockholders' equity and regulatory approvals and conditions. The parties also finalized the forms of the stock option

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agreements and the voting agreements, incorporating certain minor changes. Later in the evening, S&C provided revised drafts of the merger agreement, stock option agreements and voting agreements.

On July 18, 2013, PacWest's board held a meeting to discuss the potential transaction with CapitalSource. At the meeting, PacWest's management provided a general presentation with respect to the potential transaction with CapitalSource and discussed the reciprocal stock option agreements, as well as the proposal to have CapitalSource put in place a tax benefit preservation plan at the time of the signing, if any, of the merger agreement to protect its tax assets and to have PacWest put in place a similar plan upon closing of the transaction. Management also discussed the strategic and financial rationales for the transaction and updated the board on its due diligence efforts concerning the business of CapitalSource. S&C then summarized the key terms of the merger agreement and the related agreements, including, among others, provisions related to the recommendation of the PacWest board of directors and its related fiduciary duties. Thereafter, Jefferies presented to the PacWest board on its fairness analyses with respect to the proposed transaction, and indicated that, subject to the finalization of the economic terms of the merger agreement and other matters, Jefferies would be prepared to deliver a fairness opinion to the PacWest board of directors. Following the presentations and discussion, including consideration of the factors described under " Recommendation of the PacWest Board of Directors and Reasons for the Merger," the PacWest board, with Messrs. Eggemeyer, Wagner and Platt recusing themselves, preliminarily resolved to approve the merger agreement, the related agreements and the transaction with CapitalSource, subject to, among other things, finalization of the economic terms and other transaction matters.

Following the parties' respective board meetings, PacWest and CapitalSource and their respective advisors continued negotiating the merger agreement and the related agreements over the course of the ensuing weekend, principally the minimum stockholders' equity condition discussed above and the termination of executive employment arrangements and payments related thereto. The parties also agreed to use PacWest's closing sale price on July 19, 2013 to determine the exact exchange ratio for the stock component of the merger consideration, which resulted in an exchange ratio of 0.2837 of a share of PacWest common stock for each share of CapitalSource common stock for the stock component with the cash consideration remaining at $2.47 per share of CapitalSource common stock as previously agreed. The forms of agreements were finalized on July 22, 2013.

On July 22, 2013, PacWest's board held a meeting to receive an update on the potential transaction with CapitalSource. At this meeting, management updated the board with respect to the continued discussions between the parties since the meeting on July 18, 2013. S&C also provided an update to the board as to the resolution of the issues in the merger agreement and the related agreements that had been open at the time of the July 18, 2013 PacWest board meeting. Jefferies then updated its fairness presentation from the July 18, 2013 board meeting. At the meeting, Jefferies provided its verbal fairness opinion to the effect that the merger consideration to be paid by PacWest in the transaction was fair to PacWest from a financial point of view as of the date of the meeting. Jefferies' written fairness opinion was delivered to the PacWest board later that day.

Following the presentations by PacWest's management and advisors and discussion, the PacWest board of directors, with Messrs. Eggemeyer, Wagner and Platt recusing themselves, (1) resolved that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable and in the best interests of PacWest and its stockholders, (2) approved the merger agreement, the reciprocal stock option agreements, the voting agreements and the amendment of the certificate of incorporation to increase PacWest's authorized shares of common stock and (3) directed that the adoption of the merger agreement, the adoption of the amendment of the certificate of incorporation to increase PacWest's authorized shares of common stock and the approval of the issuance of shares of PacWest common stock in connection with the merger as contemplated by the merger agreement each be submitted to PacWest's stockholders for approval, and recommended their approval to PacWest's stockholders.

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On July 22, 2013, a joint telephonic meeting of the board of directors of CapitalSource and CapitalSource Bank was held, during which management updated the directors on the status of the definitive merger agreement, the reciprocal stock option agreements, the voting agreements to be entered into by the directors of PacWest, CapitalSource, and Mr. Lowrey in connection with the transaction, and the tax benefit preservation plan that CapitalSource proposed to adopt in connection with the execution of the merger agreement. Representatives of J.P. Morgan then reviewed and discussed with the directors its financial analysis of the merger consideration and rendered to the CapitalSource board of directors an oral opinion, which was subsequently confirmed in writing by delivery of a written opinion dated the same date, that as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of CapitalSource common stock in the merger was fair, from a financial point of view, to such holders. Representatives of Wachtell Lipton also discussed with the directors, as they had previously done, the legal standards applicable to the CapitalSource board of directors' decisions and actions with respect to the proposed transaction.

Following the presentations by CapitalSource's management and advisors and discussion among the members of CapitalSource's board of directors, including consideration of the factors described under " Recommendation of the CapitalSource Board of Directors and Reasons for the Merger", the CapitalSource board of directors unanimously determined that the merger agreement, the merger, the reciprocal stock option agreements, the voting agreements to be entered into with PacWest's directors, the tax benefit preservation plan, and the other transactions contemplated thereby are advisable and in the best interests of CapitalSource and its stockholders and adopted the merger agreement, the reciprocal stock option agreements, the voting agreements, and the tax benefit preservation plan, and approved the transactions contemplated thereby, and directed that the merger agreement be submitted for adoption by CapitalSource's stockholders and, and recommended that CapitalSource's stockholders adopt the merger agreement.

Later in the day on July 22, 2013, CapitalSource and PacWest executed the merger agreement, the reciprocal stock agreements and the voting agreements and their respective directors and officers, as well as Mr. Lowrey, delivered their respective voting agreements. A joint press release announcing the transaction was released on July 22, 2013.

Recommendation of the CapitalSource Board of Directors and Reasons for the Merger

After careful consideration, CapitalSource's board of directors, at a meeting held on July 22, 2013, unanimously determined that the merger agreement is in the best interests of CapitalSource and its stockholders. Accordingly, CapitalSource's board of directors approved the merger agreement and unanimously recommends that CapitalSource stockholders vote "FOR" the adoption of the merger agreement. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its stockholders adopt the merger agreement, the CapitalSource board of directors consulted with CapitalSource management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

- each of CapitalSource's, PacWest's and the combined company's business, operations, financial condition, asset quality, earnings and prospects. In reviewing these factors, the CapitalSource board of directors considered its view that PacWest's business and operations complement those of CapitalSource and that the merger would result in a combined company with diversified revenue sources, a well-balanced loan portfolio and an attractive funding base, as evidenced by a significant portion of core deposit funding;

- its understanding of the current and prospective environment in which CapitalSource and PacWest operate, including national and local economic conditions, the interest rate environment, increasing operating costs resulting from regulatory initiatives and compliance

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mandates, the competitive environment for financial institutions generally, and the likely effect of these factors on CapitalSource both with and without the proposed transaction;

its review and discussions with CapitalSource's management concerning the due diligence investigation of PacWest;

the complementary nature of the credit cultures of the two companies, which management believes should facilitate integration and implementation of the transaction;

management's expectation that the combined company will have a strong capital position upon completion of the transaction;

the availability of alternative transactions, including the fact that, in a consolidating industry, institutions with an interest in merging with another institution typically make that interest known; the attractiveness and strategic fit of PacWest as a potential merger partner; and the likelihood of an alternative transaction emerging;

its belief that the transaction is likely to provide substantial value to CapitalSource's stockholders, including a substantial premium over the trading price of CapitalSource common stock immediately prior to the announcement of the merger agreement;

the opinion of J.P. Morgan, CapitalSource's financial advisor, delivered July 22, 2013 to CapitalSource's board of directors, and subsequently confirmed in writing, to the effect that, as of that date, and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to holders of CapitalSource common stock in the merger was fair, from a financial point of view, to such holders, as more fully described below in the section entitled "Opinion of CapitalSource's Financial Advisor";

the financial and other terms of the merger agreement, including the fixed exchange ratio for the stock portion of the merger consideration, which the CapitalSource board of directors believed was consistent with market practice for transactions of this type and with the strategic purpose of the transaction, the expected tax treatment and mutual deal protection, including the reciprocal stock option agreements, which it reviewed with its outside financial and legal advisors;

the potential risk of diverting management attention and resources from the operation of CapitalSource's business and towards the completion of the merger;

the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating PacWest's business, operations and workforce with those of CapitalSource;

the regulatory and other approvals required in connection with the merger and the expectation that such regulatory approvals will be received in a timely manner and without the imposition of unacceptable conditions; and

the possibility of litigation challenging the merger, and its belief that any such litigation would be without merit.

The foregoing discussion of the factors considered by the CapitalSource board of directors is not intended to be exhaustive, but, rather, includes the material factors considered by the CapitalSource board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the CapitalSource board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The CapitalSource board of directors considered all these factors as a whole, including discussions with, and questioning of, CapitalSource's management and

CapitalSource's financial and legal advisors, and overall considered the factors to be favorable to, and to support, its determination.

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This explanation of CapitalSource's reasons for the merger and other information presented in this section is forward-looking in nature and should be read in light of the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 39.

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

Each of the directors of CapitalSource, and the chairman of CapitalSource Bank, has entered into a voting agreement with PacWest, pursuant to which they have agreed to vote in favor of the CapitalSource merger proposal and the other proposals to be voted on at the CapitalSource special meeting. For more information regarding the voting agreements, please see the section entitled "The Merger Agreement Voting Agreements" beginning on page 124.

Opinion of CapitalSource's Financial Advisor

CapitalSource retained J.P. Morgan as its financial advisor in connection with the merger pursuant to an engagement letter effective as of April 10, 2013.

At the meeting of the CapitalSource board of directors on July 22, 2013, J.P. Morgan rendered its oral opinion to the CapitalSource board of directors (which was subsequently confirmed in writing by delivery of J.P. Morgan's written opinion dated the same date) that, as of such date and based upon and subject to the various factors, assumptions and limitations set forth in such opinion, the merger consideration to be paid to the holders of CapitalSource common stock in the merger was fair, from a financial point of view, to such holders. The J.P. Morgan written opinion, dated July 22, 2013, is sometimes referred to herein as the J.P. Morgan opinion.

The full text of the written opinion of J.P. Morgan, dated July 22, 2013, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken in rendering its opinion, is attached as Appendix G to this document and is incorporated herein by reference. The summary of J.P. Morgan's opinion set forth in this document is qualified in its entirety by reference to the full text of the opinion. CapitalSource stockholders should read this opinion carefully and in its entirety. J.P. Morgan's written opinion is addressed to the CapitalSource board of directors, is directed only to the fairness of the merger consideration to be paid to the holders of CapitalSource common stock in the merger and does not constitute a recommendation to any holder of shares of CapitalSource common stock as to how such stockholder should vote with respect to the merger or any other matter at the CapitalSource special meeting. The issuance of the J.P. Morgan opinion was approved by a fairness opinion committee of J.P. Morgan. J.P. Morgan provided its opinion to the CapitalSource board of directors (in its capacity as such) in connection with and for the purpose of its evaluation of the merger. The merger consideration to be paid to the holders of shares of CapitalSource common stock was determined in negotiations between PacWest and CapitalSource, and the decision to approve and recommend the transactions contemplated by the merger agreement was made independently by the CapitalSource board of directors. J.P. Morgan's opinion and financial analyses were among the many factors considered by the CapitalSource board of directors in its evaluation of the transactions contemplated by the merger agreement and should not be viewed as determinative of the views of the CapitalSource board of directors or management with respect to the merger consideration or the transactions contemplated by the merger agreement.

In arriving at its opinion, J.P. Morgan, among other things:

- reviewed the merger agreement;

- reviewed certain publicly available business and financial information concerning CapitalSource and PacWest and the industries in which they operate;

- compared the financial and operating performance of CapitalSource and PacWest with publicly available information concerning certain other companies J.P. Morgan deemed relevant and reviewed the current and historical market prices of CapitalSource common stock and PacWest common stock and certain publicly traded securities of such other companies;

- reviewed Institutional Brokers' Estimate System consensus estimates relating to each of CapitalSource and PacWest;

- reviewed certain internal financial analyses and forecasts prepared by the management of CapitalSource, in the case of analyses and forecasts relating to the business of CapitalSource, and by the management of PacWest and at the direction of management of CapitalSource, in the case of analyses and forecasts relating to the business of PacWest;

- reviewed the estimated amount and timing of the cost savings and related expenses and transaction synergies expected to result from the merger as prepared by management of PacWest; and

- performed such other financial studies and analyses and considered such other information as J.P. Morgan deemed appropriate for the purposes of its opinion.

J.P. Morgan also held discussions with certain members of the management of CapitalSource and PacWest with respect to certain aspects of the merger, and the past and current business operations of CapitalSource and PacWest, the financial condition and future prospects and operations of CapitalSource and PacWest, the effects of the merger on the financial condition and future prospects of CapitalSource and PacWest, and certain other matters J.P. Morgan believed necessary or appropriate to its inquiry.

J.P. Morgan relied upon and assumed the accuracy and completeness of all information that was publicly available or was furnished to or discussed with J.P. Morgan by CapitalSource and PacWest or otherwise reviewed by or for J.P. Morgan, and J.P. Morgan did not independently verify (nor did it assume responsibility or liability for independently verifying) any such information or its accuracy or completeness. J.P. Morgan did not conduct and was not provided with any valuation or appraisal of any assets or liabilities of CapitalSource or PacWest, nor did J.P. Morgan conduct any review of individual credit files of CapitalSource or PacWest or evaluate the solvency of CapitalSource or PacWest under any state or federal laws relating to bankruptcy, insolvency or similar matters. J.P. Morgan is not an expert in the evaluation of loan and lease portfolios or assessing the adequacy of the allowances for losses with respect thereto and, accordingly, J.P. Morgan did not make an independent evaluation of the adequacy of the allowance for loan and lease losses of CapitalSource or PacWest, and J.P. Morgan assumed, with the consent of CapitalSource, that the respective allowances for loan and lease losses for both CapitalSource and PacWest, respectively, are adequate to cover such losses and will be adequate on a pro forma basis for the combined entity. In relying on financial analyses and forecasts provided to J.P. Morgan or derived therefrom (including the transaction synergies referred to above), J.P. Morgan assumed that they were reasonably prepared based on assumptions reflecting the best then available estimates and judgments by management as to the expected future results of operations and financial condition of CapitalSource and PacWest to which such analyses or forecasts relate. J.P. Morgan expressed no view as to such analyses or forecasts (including the transaction synergies referred to above) or the assumptions on which they were based. J.P. Morgan also assumed that the merger and the other transactions contemplated by the merger agreement will qualify as a tax-free reorganization for United States federal income tax purposes and will be consummated as described in the merger agreement. J.P. Morgan also assumed that the representations and warranties made by CapitalSource and PacWest in the merger agreement and the related agreements are and will be true and correct in

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all respects material to J.P. Morgan's analysis. J.P. Morgan is not a legal, regulatory or tax expert and relied on the assessments made by advisors to CapitalSource with respect to such issues. J.P. Morgan further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on CapitalSource or PacWest or on the contemplated benefits of the merger, in each case in any respect material to J.P. Morgan's analysis.

The J.P. Morgan opinion was based on economic, market and other conditions as in effect on, and the information made available to J.P. Morgan as of, the date of the J.P. Morgan opinion. Subsequent developments may affect the J.P. Morgan opinion, and J.P. Morgan does not have any obligation to update, revise, or reaffirm its opinion. The J.P. Morgan opinion is limited to the fairness, from a financial point of view, of the merger consideration to be paid to the holders of CapitalSource common stock in the merger, and J.P. Morgan expressed no opinion as to the fairness of any consideration paid in connection with the merger to the holders of any other class of securities, creditors or other constituencies of CapitalSource or as to the underlying decision by CapitalSource to engage in the merger. J.P. Morgan expressed no opinion with respect to the amount or nature of any compensation to any officers, directors, or employees of any party to the merger, or any class of such persons relative to the merger consideration to be paid to the holders of CapitalSource common stock pursuant to the merger agreement or with respect to the fairness of any such compensation. J.P. Morgan expressed no opinion as to the price at which CapitalSource common stock or PacWest common stock will trade at any future time.

J.P. Morgan was not authorized to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of CapitalSource or any other alternative transaction.

In accordance with customary investment banking practice, J.P. Morgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses undertaken by J.P. Morgan in connection with rendering the J.P. Morgan opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by J.P. Morgan. Some of the summaries of the financial analyses include information presented in tabular format. The tables are not intended to stand alone, and in order to more fully understand the financial analyses used by J.P. Morgan, the tables must be read together with the full text of each summary. Considering the data described below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of J.P. Morgan's financial analyses.

All values in the following "CapitalSource Public Trading Multiples Analysis", "CapitalSource Dividend Discount Analysis", "PacWest Public Trading Multiples Analysis" and "PacWest Dividend Discount Analysis" sections are presented on an equity value per share basis. In arriving at equity value per share for CapitalSource and PacWest, share count in all cases is based, in the case of CapitalSource, on CapitalSource's management estimate of CapitalSource's fully diluted shares outstanding as of July 18, 2013 of approximately 200.6 million and, in the case of PacWest, on PacWest's fully diluted shares outstanding as of March 31, 2013 of approximately 46.1 million, with diluted share count in each case calculated using the treasury stock method of net share settlement for outstanding options.

CapitalSource Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared selected financial and market data of CapitalSource with similar data for the following companies:

- CIT Group Inc.;
- CVB Financial Corporation;

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- First Financial Bancorp;
- First Midwest Bancorp, Inc.;
- Fulton Financial Corp.;
- MB Financial, Inc.;
- PacWest;
- PrivateBancorp, Inc.;
- SVB Financial Group;
- Texas Capital Bancshares, Inc.;
- UMB Financial Corporation;
- Umpqua Holdings Corporation;
- Western Alliance Bancorporation; and
- Wintrust Financial Corp.

In all instances, multiples were based on closing stock prices on July 19, 2013. For each of the following analyses performed by J.P. Morgan, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' filings with the SEC and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

With respect to the selected companies, the information J.P. Morgan presented included:

- multiple of price to estimated earnings per share for the fiscal year 2014, or Price / 2014E EPS; and
- multiple of price to tangible book value per share, or Price / TBV.

In the case of CIT Group, Inc., J.P. Morgan adjusted Price / 2014E EPS for capital in excess of a 12% ratio of Tier 1 common capital to risk-weighted assets. Results of the analysis were presented for the selected companies, as indicated in the following table:

	Selected Companies Median	**CapitalSource**
Price / 2014E EPS	15.0x	14.6x

Price / TBV	1.83x	1.41x

J.P. Morgan also performed a regression analysis to review, for the comparable companies identified above, the relationship between (i) Price / TBV and (ii) the 2014 estimated return on average tangible common equity based on available estimates obtained from SNL Financial and FactSet Research Systems. Based on this analysis, J.P. Morgan derived a reference range for the implied Price / TBV multiple of CapitalSource common stock of 1.55x to 1.88x.

Based on the above analysis, J.P. Morgan then applied a multiple reference range of 9.5x to 15.0x for Price / 2014E EPS and 1.55x to 1.90x for Price / TBV to CapitalSource's management estimate of CapitalSource's earnings per share for the fiscal year 2014 and tangible book value per share, respectively, in each case as adjusted for capital in excess of a 12% ratio of Tier 1 common capital to risk-weighted assets. The analysis indicated the following equity values per share of CapitalSource common stock, as compared to the implied merger consideration of $11.64 per share of CapitalSource

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common stock (the "Assumed Consideration"), which was calculated based on the sum of the cash merger consideration of $2.47 plus the stock portion at the fixed exchange ratio of 0.2836 estimated at the time J.P. Morgan rendered its oral opinion to the CapitalSource board of directors (the "Assumed Exchange Ratio") multiplied by a closing stock price of PacWest common stock of $32.32 on July 19, 2013:

	Equity Value Per Share
Price / 2014E EPS	$8.01 - $11.78
Price / TBV	$9.98 - $11.97

CapitalSource Dividend Discount Analysis

J.P. Morgan calculated a range of implied values for CapitalSource common stock by discounting to present values estimates of CapitalSource's future dividend stream and terminal value. In performing its analysis, J.P. Morgan utilized the following assumptions, among others:

- December 31, 2013 valuation date, which was discounted to July 19, 2013;
- a terminal value on December 31, 2023 based on a net income multiple range of 10.0x to 12.0x;
- earnings and asset assumptions based on CapitalSource management estimates for 2013-2015;
- long-term earnings growth of 10.0% per year for 2016-2018, 7.5% per year for 2019-2020, 5% in 2021, 4% in 2022 and 3% in 2023, based on CapitalSource management approved extrapolations;
- long-term asset growth of 75% of earnings growth per year for 2016-2023 based on CapitalSource management approved extrapolations;
- cost of excess capital of 2.0% (pre-tax);
- 41.5% marginal tax rate;
- core dividends per share of $0.04 annually;
- discount rates from 10.00% to 12.50%; and
- target Tier 1 common ratio of 12.0%.

These calculations resulted in a range of implied values of $7.81 to $9.81 per share of CapitalSource common stock, as compared to the Assumed Consideration of $11.64 per share of CapitalSource common stock, as illustrated by the following table:

	Terminal Multiple		
Discount Rate	10.0x	11.0x	12.0x
10.00%	$ 9.02	$ 9.41	$ 9.81
11.25%	8.38	8.73	9.08
12.50%	7.81	8.13	8.44

Sensitivity of CapitalSource Dividend Discount Analysis to Variations in Target Tier 1 Common Ratio

J.P. Morgan also performed a dividend discount analysis to determine the sensitivity of CapitalSource's equity value to variations in CapitalSource's target Tier 1 common ratio upward and downward from the assumed ratio of 12.0% referred to above, based on estimated ranges deemed appropriate in discussions between CapitalSource management and J.P. Morgan. The analysis indicated a range of equity values by varying the target Tier 1 common ratio to 10.0% and 15.0%, respectively,

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the discount rate from 10.0% to 12.5%, and the terminal price to earnings multiple from 10.0x to 12.0x and by keeping constant the other assumptions discussed under " CapitalSource Dividend Discount Analysis" above. The analysis indicated the following equity values per share of CapitalSource common stock, as compared to the Assumed Consideration of $11.64 per share:

	Equity Value Per Share
10% Tier 1 Common Target	$8.76 - $10.77
15% Tier 1 Common Target	$6.38 - $8.35

PacWest Public Trading Multiples Analysis

Using publicly available information, J.P. Morgan compared selected financial and market data of PacWest with similar data for the following companies:

BancFirst Corporation;

Bank of Hawaii Corporation;

Boston Private Financial Holdings, Inc.;

Columbia Banking System, Inc.;

CVB Financial Corporation;

Independent Bank Corp.;

Pinnacle Financial Partners;

PrivateBancorp, Inc.;

Umpqua Holdings Corporation; and

Western Alliance Bancorporation.

In all instances, multiples were based on closing stock prices on July 19, 2013. For each of the following analyses performed by J.P. Morgan, financial and market data and earnings per share estimates for the selected companies were based on the selected companies' filings with the SEC and information J.P. Morgan obtained from SNL Financial and FactSet Research Systems. The multiples and ratios for each of the selected companies were based on the most recent publicly available information.

With respect to the selected companies, the information J.P. Morgan presented included:

Price / 2014E EPS; and

Price / TBV.

Results of the analysis were presented for the selected companies, as indicated in the following table:

	Selected Companies Median	PacWest
Price / 2014E EPS	15.3x	14.9x
Price / TBV	2.06x	2.58x

J.P. Morgan also performed a regression analysis to review, for the comparable companies identified above, the relationship between (i) Price / TBV and (ii) the 2014 estimated return on average tangible common equity based on available estimates obtained from SNL Financial and FactSet Research Systems.

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Based on this analysis, J.P. Morgan derived a reference range for the implied Price / TBV multiple of PacWest common stock of 2.44x to 2.75x.

Based on the above analysis, J.P. Morgan then applied multiple reference ranges for Price / 2014E EPS and Price / TBV. The analysis indicated the following equity values per share of PacWest common stock, as compared the closing price of PacWest common stock of $32.32 on July 19, 2013:

	Equity Value Per Share
Price / 2014E EPS	$28.22 - $34.49
Price / TBV	$29.87 - $34.85

PacWest Dividend Discount Analysis

J.P. Morgan calculated a range of implied values for PacWest common stock by discounting to present values estimates of PacWest's future dividend stream and terminal value. In performing its analysis, J.P. Morgan utilized the following assumptions, among others:

- December 31, 2013 valuation date, which was discounted to July 19, 2013;
- a terminal value on December 31, 2023 based on a net income multiple range of 11.0x to 13.0x;
- earnings and asset estimates for 2013-2018 used at the direction of CapitalSource management;
- long-term earnings growth of 7.0% in 2019 scaling down to 3% by 2023 based on CapitalSource management approved extrapolations;
- long-term asset growth of 75% of earnings growth per year for 2019-2023 based on CapitalSource management approved extrapolations;
- cost of excess capital of 2.0% (pre-tax);
- 41.5% marginal tax rate;
- core dividends per share based on 50% payout ratio annually;
- discount rates from 9.0% to 11.0%; and
- target Tier 1 common ratio of 9.0%.

These calculations resulted in a range of implied values of $30.42 to $37.84 per share of PacWest common stock, as compared to the closing price of PacWest common stock of $32.32 on July 19, 2013:

	Terminal Multiple		
Discount Rate	**11.0x**	**12.0x**	**13.0x**
9.0%	$ 34.76	$ 36.30	$ 37.84
10.0%	32.49	33.89	35.29
11.0%	30.42	31.69	32.97

Relative Valuation Analysis

Based upon the implied valuations for each of CapitalSource and PacWest derived above under "CapitalSource Public Trading Multiples Analysis", "CapitalSource Dividend Discount Analysis", "PacWest Public Trading Multiples Analysis" and "PacWest Dividend Discount Analysis", J.P. Morgan calculated a range of implied exchange ratios of a share of CapitalSource common stock to a share of PacWest common stock, and then compared that range of implied exchange ratios to the Assumed Exchange Ratio.

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For each of the analyses referred to above, J.P. Morgan calculated the ratio implied by dividing the low end of each implied equity value of CapitalSource (adjusted by subtracting $2.47 per share to account for the cash component of the Assumed Consideration) by the high end of each implied equity value of PacWest. J.P. Morgan also calculated the ratio implied by dividing the high end of each implied equity value of CapitalSource (adjusted by subtracting $2.47 per share to account for the cash component of the Assumed Consideration) by the low end of each implied equity value of PacWest.

This analysis indicated the following implied exchange ratios, compared in each case to the Assumed Exchange Ratio:

Comparison	**Range of Implied Exchange Ratios**
Public Trading Multiple Analysis	
Price / 2014E EPS	0.1608 - 0.3301
Price / TBV	0.2156 - 0.3179
Dividend Discount Analysis	
10% Tier 1 Common Target	0.1663 - 0.2728
12% Tier 1 Common Target	0.1412 - 0.2412
15% Tier 1 Common Target	0.1033 - 0.1934
Contribution Analysis	0.1515 - 0.3001

Contribution Analysis

J.P. Morgan analyzed the contribution of each of CapitalSource and PacWest to the pro forma combined company with respect to the market capitalization as of July 19, 2013, estimated GAAP net income for fiscal years 2013 and 2014, assets, gross loans and deposits. For purposes of the contribution analysis, J.P. Morgan assumed no share repurchases would be effected by CapitalSource during the periods measured.

The analyses yielded the following pro forma PacWest contributions with implied exchange ratios ranging from a low of 0.2279x to a high of 0.3765x, in each case compared to an implied exchange ratio of 0.3600x (based on the Assumed Consideration payable 100% in the form of stock consideration and assuming a value for the PacWest shares equal to the closing stock price of PacWest common stock of $32.32 on July 19, 2013):

	Implied PacWest Contribution	**Implied Exchange Ratio**
Market capitalization as of July 19, 2013	43.4%	0.2998x
Income Statement		
2013E GAAP Net Income	37.9%	0.3765x
2014E GAAP Net Income	45.6%	0.2743x
Balance Sheet		
Assets	44.8%	0.2835x
Gross Loans	42.1%	0.3162x
Deposits	50.2%	0.2279x

Miscellaneous

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by J.P. Morgan. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. J.P. Morgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its

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analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. In arriving at its opinion, J.P. Morgan did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor (positive or negative), considered in isolation, supported or failed to support its opinion. Rather, J.P. Morgan considered the totality of the factors and analyses performed in determining its opinion. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by J.P. Morgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, J.P. Morgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the selected companies reviewed is identical to CapitalSource or PacWest. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of J.P. Morgan's analysis, may be considered similar to those of CapitalSource or PacWest, as applicable. The analyses necessarily involve complex considerations and judgments concerning differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to CapitalSource or PacWest, as applicable.

As a part of its investment banking business, J.P. Morgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. J.P. Morgan was selected to advise CapitalSource with respect to the merger on the basis of such experience and its familiarity with CapitalSource.

For financial advisory services rendered in connection with the merger, CapitalSource has agreed to pay J.P. Morgan a fee of 1.0% of the total consideration in the merger, which includes the cash consideration and stock consideration to be paid to holders of CapitalSource common stock at the consummation of the merger. Based on the closing stock price of PacWest stock on November 19, 2013, the J.P. Morgan fee would be approximately $27.3 million, of which $4 million was payable at the time J.P. Morgan delivered its opinion to the CapitalSource board of directors and the remainder of which will become payable only if the merger is consummated. In addition, CapitalSource has agreed to reimburse J.P. Morgan for certain expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify J.P. Morgan for certain liabilities, including liabilities arising under the federal securities laws.

During the two years preceding the date of the J.P. Morgan opinion, J.P. Morgan and its affiliates have not had any other material financial advisory or other material commercial or investment banking relationships with CapitalSource or PacWest. In the ordinary course of their businesses, J.P. Morgan and its affiliates may actively trade the debt and equity securities of CapitalSource or PacWest for their own accounts or for the accounts of customers and, accordingly, they may at any time hold long or short positions in such securities.

Certain CapitalSource Unaudited Prospective Financial Information

CapitalSource does not as a matter of course make public projections as to future performance, revenues, earnings or other financial results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, CapitalSource is including in this document certain unaudited prospective financial information that was made available to CapitalSource's financial advisor and to PacWest in connection with the merger. The inclusion of this information should not be regarded as an indication that any of CapitalSource, PacWest, J.P. Morgan, Jefferies, their respective representatives or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results, or that it should be construed as financial guidance, and it should not be relied on as such.

CapitalSource's management approved the use of the following unaudited prospective financial information. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to CapitalSource's business, all of which are difficult to predict and many of which are beyond CapitalSource's control. The unaudited prospective financial information reflects both assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. CapitalSource can give no assurance that the unaudited prospective financial information and the underlying estimates and assumptions will be realized. In addition, since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial information to be inaccurate include, but are not limited to, risks and uncertainties relating to CapitalSource's business, industry performance, general business and economic conditions, customer requirements, competition and adverse changes in applicable laws, regulations or rules. For other factors that could cause actual results to differ, please see the sections entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 30 and page 39, respectively, of this document.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions that make it inherently less comparable to the similarly titled GAAP measures in CapitalSource's historical GAAP financial statements. Neither CapitalSource's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. CapitalSource can give no assurance that, had the unaudited prospective financial information been prepared either as of the date of the merger agreement or as of the date of this proxy statement/prospectus, similar estimates and assumptions would be used. CapitalSource does not intend to, and disclaims any obligation to, make publicly available any update or other revision to the unaudited prospective financial information to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The unaudited prospective financial information does not take into account the possible financial and other effects on either CapitalSource or PacWest, as applicable, of the merger and does not attempt to predict or suggest future results of the combined company. The unaudited prospective financial information does not give effect to the merger, including the impact of negotiating or executing the merger agreement, the expenses that may be incurred in connection with consummating the merger, the potential synergies that may be achieved by the combined company as a result of the merger, the effect on either CapitalSource or PacWest, as applicable, of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect of any business or strategic decisions or actions which would likely have been taken if the merger agreement had not been executed, but which

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were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial information does not take into account the effect on either CapitalSource or PacWest, as applicable, of any possible failure of the merger to occur. None of CapitalSource, PacWest, J.P. Morgan, Jefferies or their respective affiliates, officers, directors, advisors or other representatives has made, makes or is authorized in the future to make any representation to any stockholder of CapitalSource, stockholder of PacWest or other person regarding CapitalSource's ultimate performance compared to the information contained in the unaudited prospective financial information or that the projected results will be achieved. The inclusion of the unaudited prospective financial information herein should not be deemed an admission or representation by CapitalSource or PacWest that it is viewed as material information of CapitalSource, particularly in light of the inherent risks and uncertainties associated with such forecasts. The summary of the unaudited prospective financial information included below is not being included to influence your decision whether to vote for the merger and the transactions contemplated in connection with the merger, but is being provided solely because it was made available to CapitalSource's financial advisor in connection with the merger and to PacWest in connection with PacWest's due diligence of CapitalSource.

In light of the foregoing, and considering that the CapitalSource special meeting will be held several months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, CapitalSource stockholders are cautioned not to place unwarranted reliance on such information, and CapitalSource urges all CapitalSource stockholders to review CapitalSource's most recent SEC filings for a description of CapitalSource's reported financial results. See "Where You Can Find More Information" on page iii of this document.

The following table presents selected CapitalSource unaudited prospective financial data for the years ending December 31, 2013 through 2015.

	Year Ending December 31,		
	2013	**2014**	**2015**
	($ in millions, except per share amounts)		
Earnings per share	$ 0.59	$ 0.70	$ 0.90
Net interest income	362	364	380
Noninterest income	52	57	69
Noninterest expense	200	221	220
Net income	113	110	124
Total assets	8,494	9,234	10,105

Recommendation of the PacWest Board of Directors and Reasons for the Merger

In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that its stockholders approve the PacWest merger proposal, the PacWest board of directors consulted with PacWest management, as well as its financial and legal advisors, and considered a number of factors, including the following material factors:

- each of PacWest's, CapitalSource's and the combined company's business, operations, financial condition, asset quality, earnings and prospects;

- the complementary nature of the businesses of the two companies including, in particular, CapitalSource's significant middle-market lending platform with an emphasis on specialized lending, PacWest's strong deposit franchise and the belief of the PacWest board of directors that the combination would result in a larger and more diversified financial institution that is both better equipped to respond to economic and industry developments and better positioned to develop and build on its strong market share;

the anticipated pro forma impact of the transaction on the combined company, including the expected impact on financial metrics including earnings and tangible equity per share and on regulatory capital levels, and PacWest's management's expectation that the combined company will retain a strong capital position upon completion of the transaction;

the potential to increase core deposits through expanded product offerings to CapitalSource's customer base, both current loan customers and prospects;

its understanding of the current and prospective environment in which PacWest and CapitalSource operate, including national, regional and local economic conditions, the interest rate environment, the continuing consolidation of the industry, increased operating costs resulting from regulatory initiatives and compliance mandates, increasing nationwide competition and current financial market conditions and the likely effects of these factors on the companies' potential growth, development, productivity and strategic options;

its review and discussions with PacWest's management and advisors concerning the due diligence examination of CapitalSource;

its review with its legal advisor, Sullivan & Cromwell, of the merger agreement, stock option agreements and other agreements, including the provisions of the merger agreement and the stock option agreements designed to enhance the probability that the transaction will be completed;

the synergies potentially available in the proposed transaction which create the opportunity for the combined company to have superior future earnings and prospects compared to PacWest's earnings and prospects on a stand-alone basis;

the structure of the transaction as a true combination in which PacWest's board of directors and management would have substantial participation in the combined company; in particular, PacWest's board of directors considered the following:

that the board of directors of the combined company would consist initially of eight PacWest directors and five CapitalSource directors;

that the chairman of the combined company would initially be PacWest's current chairman, that the current chief executive officer of PacWest would serve as the chief executive officer of the combined company, that the chairman of CapitalSource Bank would initially serve as chairman of the surviving bank after the bank merger and that CapitalSource's chief executive officer would serve as president of the new CapitalSource division of Pacific Western Bank; and

the substantial participation of other PacWest and CapitalSource officers in senior management of the combined company;

the opinion of Jefferies LLC, PacWest's financial advisor, delivered to the PacWest board of directors to the effect that, as of July 22, 2013, and subject to and based on the various assumptions, considerations, qualifications and limitations set forth in the opinion, the merger consideration was fair, from a financial point of view, to PacWest;

CapitalSource's significant deferred tax assets related to net operating losses and the potential that the combined company could utilize such deferred tax assets in the future, as well as the tax benefit preservation plan proposed to be put in place by PacWest at the closing of the transaction and the potential impact of that plan on trading in and the liquidity of PacWest common stock;

the merger agreement restricts the conduct of PacWest's and CapitalSource's business between the date of the merger agreement and the date of the consummation of the merger;

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- although each party is subject to a covenant not to solicit competing proposals and has an unconditional obligation to submit the merger agreement to a vote of its stockholders, this does not prevent either party from receiving an acquisition proposal from a third party that may be superior for its stockholders. If the board of directors of the party receiving such proposal were to determine in good faith, (i) after consultation with its financial advisor, that such proposal is a superior proposal (as defined in the merger agreement) and (ii) after consultation with outside legal counsel, that failure to act on such proposal would reasonably be expected to violate the directors' fiduciary duties under applicable law, subject to compliance with certain conditions set forth in the merger agreement, such board of directors is permitted to change its recommendation that its stockholders vote to adopt the merger agreement;

- the potential risks associated with achieving anticipated cost synergies and savings and successfully integrating CapitalSource's business, operations and workforce with those of PacWest, including the costs and risks of successfully integrating the differing business models of the two companies;

- PacWest's past record of integrating acquisitions and of realizing projected financial goals and benefits of acquisitions;

- the perceived similarity in corporate cultures, which would facilitate integration and implementation of the transaction;

- the nature and amount of payments and/or other benefits to be received by each of PacWest and CapitalSource management in connection with the merger;

- the potential risk of diverting management attention and resources from the operation of PacWest's business and towards the completion of the merger and the integration of the two companies; and

- the regulatory and other approvals required in connection with the merger and the expected likelihood that such regulatory approvals will be received in a reasonably timely manner and without the imposition of unacceptable conditions.

The foregoing discussion of the information and factors considered by the PacWest board of directors is not intended to be exhaustive, but includes the material factors considered by the PacWest board of directors. In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, the PacWest board of directors did not quantify or assign any relative weights to the factors considered, and individual directors may have given different weights to different factors. The PacWest board of directors considered all these factors as a whole, including discussions with, and questioning of, PacWest's management and PacWest's financial and legal advisors, and overall considered the factors to be favorable to, and to support its determination to approve entry into the merger agreement.

This explanation of PacWest's reasons for the merger and other information presented in this section is forward-looking in nature and should be read in light of the section entitled "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 39.

PacWest's board of directors realized that there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding enhanced business prospects, anticipated cost savings and earnings accretion/dilution. The board of directors concluded, however, that the potential positive factors outweighed the potential risks of completing the transaction.

For the reasons set forth above, the PacWest board of directors determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the amendment to the PacWest certificate of incorporation to increase the number of authorized shares

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of PacWest common stock and the issuance of PacWest common stock in connection with the merger, are advisable and in the best interests of PacWest and its stockholders, and approved the merger agreement and the transactions contemplated by it. The PacWest board of directors recommends that the PacWest stockholders vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal, "FOR" the PacWest advisory (non-binding) proposal on specified compensation and "FOR" the PacWest adjournment proposal (if necessary or appropriate).

Each of the directors of PacWest has entered into a voting agreement with CapitalSource, pursuant to which they have agreed to vote "FOR" the PacWest merger proposal, "FOR" the PacWest certificate of incorporation amendment proposal, "FOR" the PacWest stock issuance proposal, "FOR" the PacWest stock plan amendment proposal and "FOR" any other matter required to be approved by the stockholders of PacWest 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" beginning on page 124.

Opinion of PacWest's Financial Advisor

On July 22, 2013, at a meeting of the PacWest board of directors held to evaluate the merger, Jefferies delivered to the PacWest board of directors an oral opinion, confirmed by delivery of a written opinion dated July 22, 2013, to the effect that, as of that date and based on and subject to various assumptions, matters considered and limitations described in Jefferies' opinion, the merger consideration was fair, from a financial point of view, to PacWest.

The full text of Jefferies' opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Jefferies. This opinion is attached as Appendix F and is incorporated by reference into this document. **Jefferies' opinion was provided for the use and benefit of the PacWest board of directors in its consideration of the merger, and did not address the relative merits of the transactions contemplated by the merger agreement as compared to any alternative transaction or opportunity that might be available to PacWest, nor did it address PacWest's underlying business decision to engage in the merger. Jefferies' opinion does not constitute a recommendation as to how any holder of shares of PacWest common stock or CapitalSource common stock should vote on the merger or any related matter.** The following summary is qualified in its entirety by reference to the full text of Jefferies' opinion. PacWest stockholders are urged to read the entire opinion carefully in connection with their consideration of the proposed merger.

In arriving at its opinion, Jefferies, among other things:

- reviewed a draft dated July 19, 2013 of the merger agreement;
- reviewed certain publicly available financial and other information about PacWest and CapitalSource;
- reviewed certain information furnished to Jefferies by PacWest's and CapitalSource's management relating to the business, operations and prospects of PacWest and CapitalSource, respectively;
- held discussions with members of senior management of PacWest and CapitalSource, respectively, concerning the matters described in the second and third bullets above;
- reviewed the stock trading price history and valuation multiples for CapitalSource common stock and compared them with those of certain publicly traded companies that it deemed relevant;
- analyzed the discounted cash flow of CapitalSource;

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- compared the proposed financial terms of the merger with the financial terms of certain other transactions that Jefferies deemed relevant;

- considered the potential pro forma impact of the merger;

- reviewed financial forecasts prepared by various market analysts; and

- conducted such other financial studies, analyses and investigations as Jefferies deemed appropriate.

In its review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by CapitalSource or PacWest to Jefferies or that was publicly available to Jefferies (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. Jefferies relied on assurances of the managements of PacWest and CapitalSource that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. In its review, Jefferies did not obtain any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of, nor did Jefferies conduct a physical inspection of any of the properties or facilities of, PacWest or CapitalSource, and Jefferies was not furnished with and assumed no responsibility to obtain any such evaluations, appraisals, or physical inspections.

With respect to the financial forecasts provided to or at the direction of PacWest, examined by Jefferies, Jefferies' opinion noted that projecting future results of any company is inherently subject to uncertainty. Jefferies has assumed that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates. Jefferies expressed no opinion as to the financial forecasts or the assumptions on which they were made.

Jefferies' opinion was based on economic, monetary, regulatory, market and other conditions existing and which could be evaluated as of the date of Jefferies' opinion. Jefferies expressly disclaimed any undertaking or obligation to advise any person of any change in any fact or matter affecting its opinion of which Jefferies became aware after the date of its opinion.

Jefferies made no independent investigation of any legal or accounting matters affecting PacWest, and Jefferies has assumed the correctness in all respects material to Jefferies' analysis of all legal and accounting advice given to PacWest and the board of directors of PacWest, including, without limitation, advice as to the legal, accounting and tax consequences of the terms of, and transactions contemplated by, the merger agreement to PacWest. In addition, in preparing its opinion, Jefferies did not take into account any tax consequences of the transaction to any holder of CapitalSource common stock. PacWest advised Jefferies that the merger is intended to qualify as a tax-free reorganization for federal income tax purposes. In rendering its opinion, Jefferies assumed that the final form of the merger agreement would be substantially similar to the last draft reviewed by Jefferies in all respects material to its opinion. Jefferies also assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the merger, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on PacWest, CapitalSource or the contemplated benefits of the merger in any respect material to Jefferies' opinion.

Jefferies was not asked to address, and its opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of PacWest other than holders of PacWest common stock. Jefferies expressed no opinion as to the price at which shares of PacWest common stock will trade at any time. Jefferies expressed no opinion as to the price at which shares of CapitalSource common stock will trade at any time, nor does Jefferies express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable or to be received by any of CapitalSource's officers, directors or employees, or any class of such persons, in connection with the merger relative to the merger consideration to be received by

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holders of shares of CapitalSource common stock. Jefferies' opinion was authorized by its Fairness Committee.

In connection with rendering its opinion to the PacWest board of directors, Jefferies performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by Jefferies in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected company analyses and the selected precedent transactions analysis summarized below, no company or transaction used as a comparison was identical to PacWest, CapitalSource or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

Jefferies believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying Jefferies' analyses and opinion. Jefferies did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The estimates of the future performance of PacWest and CapitalSource from public sources in or underlying Jefferies' analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing its analyses, Jefferies considered industry performance, general business and economic conditions and other matters, many of which were beyond the control of PacWest and CapitalSource. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which companies or securities actually may be sold or acquired.

The merger consideration to be received in the merger was determined through negotiation between PacWest and CapitalSource, and the decision by PacWest to enter into the merger was solely that of PacWest's board of directors. Jefferies' opinion and financial analyses were only one of many factors considered by PacWest's board of directors in its evaluation of the merger and should not be viewed as determinative of the views of PacWest's board of directors or management with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses performed by Jefferies and reviewed with PacWest's board of directors on July 22, 2013. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies' financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies' financial analyses.** For purposes of the financial analyses summarized below, the term "implied merger consideration" refers to the total implied value of the merger consideration of $11.64 per share based on (1) the $2.47 per share cash consideration and (2) the implied value of the stock consideration based on the 0.2837 exchange ratio and the PacWest closing stock price on July 19, 2013 of $32.32 per share. In connection with Jefferies' financial analyses relating to PacWest and CapitalSource, Jefferies utilized publicly available financial forecasts, estimates and other data relating to PacWest and CapitalSource, including financial forecasts and other publicly available research analysts' estimates and PacWest's and CapitalSource's respective public filings.

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CapitalSource Financial Analysis

Selected Companies Analysis. Jefferies reviewed selected financial and stock market data of CapitalSource and the following 14 selected publicly traded banks with assets between $4 billion and $10 billion, return on average assets for the most recent quarter (MRQ ROAA) greater than 0.70%, nonaccrual loans between 1.0% and 3.0% of total loans, commercial real estate and multifamily (CRE) loans greater than 20.0% of total loans, and commercial and industrial (C&I) loans greater than 20.0% of total loans:

- MB Financial, Inc.
- United Bankshares, Inc.
- First Midwest Bancorp, Inc.
- First Financial Bancorp
- CVB Financial Corp.
- First Commonwealth Financial Corp.
- Chemical Financial Corporation
- Tompkins Financial Corporation
- Columbia Banking System, Inc.
- Heartland Financial USA, Inc.
- S&T Bancorp, Inc.
- First Financial Bankshares, Inc.
- First Merchants Corporation
- Bancorp, Inc.

Jefferies reviewed, among other things, closing stock prices of the selected companies on July 19, 2013, as multiples of the selected companies' tangible book value per share and book value per share as of the most recent quarter publicly available and calendar year 2014 estimated earnings per share, referred to as EPS. Jefferies then applied selected tangible book value per share, book value per share, and calendar year 2014 estimated EPS multiples based on the publicly available research analysts' estimates, public filings and other publicly available information. This analysis indicated the following appropriate implied per share equity value reference range for CapitalSource, as compared to the implied merger consideration:

Implied Per Share Equity Value Reference Range for CapitalSource	Implied Merger Consideration
$8.50 - $14.00	$ 11.47

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Selected Transactions Analysis. Jefferies reviewed publicly available financial information for the following (1) 12 selected transactions announced since January 1, 2011, with transaction values of between $300 million and $3 billion and involving bank targets with non-performing assets of below 5.0% of total assets, referred to as the selected precedent transactions, and (2) six selected transactions announced since January 1, 2005, with transaction values between $300 million and $5 billion and where the target bank's assets were between 40.0% and 70.0% of the acquiring bank's assets, referred to as the selected similar sized partners transactions:

Announcement Date	Acquirer-Selected Precedent Transactions	Target
July 15, 2013	MB Financial, Inc.	Taylor Capital Group, Inc.
July 1, 2013	Prosperity Bancshares, Inc.	FVNB Corp.
June 9, 2013	Union First Market Bankshares Corporation	StellarOne Corporation
May 24, 2013	Banco de Credito e Inversiones SA	City National Bank of Florida
April 3, 2013	Provident New York Bancorp	Sterling Bancorp
January 29, 2013	United Bankshares, Inc.	Virginia Commerce Bancorp, Inc.
September 25, 2012	Columbia Banking System, Inc.	West Coast Bancorp
September 12, 2012	FirstMerit Corporation	Citizens Republic Bancorp, Inc.
March 9, 2012	Union BanCal Corporation	Pacific Capital Bancorp
January 2, 2012	Prosperity Bancshares, Inc.	American State Financial Corporation
June 20, 2011	Susquehanna Bancshares, Inc.	Tower Bancorp
January 16, 2011	Comerica Incorporated	Sterling Bancshares

Announcement Date	Acquirer-Selected Similar Sized Partners Transactions	Target
June 9, 2013	Union First Market Bankshares Corporation	StellarOne Corporation
April 3, 2013	Provident New York Bancorp	Sterling Bancorp
September 12, 2012	FirstMerit Corporation	Citizens Republic Bancorp, Inc.
December 22, 2010	Hancock Holding Company	Whitney Holding Corporation
September 21, 2006	First Busey Corporation	Main Street Trust, Inc.
June 27, 2006	Citizens Banking Corporation	Republic Bancorp Inc.

Jefferies reviewed, among other things, transaction values in the selected transactions, calculated as the purchase price paid for the target company's equity, as multiples of the target company's tangible book value per share, book value per share, and the EPS calculated using earnings in the quarter prior to the transaction on an annualized basis. Jefferies then applied selected tangible book value per share and book value per share multiples and EPS derived from the selected transactions to corresponding data of CapitalSource. Financial data of the selected transactions were based on publicly available information at the time of announcement of the relevant transaction. Financial data of CapitalSource were based on information received from CapitalSource's public filings and other publicly available information. This analysis indicated the following approximate implied per share equity value reference

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ranges for CapitalSource based on the selected precedent transactions and the selected similar sized partners transactions, as compared to the implied merger consideration:

Implied Per Share Equity Value Reference Ranges for CapitalSource Based on:		
Selected Precedent Transactions	**Selected Similar Sized Partners Transactions**	**Implied Merger Consideration**
$9.00 - $15.75	$10.65 - $12.60	$ 11.47

Discounted Cash Flow Analysis. Jefferies performed a discounted cash flow analysis of CapitalSource utilizing publicly available financial forecasts and other publicly available estimates and data relating to CapitalSource. Jefferies calculated a range of implied present values of the free cash flows that CapitalSource was forecasted to generate during calendar years 2014 through 2018 and of terminal values for CapitalSource based on CapitalSource's calendar year 2019 earnings pro forma for anticipated cost savings, funding improvements, and other purchase accounting adjustments. In calculating the free cash flows, Jefferies applied tangible common equity to tangible assets ratios in the range of 7.0% to 9.0% at the end of each projected year. Implied terminal values were derived by applying to CapitalSource's calendar year 2019 estimated net income a range of terminal value multiples of 14.0x to 16.0x. Present values of cash flows and terminal values were calculated using a range of discount rates of 12.0% to 14.0%. This analysis indicated the following approximate implied per share equity value reference ranges for CapitalSource, as compared to the implied merger consideration:

Implied Per Share Equity Value Reference Range for CapitalSource	Implied Merger Consideration
$12.00 - $13.80	$ 11.47

PacWest Financial Analysis

Selected Companies Analysis. Jefferies reviewed selected financial and stock market data of PacWest and the following 14 selected nationwide banks with assets between $4 billion and $10 billion, MRQ ROAA more than 0.70%, nonaccrual loans between 1.0% and 3.0% of total loans, CRE loans greater than 20.0% of total loans, and C&I loans greater than 20.0% of total loans:

MB Financial, Inc.

United Bankshares, Inc.

First Midwest Bancorp, Inc.

First Financial Bancorp

CVB Financial Corp.

First Commonwealth Financial Corp.

Chemical Financial Corporation

Tompkins Financial Corporation

Columbia Banking System, Inc.

Heartland Financial USA, Inc.

S&T Bancorp, Inc.

First Financial Bankshares, Inc.

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First Merchants Corporation

Bancorp, Inc.

Jefferies reviewed, among other things, closing stock prices of the selected companies on July 19, 2013, as multiples of the selected companies' tangible book value per share and book value per share as of the most recent quarter publicly available and calendar year 2014 estimated EPS. Jefferies then applied selected tangible book value per share, book value per share, and calendar year 2014 estimated EPS multiples derived from the selected companies to corresponding data of PacWest. Estimated financial data of PacWest and the selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. This analysis indicated the following approximate implied per share equity value reference range for PacWest, as compared to PacWest's closing stock price on July 19, 2013:

Implied Per Share Equity Value Reference Range for PacWest	PacWest Closing Stock Price
$21.75 - $37.25	$ 32.32

Discounted Cash Flow Valuation. Jefferies performed a discounted cash flow analysis of PacWest using cash flow projections based on publicly available research analysts' estimates and market and other data relating to PacWest. Jefferies calculated a range of implied present values of the standalone free cash flows that PacWest was forecasted to generate during calendar years 2014 through 2018 and of terminal values for PacWest based on PacWest's calendar year 2019 earnings. In calculating the free cash flows, Jefferies applied a tangible common equity to tangible assets ratio range of 7.0% to 9.0%. Implied terminal values were derived by applying to PacWest's calendar year 2019 estimated net income a range of terminal value multiples of 14.0x to 16.0x. Present values of cash flows and terminal values were calculated using a range of discount rates of 12.0% to 14.0%. This analysis indicated the following approximate implied per share equity value reference range for PacWest, as compared to PacWest's closing stock price on July 19, 2013:

Implied Per Share Equity Value Reference Range for PacWest	PacWest Closing Stock Price
$29.50 - $36.00	$ 32.32

Other Information. Jefferies also noted for the PacWest board of directors certain additional factors that were not considered part of Jefferies financial analysis with respect to its opinion but were referenced for informational purposes, including, among other things, the following:

premiums paid in selected transactions involving publicly traded U.S. bank target companies announced since January 1, 2011, and other selected transactions announced since January 1, 2005, and applied to the closing price of CapitalSource common stock on July 19, 2013, and a selected range of premiums derived from the closing stock price of the target company one trading day prior to public announcement of the relevant transaction, which indicated an implied per share equity value reference range for CapitalSource of approximately $10.65 to $15.50;

potential pro forma impact of the merger after taking into account potential cost savings and synergies anticipated by PacWest's management to result from the merger on, among other things, PacWest's respective standalone estimated calendar years 2014 through 2016 EPS and tangible book value per share as of December 31, 2013, relative to the combined company's estimated EPS and tangible book value per share during such periods utilizing publicly available data, estimates of analysts and others, and data relating to PacWest and CapitalSource;

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potential pro forma discounted cash flow valuation using cash flow projections over a five year horizon based on median analyst estimates. Jefferies calculated a range of implied present values of cash flows that the combined company is expected to generate during calendar years 2014 through 2018 and of terminal values for the combined company based on calendar year 2019 earnings. In calculating the cash flow, Jefferies applied tangible common equity to tangible asset ratios in the range of 7.0% to 9.0% at the end of each projected year. Implied terminal values were derived by applying to the combined company's calendar year 2019 estimated net income a range of terminal value multiples of 14.0x to 16.0x. Present values of cash flows and terminal values were calculated using a range of discount rates from 12.0% to 14.0%. This analysis indicated a valuation range of $33.00 to $39.60 per share of the combined company; and

estimated funding savings for the combined company of $13 million in 2014, $25 million in 2015, and $38 million in 2016 on a pre-tax basis, based on changes in the funding bases of the combined company.

Jefferies' Compensation and Other Relationships with PacWest and CapitalSource

Under the terms of Jefferies' engagement, Jefferies recommended and PacWest agreed to pay Jefferies for its financial advisory services in connection with the merger an aggregate fee of $9 million, $2 million of which was payable upon delivery of Jefferies' opinion and $7 million of which is payable contingent upon completion of the merger. In addition, PacWest agreed to reimburse Jefferies for certain expenses reasonably incurred, including fees and expenses of counsel, and to indemnify Jefferies and related parties against liabilities, including liabilities under federal securities laws, arising out of or in connection with the services rendered and to be rendered by Jefferies under its engagement.

Jefferies has not, in the past two years, provided financial advisory and financing services to PacWest or CapitalSource. Jefferies maintains a market in the securities of PacWest and CapitalSource and, in the ordinary course of business, Jefferies and its affiliates may trade or hold securities of PacWest, CapitalSource and/or their respective affiliates for Jefferies' own account and for the accounts of Jefferies' customers and, accordingly, may at any time hold long or short positions in those securities. In addition, Jefferies may in the future seek to provide financial advisory and financing services to PacWest, CapitalSource or entities that are affiliated with PacWest or CapitalSource, for which Jefferies would expect to receive compensation.

Jefferies was selected to act as PacWest's financial advisor in connection with the merger because Jefferies is an internationally recognized investment banking firm with substantial experience in merger and acquisition transactions. Jefferies is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements. Jefferies has consented to this inclusion of its opinion in the registration statement of which this document is a part.

Certain PacWest Unaudited Prospective Financial Information

PacWest does not as a matter of course make public projections as to future performance, revenues, earnings or other financial results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, PacWest is including in this document certain unaudited prospective financial information that was made available to CapitalSource, CapitalSource's financial advisor and PacWest's financial advisor in connection with the merger. The inclusion of this information should not be regarded as an indication that any of PacWest, CapitalSource, J.P. Morgan, Jefferies, their respective representatives or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results or that it should be construed as financial guidance, and it should not be relied on as such.

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PacWest's management prepared, or approved the use of, the following unaudited prospective financial information. This information was prepared solely for internal use and is subjective in many respects. While presented with numeric specificity, the unaudited prospective financial information reflects numerous estimates and assumptions made with respect to business, economic, market, competition, regulatory and financial conditions and matters specific to PacWest's business, all of which are difficult to predict and many of which are beyond PacWest's control. The unaudited prospective financial information reflects both assumptions as to certain business decisions that are subject to change and, in many respects, subjective judgment, and thus is susceptible to multiple interpretations and periodic revisions based on actual experience and business developments. PacWest can give no assurance that the unaudited prospective financial information and the underlying estimates and assumptions will be realized. In addition, since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. Actual results may differ materially from those set forth below, and important factors that may affect actual results and cause the unaudited prospective financial information to be inaccurate include, but are not limited to, risks and uncertainties relating to PacWest's business, industry performance, general business and economic conditions, customer requirements, competition and adverse changes in applicable laws, regulations or rules. For other factors that could cause actual results to differ, please see the sections entitled "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 30 and page 39, respectively, of this document.

The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions that make it inherently less comparable to the similarly titled GAAP measures in PacWest's historical GAAP financial statements. Neither PacWest's independent registered public accounting firm, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability.

Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the date it was prepared. PacWest can give no assurance that, had the unaudited prospective financial information been prepared either as of the date of the merger agreement or as of the date of this document, similar estimates and assumptions would be used. PacWest does not intend to, and disclaims any obligation to, make publicly available any update or other revision to the unaudited prospective financial information to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error, or to reflect changes in general economic or industry conditions. The unaudited prospective financial information does not take into account the possible financial and other effects on either CapitalSource or PacWest, as applicable, of the merger and does not attempt to predict or suggest future results of the combined company. The unaudited prospective financial information does not give effect to the impact of negotiating or executing the merger agreement, the expenses that may be incurred in connection with consummating the merger, the potential synergies that may be achieved by the combined company as a result of the merger, the effect of any business or strategic decision or action that has been or will be taken as a result of the merger agreement having been executed, or the effect on either CapitalSource or PacWest, as applicable, of any business or strategic decisions or actions which would likely have been taken if the merger agreement had not been executed, but which were instead altered, accelerated, postponed or not taken in anticipation of the merger. Further, the unaudited prospective financial information does not take into account the effect on either CapitalSource or PacWest, as applicable, of any possible failure of the merger to occur. None of PacWest, CapitalSource, J.P. Morgan, Jefferies or their

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affiliates, officers, directors, advisors or other representatives has made, makes or is authorized in the future to make any representation to any stockholder of PacWest, stockholder of CapitalSource or other person regarding PacWest's ultimate performance compared to the information contained in the unaudited prospective financial information or that the projected results will be achieved. The inclusion of the unaudited prospective financial information herein should not be deemed an admission or representation by CapitalSource or PacWest that it is viewed as material information of PacWest, particularly in light of the inherent risks and uncertainties associated with such forecasts. The summary of the unaudited prospective financial information included below is not being included to influence your decision whether to vote for the merger and the transactions contemplated in connection with the merger, but is being provided solely because it was made available to CapitalSource's financial advisor, and to CapitalSource in connection with CapitalSource's due diligence of PacWest, as well as to PacWest's financial advisor, in connection with the merger.

In light of the foregoing, and considering that the PacWest special meeting will be held several months after the unaudited prospective financial information was prepared, as well as the uncertainties inherent in any forecasted information, PacWest stockholders are cautioned not to place unwarranted reliance on such information, and PacWest urges all stockholders to review PacWest's most recent SEC filings for a description of PacWest's reported financial results. See "Where You Can Find More Information" on page iii of this document.

The following table presents selected PacWest unaudited prospective financial data for the years ending December 31, 2013 through 2018.

	Year Ending December 31,					
	2013	**2014**	**2015**	**2016**	**2017**	**2018**
	($ in millions, except per share amounts)					
Earnings per share	$ 1.51	$ 2.09	$ 2.34	$ 2.61	$ 2.82	$ 3.02
Net interest income	302	348	368	389	409	430
Noninterest income	15	22	25	30	31	33
Noninterest expense	194	202	205	210	215	223
Net income	70	96	108	120	130	139
Total assets	7,057	7,409	7,782	8,178	8,595	9,033

Management and Board of Directors of PacWest After the Merger

Pursuant to the merger agreement, the board of directors of the combined company will consist of 13 members, eight of whom will be designated by PacWest, and five of whom will be designated by CapitalSource, each of whom will be mutually agreeable to PacWest and CapitalSource. At the effective time, Matthew P. Wagner, the current chief executive officer of PacWest, will be the chief executive officer of the combined company and John M. Eggemeyer III, the current chairman of the board of PacWest, will be the chairman of the board of directors of the combined company. At the effective time, Douglas (Tad) Lowrey, current chief executive officer and chairman of CapitalSource Bank, will be the chairman of the board of directors of the surviving bank in the bank merger.

Interests of PacWest Directors and Executive Officers in the Merger

In considering the recommendation of the PacWest board of directors with respect to the merger, PacWest stockholders should be aware that the executive officers and directors of PacWest have certain interests in the merger that may be different from, or in addition to, the interests of PacWest stockholders generally. The PacWest 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 PacWest stockholders vote to approve the PacWest Merger proposal. These interests are described in further detail below. Please note that, except as

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otherwise noted, amounts specified below have been calculated assuming that the merger was consummated on October 31, 2013 and, where applicable, assuming each executive officer experienced a qualifying termination of employment as of October 31, 2013 and a per share price of PacWest common stock as quoted on NASDAQ of $35.18, the average closing price per share of PacWest common stock over the first five business days following the public announcement of the merger.

Treatment of PacWest's Equity Awards

The consummation of the merger will constitute a "change in control" and as a result all unvested time-based and performance-based restricted stock or other equity awards will fully vest upon the consummation of the merger. The following table shows the value of the acceleration for the directors and executive officers based on holdings as of October 31, 2013 and a stock price of $35.18 per share of PacWest common stock (as described above):

Name	Unvested Time-Based Restricted Stock (#)	Unvested Performance-Based Restricted Stock (#)	Total Value of Accelerated Equity ($)
Matthew P. Wagner	133,333	325,000	16,124,155
Victor R. Santoro	56,666	140,000	6,918,710
Jared M. Wolff	41,666	125,000	5,863,310
Michael J. Perdue	40,000	40,000	2,814,400
Daniel B. Platt		30,000	1,055,400
Remaining executive officers as a group	181,664	205,000	13,602,840
Non-employee directors as a group			

Executive Severance Pay Plan

PacWest has adopted an Executive Severance Pay Plan, referred to as the ESPP, which provides for severance compensation for PacWest's executive officers in the event of termination without "cause" or for "good reason" (as each is defined in the ESPP) within two years following a change in control. The ESPP requires that there be both a change in control and a termination by PacWest without "cause" or a termination by the participant for "good reason", which is often referred to as a "double-trigger." The consummation of the merger will constitute a "change in control" under the ESPP.

In the event an executive is terminated by PacWest without "cause" or terminates his or her employment for "good reason" within two years after the consummation of the merger, PacWest will (i) provide or pay, as the case may be, the participant (a) his or her accrued base salary and benefits through termination, plus his or her pro rata target annual bonus for the year in which the participant is terminated, and (b) a designated multiple of the participant's highest annual compensation (annual base salary plus annual target bonus) for any calendar year in the three calendar years ending with the calendar year of termination and (ii) provide the participant and his or her dependents with medical, dental, disability and life insurance coverage for the number of years corresponding to the participant's severance multiple, unless the participant obtains other health coverage. If a participant is subject to any excise tax imposed under Section 4999 of the Internal Revenue Code by reason of a change in control, then PacWest will gross-up the participant so that he or she is made whole. Mr. Wagner has a severance multiple of three and each of the other PacWest named executive officers has a severance multiple of two. PacWest's other executive officers have a severance multiple of two, except for certain executive officers who have a severance multiple of one.

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The following table shows the potential severance payments for the executive officers based on an assumed separation date of October 31, 2013 and a stock price of $35.18 per share of PacWest common stock (as described above):

Name	Cash ($)(1)	Perquisites/ Benefits ($)(2)	Tax Reimbursement ($)(3)	Total ($)
Matthew P. Wagner	4,500,000	138,972	7,109,420	11,748,392
Victor R. Santoro	1,551,250	96,170	2,870,400	4,517,820
Jared M. Wolff	1,338,750	118,692	2,702,150	4,159,592
Michael J. Perdue	1,317,527	114,176	1,207,921	2,639,624
Daniel B. Platt	1,020,000	131,258	925,910	2,077,168
Remaining executive officers as a group	7,560,000	750,964	6,803,507	15,114,471

(1) Represents 300% in the case of Mr. Wagner, 200% in the case of Messrs. Santoro, Wolff, Perdue and Platt and 100% to 200% in the case of the remaining executive officers of the sum of the executive's base salary and target Executive Incentive Compensation Plan award.

(2) Represents the value of reimbursement for COBRA payments, an automobile allowance, life, medical, long-term care and disability insurance premiums, and club dues.

(3) Represents the estimated reimbursement for any excise taxes imposed under Section 4999 of the internal revenue code, in the event the executive is involuntarily terminated on the closing.

Combined Company's Officers and Directors.

The merger agreement provides that, at the effective time, the number of directors that will comprise the full board of directors of the combined company will be 13. Of the members of the initial board of directors of the combined company at the effective time, eight will be designated by PacWest, each of whom is mutually agreeable to the parties. In addition, at the effective time, Matthew P. Wagner, the current chief executive officer of PacWest, will be the chief executive officer of the combined company and John M. Eggemeyer III, the current chairman of the board of directors of PacWest, will be the chairman of the board of directors of the combined company.

Interests of John M. Eggemeyer III

PacWest's chairman of the board of directors, John M. Eggemeyer III, who will become chairman of the board of directors of the combined company at the effective time, is chief executive officer of Castle Creek Financial, LLC. Pursuant to an agreement, dated May 18, 2011, PacWest retained Castle Creek Financial as its financial advisor and PacWest will pay Castle Creek Financial a fee upon the consummation of the merger.

Castle Creek Financial performed various customary financial advisory services for PacWest in connection with entering into the merger agreement, including assisting PacWest in structuring the financial aspects of the transaction, financial modeling and statistical analysis and assistance in negotiation of the financial terms of the merger agreement. In the event of an acquisition of a financial institution by PacWest for greater than $20 million, the contract under which Castle Creek Financial performs these services provides for a fee of $200,000 plus 0.65% of the amount of the transaction value in excess of $20 million, subject to reduction for certain expenses. Castle Creek Financial is also entitled to reimbursement of its reasonable expenses incurred on behalf of PacWest. Pursuant to the engagement letter and further discussions between the parties, the fee payable by PacWest to Castle Creek Financial has been reduced to $9 million which will be paid at the closing of the merger.

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Interests of CapitalSource Directors and Executive Officers in the Merger

In considering the recommendation of the CapitalSource board of directors with respect to the merger, CapitalSource stockholders should be aware that the executive officers and directors of CapitalSource have certain interests in the merger that may be different from, or in addition to, the interests of CapitalSource stockholders generally. The CapitalSource 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 CapitalSource stockholders vote to approve the CapitalSource merger proposal. These interests are described in further detail below. Please note that, except as otherwise noted, amounts specified below have been calculated assuming that the merger was consummated on October 31, 2013 and, where applicable, assuming each executive officer experienced a qualifying termination of employment as of October 31, 2013.

Treatment of Outstanding Equity Awards

Upon consummation of the merger, CapitalSource equity awards that are outstanding immediately prior to the consummation of the merger will fully vest (to the extent unvested immediately prior to the merger) and will be converted into a number of shares of PacWest common stock equal in value to the aggregate value of the applicable CapitalSource equity award immediately prior to the merger, according to the formulas described below:

Value of Merger Consideration. Solely for purposes of determining the number of shares of PacWest common stock into which CapitalSource equity awards will be converted, the value of the merger consideration under the merger agreement equals: (i) $2.47 (the cash portion of the per share merger consideration), plus (ii) 0.2837 (the fraction of a share of PacWest common stock comprising the stock portion of the merger consideration) multiplied by the average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated.

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

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

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

The merger agreement requires shares of PacWest common stock to be delivered, net of withholding taxes, to CapitalSource equity award holders no later than five business days after the merger is consummated; provided that deferred units or RSUs that are deferred compensation under Section 409A of the Internal Revenue Code will be paid in shares of PacWest common stock, plus earnings and dividends credited to the equity holder's account after consummation of the merger, on the scheduled payment date(s) under the CapitalSource Inc. Amended and Restated Deferred Compensation Plan or the applicable award agreement.

Summary Tables

The following tables show estimated payments that could be made to CapitalSource executive officers and members of the board of directors for their vested and unvested stock options, restricted stock awards, RSU awards, and vested and unvested deferred units, as applicable. For purposes of the calculations in this section and the calculations in the section entitled "Merger-Related Compensation for CapitalSource's Named Executive Officers", the merger is assumed to have been consummated as of October 31, 2013 and the merger consideration value is assumed to be $12.05 per share of CapitalSource common stock (based on the average closing market price per share of CapitalSource's common stock as quoted on the NYSE over the first five business days following the public announcement of the transaction). The actual amounts to be received by CapitalSource executive officers and directors in respect of their CapitalSource equity awards in connection with the merger will depend on certain factors, including the date on which the merger is actually consummated and the average closing price of PacWest common stock as quoted on NASDAQ over the 15 trading days ending on the trading day immediately preceding the date the merger is consummated and will differ from the amounts set forth below.

Executive Officers. The table below shows, for each named executive officer and the remaining executive officers as a group, assuming the merger were consummated as of October 31, 2013 and using the assumed merger consideration value of $12.05 per share of CapitalSource common stock (as described above), (i) the number of shares of CapitalSource common stock subject to vested "in-the-money" options held and the value of the merger consideration that would be received for such vested options upon completion of the merger, (ii) the number of shares of CapitalSource common stock subject to unvested "in-the-money" stock options held and the value of the merger consideration that that would be received for such options that vest upon completion of the merger and (iii) the number of shares of CapitalSource common stock subject to restricted stock or RSU awards held and the value of the merger consideration that would be received for such restricted stock or RSU awards

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that vest upon completion of the merger, in each case not taking into account any applicable tax withholding.

	Vested In-the-Money Stock Options		Unvested In-the-Money Stock Options		Restricted Stock Units / Restricted Stock(1)		Total Value of Merger Consideration	
Executive Officers	Shares of CapitalSource Common Stock	Value of Merger Consideration ($)	Shares of CapitalSource Common Stock	Value of Merger Consideration ($)	Shares of CapitalSource Common Stock	Value of Merger Consideration ($)	For Unvested CapitalSource Equity Awards ($)	For Vested and Unvested CapitalSource Equity Awards ($)
James J. Pieczynski	1,255,000	10,105,100	280,000	1,391,600	64,263	774,373	2,165,973	12,271,073
Douglas (Tad) Lowrey	830,000	5,843,600	280,000	1,391,600	64,263	774,373	2,165,973	8,009,573
Laird M. Boulden	187,500	1,421,250	62,500	473,750	103,992	1,253,104	1,726,854	3,148,104
John A. Bogler	100,000	861,750	25,000	182,250	127,339	1,534,429	1,716,679	2,578,429
Bryan M. Corsini(2)	77,000	697,620	0	0	140,156	1,688,877	1,688,877	2,386,497
Remaining executive officers as a group(3)	145,000	1,313,700	0	0	186,514	2,247,494	2,247,494	3,561,194

(1) Shares of CapitalSource common stock underlying restricted stock units and restricted stock awards are rounded to the nearest whole share in the table above.

(2) Mr. Corsini holds approximately 17,858 shares of restricted stock that are scheduled to vest on December 15, 2013, before the expected consummation of the merger. The total value of the merger consideration for Mr. Corsini's equity awards after giving effect to this scheduled vesting would be approximately $1,473,688 for his unvested equity awards and approximately $2,171,308 for his vested and unvested equity awards, based on the assumed $12.05 per share merger consideration value described above.

(3) The following unvested equity awards held by Messrs. Scardelletti and Smith have vested or are scheduled to vest before the expected consummation of the merger: approximately 37,705 shares of restricted stock held by Mr. Scardelletti vested on November 15, 2013 and approximately 13,526 shares of restricted stock held by Mr. Smith are scheduled to vest on December 15, 2013. The total value of the merger consideration for their equity awards after giving effect to this vesting would be approximately $1,630,161 for their unvested equity awards and approximately $2,943,861 for their vested and unvested equity awards, based on the assumed $12.05 per share merger consideration value described above.

Non-Employee Directors. The table below shows, for each non-employee director, assuming the merger was consummated as of October 31, 2013 and using the assumed merger consideration value of $12.05 per share of CapitalSource common stock (as described above), (i) the number of shares of CapitalSource common stock subject to vested "in-the-money" options held by him or her and the value of the merger consideration that he or she would receive for such vested options upon completion of the merger, (ii) the number of shares of CapitalSource common stock subject to vested deferred units held by him or her and the value of the merger consideration that he or she would receive for such deferred units upon completion of the merger and (iii) the number of shares of CapitalSource common stock subject to unvested deferred units and restricted stock awards held by him or her and the value of the merger consideration that he or she would receive for such deferred

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units or restricted stock awards that vest upon completion of the merger. None of the CapitalSource non-employee directors holds unvested options to purchase CapitalSource common stock.

	Vested In-the-Money Stock Options		Vested Deferred Units		Unvested Deferred Units / Restricted Stock	Total Value of Merger Consideration For Vested and Unvested CapitalSource Equity Awards ($)
Non-Employee Directors	**Shares of CapitalSource Common Stock**	**Value of Merger Consideration ($)**	**Shares of CapitalSource Common Stock**	**Value of Merger Consideration ($)**	**Shares of CapitalSource Common Stock**	