Silvester Dominic Francis Michael
Form SC 13G/A
February 04, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

SCHEDULE 13G/A

(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2(b)

(Amendment No. 1)*
Enstar Group Limited
(Name of Issuer)
Ordinary Shares, par value $1.00 per share
(Title of Class of Securities)
G3075P101
(CUSIP Number)
December 31, 2008
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)

o Rule 13d-1(c)

þ Rule 13d-1(d)

(Page 1 of 6 Pages)

* The remainder of this cover page shall be filled out for a reporting person s initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the Act), or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see* the *Notes*).

1	NAME OF REPORTING PERSONS Dominic F. Silvester	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) o (b) o	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION United Kingdom	

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**5**	SOLE VOTING POWER 2,241,699
	6	SHARED VOTING POWER 0
	7	SOLE DISPOSITIVE POWER 2,241,699
	8	SHARED DISPOSITIVE POWER 0

9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,241,699

10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 16.8%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN

Item 1(a). Name of Issuer:

Enstar Group Limited

Item 1(b). Address of Issuer s Principal Executive Offices:

P.O. Box HM 2267
Windsor Place, 3rd Floor
18 Queen Street
Hamilton, Bermuda HM JX

Item 2(a). Name of Person Filing:

Dominic F. Silvester

Item 2(b). Address of Principal Business Office or, if none, Residence:

P.O. Box HM 2267
Windsor Place, 3rd Floor
18 Queen Street
Hamilton, Bermuda HM JX

Item 2(c). Citizenship:

United Kingdom

Item 2(d). Title of Class of Securities:

Ordinary Shares, par value $1.00 per share (the Ordinary Shares)

Item 2(e). CUSIP Number:

G3075P101

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2 (b) or (c), Check Whether the Person Filing is a:

(a) o Broker or dealer registered under Section 15 of the Exchange Act of 1934 (the Exchange Act);

(b) o Bank as defined in Section 3(a)(6) of the Exchange Act;

(c) o Insurance company as defined in Section 3(a)(19) of the Exchange Act;

(d) o Investment company registered under Section 8 of the Investment Company Act of 1940;

(e) o An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);

(f) o An employee benefit plan or endowment fund in accordance with Rule 13d- 1(b)(1)(ii)(F);

(g) o A parent holding company or control person in accordance with Rule 13d- (b)(1)(ii)(G);

(h) o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;

(i) o A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940;

(j) o A non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J);

(k) o Group, in accordance with Rule 13d-1(b)(1)(ii)(K).

Item 4. Ownership.

(a) Amount Beneficially Owned:

Dominic F. Silvester beneficially owns 2,241,699 Ordinary Shares. This amount includes: (i) 646,953 shares owned directly; (ii) 531,582 shares owned indirectly through the Left Trust, of which R&H Trust Co. (NZ) Limited is trustee and Mr. Silvester and his immediate family are the sole beneficiaries; and (iii) 1,063,164 shares owned indirectly through the Right Trust, of which R&H Trust Co. (BVI) Limited is trustee and Mr. Silvester and his immediate family are the sole beneficiaries.

(b) Percent of Class:

16.8%

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote: 2,241,699

(ii) Shared power to vote or to direct the vote: 0

(iii) Sole power to dispose or to direct the disposition of: 2,241,699

(iv) Shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Beneficiaries of the Left Trust and the Right Trust (Mr. Silvester and his immediate family) have the right to receive dividends from, or the proceeds from the sale of, 531,582 and 1,063,164 shares held by the Left Trust and the Right Trust, respectively.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not applicable.

Item 8. Identification and Classification of Members of a Group.

Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Not applicable.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 4, 2009

/s/ Dominic F. Silvester
Dominic F. Silvester

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Stock options and restricted stock

98 (0.01)

Diluted earnings per share

Net income available to common shareholders plus assumed conversions

$17,988 23,285 $0.77

Options to purchase 902,205 shares of common stock at a weighted average of $14.11 per share were outstanding during 2007. These options were not included in the computation of diluted earnings per share because the option exercise price was greater than the average market price during the period.

	Year ended December 31, 2006		
	Income (numerator)	Shares (denominator)	Per share amount
	(in thousands, except per share amounts)		
Basic earnings per share			
Net income available to common shareholders	$ 16,977	23,141	$ 0.73
Effect of dilutive securities			
Stock options and restricted stock		151	(0.00)
Diluted earnings per share			
Net income available to common shareholders plus assumed conversions	$ 16,977	23,292	$ 0.73

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Options to purchase 562,475 shares of common stock and 37,829 shares of restricted stock at a weighted average of $14.66 and $13.95 per share, respectively, were outstanding during 2006. These options and restricted stock were not included in the computation of diluted earnings per share because the option exercise price and the grant-date price were greater than the average market price during the period.

NOTE 11 EMPLOYEE BENEFIT PLANS

Profit Sharing Plan

The Company has a profit sharing plan for all its eligible employees. The Company s annual contribution to the plan is determined by its Board of Directors. Annual contributions are allocated to participants on a point basis with accumulated benefits payable at retirement, or, at the discretion of the plan committee, upon termination of employment. Contributions made by the Company were approximately $581,000 for 2008, $675,000 for 2007 and $743,000 for 2006.

Salary Continuation Agreements

The National Bank of Sussex County (NBSC) entered into a salary continuation agreement during 1996 with its former Chief Executive Officer and its President which entitle them to certain payments upon their retirement. As part of the merger of the Company and NBSC s parent (High Point Financial Corp.) in July 1999, Lakeland placed in trusts amounts equal to the present value of the amounts that would be owed to them in their retirement. These amounts were $722,000 for the Chief Executive Officer and $381,000 for the President. Lakeland has no further obligation to pay additional amounts pursuant to these agreements.

Former CEO Retirement Benefits

Metropolitan State Bank entered into an agreement in January 1997 with its former Chief Executive Officer (CEO), which provides for an annual retirement benefit of $35,000 for a fifteen year period. In February 1999, the Company entered into an additional agreement with this CEO. Such agreement provides for an additional retirement benefit of $35,000 per annum for a fifteen year period. During 2008, 2007 and 2006, $15,000, $10,000 and $11,000, respectively, was charged to operations related to these obligations.

Retirement Savings Plans (401K plans)

Beginning in January 2002, the Company began contributing to its 401(k) plan. All eligible employees can contribute a portion of their annual salary with the Company matching up to 40% of the employee s contributions. The Company s contributions in 2008, 2007 and 2006 totaled $424,000, $397,000 and $361,000, respectively. In 2009, the Company will contribute up to 50% of the employee s contribution.

Pension Plan

Newton had a defined benefit pension plan. As of March 31, 2004, Newton s Board of Directors elected to freeze the benefits of the pension plan. All participants of the plan ceased accruing benefits as of that date.

The investment policy and strategy of the Plan and its advisors includes target portfolio allocations of approximately 60% in equities and 40% in debt securities. Based on historical performance, the Plan assumes that the long term equity securities have earned a rate of return of approximately 10% and fixed income securities have earned a return of between 1% and 5%. The composition of plan assets at December 31, 2008 was as follows:

Asset Category	
Equity securities	**60%**
Debt securities	**34%**
Other securities	**6%**

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The accumulated benefit obligation as of December 31, 2008 and 2007, is as follows:

(in thousands)	2008	2007
Accumulated postretirement benefit obligation	**$ 1,723**	$ 1,576
Interest Cost	**99**	98
Actuarial loss	**220**	126
Estimated benefit payments	**(143)**	(77)
Total accumulated postretirement benefit obligation	**1,899**	1,723
Fair value of plan assets beginning of period	**1,290**	1,176
Return on plan assets	**(307)**	91
Benefits paid	**(143)**	(77)
Contribution	**110**	100
Fair value of plan assets at end of year	**950**	1,290
Funded status	**(949)**	(433)
Unrecognized net actuarial loss	**0**	0
Prepaid benefit	**($949)**	($433)
Accumulated benefit obligation	**$ 1,899**	$ 1,723

The components of net periodic pension cost are as follows:

(in thousands)	2008	2007	2006
Amortization of actuarial loss	**$ 23**	$ 31	$ 25
Interest cost on APBO	**99**	98	95
Expected return on plan assets	**(92)**	(85)	(87)
Net periodic postretirement cost	**$ 30**	$ 44	$ 33

The benefits expected to be paid in each of the next five years and the aggregate for the five fiscal years thereafter are as follows (in thousands):

2009	$ 46
2010	55
2011	54
2012	54
2013	92
2014 2018	568

The assumptions used to determine the pension obligation and the net periodic pension cost were as follows:

	2008	2007
Discounted rate	**5.00%**	5.75%
Expected return on plan assets	**7.25%**	7.25%
Rate of compensation	**0.00%**	0.00%

Deferred Compensation Arrangements

High Point Financial Corp. (a bank holding company acquired by the Company in 1999) had established deferred compensation arrangements for certain directors and executives of High Point Financial Corp. and NBSC. The deferred compensation plans differ, but generally provide for annual payments for ten to fifteen years following retirement. The Company s liabilities under these arrangements are being accrued from the commencement of the plans over the participants remaining periods of service. The Company intends to fund its obligations under the

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deferred compensation arrangements with the increase in cash surrender value of life insurance policies that it has purchased on the respective participants. The deferred compensation plans do not hold any assets. For the years ended December 31, 2008, 2007 and 2006, $42,000, $0, and $12,000, respectively, was charged to operations related to these obligations. As of December 31, 2008 and 2007, the accrued liability for these plans was $194,000 and $181,000, respectively.

Supplemental Executive Retirement Plans

In 2003, the Company entered into a supplemental executive retirement plan (SERP) agreement with its former Chief Executive Officer that provides annual retirement benefits of $150,000 a year for a 15 year period when the former Chief Executive Officer reaches the age of 65. Our former Chief Executive Officer retired and is receiving annual retirement benefits pursuant to the plan. In 2008, the Company entered into a SERP agreement with its current Chief Executive Officer that provides annual retirement benefits of $150,000 for a 15 year period when the Chief Executive Officer reaches the age of 65. In November 2008, the Company entered into a SERP with its Senior Executive Vice President and Chief Operating Officer that provides annual retirement benefits of $90,000 a year for a 10 year period upon his reaching the age of 65. The Company intends to fund its obligations under the deferred compensation arrangements with the increase in cash surrender value of bank owned life insurance policies. In 2008, 2007 and 2006, the Company recorded $120,000, $283,000 and $355,000, respectively, for these plans.

NOTE 12 DIRECTORS RETIREMENT PLAN

The Company provides a plan that any director who completes five years of service may retire and continue to be paid for a period of ten years at a rate ranging from $5,000 through $17,500 per annum, depending upon years of credited service. This plan is unfunded. The following tables present the status of the plan and the components of net periodic plan cost for the years then ended. The measurement date for the accumulated benefit obligation is December 31 of the years presented.

	December 31,	
	2008	**2007**
	(in thousands)	
Actuarial present value of benefit obligation		
Vested	**$ 699**	$ 694
Nonvested	**107**	76
Accumulated benefit obligation	**$ 806**	$ 770
Accrued plan cost included in other liabilities	**$ 1,117**	$ 1,025
Amount not recognized as component of net postretirement benefit cost		
Recognized in accumulated other comprehensive income		
Net actuarial loss	**$ 109**	$ 161
Unrecognized prior service cost		0
Amounts not recognized as a component of net postretirement benefit cost	**$ 109**	$ 161

	Years ended December 31,		
	2008	**2007**	**2006**
	(in thousands)		
Net periodic plan cost included the following components:			
Service cost	**$ 23**	$ 19	$ 24
Interest cost	**59**	59	47
Amortization of prior service cost	**40**	54	46
	$ 122	$ 132	$ 117

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A discount rate of 5.00% and 5.75% was assumed in the plan valuation for 2008 and 2007, respectively. As the benefit amount is not dependent upon compensation levels, a rate of increase in compensation assumption was not utilized in the plan valuation.

The director s retirement plan holds no plan assets. The benefits expected to be paid in each of the next five years and in aggregate for the five years thereafter are as follows (in thousands):

2009	$ 80
2010	80
2011	63
2012	70
2013	70
2014 2018	352

The Company expects its contribution to the director s retirement plan to be $80,000 in 2009.

On December 31, 2006, the Company adopted SFAS No. 158 and recorded a liability of $299,000 to recognize the underfunded status of the Director s Retirement Plan. It also recorded a deferred tax asset of $105,000 and an other comprehensive loss of $194,000.

The amount in accumulated other comprehensive loss expected to be recognized as a component of net periodic benefit cost in 2009 is $43,000.

NOTE 13 STOCK-BASED COMPENSATION

Employee Stock Option Plans

The Company established the 2000 Equity Compensation Program which authorizes the granting of incentive stock options, supplemental stock options and restricted stock to employees of the Company which includes those employees serving as officers and directors of the Company. The plan authorized 2,257,369 shares of common stock of the Company.

During 2008 and 2007 the Company granted options to purchase 25,000 and 26,250 shares, respectively, to new non-employee directors of the Company at exercise prices of $13.16 and $11.43 per share, respectively. The director s options are exercisable in five equal installments beginning on the date of grant and continuing on the next four anniversaries of the date of grant. As of December 31, 2008 and 2007, 283,592 and 261,829 options granted to directors were outstanding, respectively.

As of December 31, 2008 and 2007, outstanding options to purchase common stock granted to key employees were 569,070 and 846,331, respectively.

In addition to the 2000 Equity Compensation program, the Company has assumed the outstanding options granted under Newton Financial Corp. s 1999 Stock Option Plan (the Newton Plan). As of December 31, 2008 and 2007, 42,858 and 48,080 options, respectively, were outstanding under the Newton Plan.

On December 13, 2006, the Company granted 37,829 shares of restricted stock at a market value of $13.95. On December 12, 2007, the Company granted 28,520 shares of restricted stock at a market value of $11.91. During 2008, the Company granted 81,000 shares of restricted stock at an average price of $12.46. These shares typically vest over a four year period beginning one year after the grant date.

Excess tax benefits of $105,000, $103,000 and $66,000 for the years 2008, 2007 and 2006, respectively, classified as a financing cash inflow would have been classified as an operating cash inflow had the Company not adopted SFAS No. 123(R).

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For the years ended December 31, 2008 and 2007, the Company estimated the fair value of each option grant on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2008	2007
Risk-free interest rates	**3.09%**	4.63%
Expected dividend yield	**3.25%**	2.50%
Expected volatility	**32.00%**	25.00%
Expected lives (years)	**7.00**	6.00
Weighted average fair value of options granted	**$ 3.42**	$ 2.87

There were no options granted in 2006.

A summary of the status of the Company s option plans as of December 31, 2008 and the changes during the year ending on that date is represented below.

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term (in years)	Aggregate Intrinsic Value
Outstanding, beginning of year	**1,156,240**	**$ 12.71**		**$ 978,000**
Issued	**25,000**	**13.16**		
Exercised	**(214,303)**	**13.05**		
Forfeited	**(71,416)**	**15.10**		
Outstanding, end of year	**895,521**	**$ 12.45**	**4.54**	**$ 793,473**
Options exercisable at year-end	**859,771**		**4.36**	**$ 793,473**

A summary of the Company s non-vested options under the Company s option plans as of December 31, 2008 and changes for the year then ended is presented below.

Non-vested Options	Shares	Weighted-Average Grant-date Fair Value
Non-vested, January 1, 2008	**21,000**	
Granted	**25,000**	
Vested	**(10,250)**	
Nonvested, December 31, 2008	**35,750**	**$ 3.18**

As of December 31, 2008, there was $95,000 of unrecognized compensation expense related to non-vested stock options under the 2000 Equity Compensation Program.

The aggregate intrinsic values of options exercised in 2008, 2007 and 2006 were $376,000, $348,000 and $363,000, respectively. Exercise of stock options during 2008, 2007 and 2006 resulted in cash receipts of $2.8 million, $408,000 and $519,000, respectively. The total fair value of options that vested in 2008 and 2007 were $32,000 and $15,000, respectively. No options vested in 2006.

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Information regarding the Company s restricted stock for the year ended December 31, 2008 is as follows:

	Number of shares	Weighted average price
Outstanding, January 1, 2008	**48,423**	**$ 12.75**
Granted	**81,000**	**12.46**
Vested	**(13,108)**	**12.89**
Forfeited	**(2,307)**	**12.76**
Outstanding, December 31, 2008	**114,008**	**$ 12.53**

The total fair value of the restricted stock vested during the 12 months ended December 31, 2008 was approximately $169,000. Compensation expense recognized for restricted stock was $306,000 in 2008. There was approximately $1.3 million in unrecognized compensation expense related to restricted stock grants as of December 31, 2008.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Lease Obligations

Rentals under long-term operating leases amounted to approximately $1,583,000, $1,343,000 and $1,197,000 for the years ended December 31, 2008, 2007 and 2006, respectively, including rent expense to related parties of $197,000 in 2008, $205,000, in 2007, and $197,000 in 2006. At December 31, 2008, the minimum commitments, which include rental, real estate tax and other related amounts, under all noncancellable leases with remaining terms of more than one year and expiring through 2028 are as follows (in thousands):

Year	
2009	$ 1,680
2010	1,478
2011	1,295
2012	1,066
2013	910
Thereafter	6,689
	$ 13,118

Litigation

From time to time, the Company and its subsidiaries are defendants in legal proceedings relating to their respective businesses. While the ultimate outcome of any pending legal proceeding cannot be determined at this time, management does not believe that the outcome of any pending legal proceeding will materially affect the consolidated financial position of the Company, but could possibly be material to the results of operations of any one period.

NOTE 15 FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK AND CONCENTRATIONS OF CREDIT RISK

Lakeland is party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such financial instruments are recorded in the financial statements when they become payable. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The contract or notional amounts of those instruments reflect the extent of involvement Lakeland has in particular classes of financial instruments.

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Lakeland s exposure to credit loss in the event of non-performance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. Lakeland uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

Lakeland generally requires collateral or other security to support financial instruments with credit risk. The approximate contract amounts are as follows:

	December 31,	
	2008	**2007**
	(in thousands)	
Financial instruments whose contract amounts represent credit risk		
Commitments to extend credit	**$ 402,404**	$ 375,807
Standby letters of credit and financial guarantees written	**8,969**	8,647

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Lakeland evaluates each customer s creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by Lakeland upon extension of credit, is based on management s credit evaluation.

Standby letters of credit are conditional commitments issued by Lakeland to guarantee the payment by or performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. Lakeland holds deposit accounts, residential or commercial real estate, accounts receivable, inventory and equipment as collateral to support those commitments for which collateral is deemed necessary. The extent of collateral held for those commitments at December 31, 2008 and 2007 varies based on management s credit evaluation.

The Company has financial and performance letters of credit. Financial letters of credit require the Company to make payment if the customer fails to make payment, as defined in the agreements. Performance letters of credit require the Company to make payments if the customer fails to perform certain non-financial contractual obligations. The Company defines the initial fair value of these letters of credit as the fees received from the customer. The Company records these fees as a liability when issuing the letters of credit and amortizes the fee over the life of the letter of credit.

The maximum potential undiscounted amount of future payments of these letters of credit as of December 31, 2008 is $9.0 million and they expire through 2010. Lakeland s exposure under these letters of credit would be reduced by actual performance, subsequent termination by the beneficiaries and by any proceeds that the Company obtained in liquidating the collateral for the loans, which varies depending on the customer.

As of December 31, 2008, the Company had $402.4 million in loan and lease commitments, with $338.8 million maturing within one year, $26.1 million maturing after one year but within three years, $6.2 million maturing after three years but within five years, and $31.3 million maturing after five years. As of December 31, 2008, the Company had $9.0 million in standby letters of credit, with $7.3 million maturing within one year and $1.7 million maturing after one year but within three years.

Lakeland grants loans primarily to customers in its immediately adjacent suburban counties which include Bergen, Morris, Passaic, Sussex, Warren and Essex counties in Northern New Jersey and surrounding areas. Certain of Lakeland s consumer loans and lease customers are more diversified nationally. Although Lakeland has a diversified loan portfolio, a large portion of its loans are secured by commercial or residential real property. Although Lakeland has a diversified loan portfolio, a substantial portion of its debtors ability to honor their contracts is dependent upon the economy. Commercial and standby letters of credit were granted primarily to commercial borrowers.

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NOTE 16 FAIR MARKET VALUE AND ESTIMATED FAIR VALUE OF FINANCIAL INSTRUMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements which is effective for fiscal years beginning after November 15, 2007 and for interim periods within those years. This statement defines fair value, establishes a framework for measuring fair value and expands the related disclosure requirements. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level priority to unobservable inputs (level 3 measurements).

In October 2008, the FASB issued FASB Staff Position (FSP) FAS 157-3 Determining the Fair Value of a Financial Asset When the Market for that Asset is not Active. FSP 157-3 clarifies the application of FASB Statement No. 157 in a market that is not active and provides an example to illustrate key considerations in determining the fair value of a financial asset when the market for that financial asset is not active.

The following describes the three levels of fair value hierarchy:

Level 1 unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (such as interest rates, yield curves, volatilities, etc.)

Level 3 unobservable inputs for the asset or liability these shall be used to the extent that observable inputs are not available allowing for situations in which there is little, if any, market activity available.

The following table sets forth the Company s financial assets that were accounted for at fair values as of December 31, 2008 by level within the fair value hierarchy. The Company had no liabilities accounted for at fair value as of December 31, 2008. As required by SFAS No. 157, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement:

(in thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2008
Assets:				
Investment securities, available for sale	$ 1,906	$ 280,268	$	$ 282,174
Investment securities, held to maturity		111,881		111,881
Impaired Loans*			14,135	14,135

* Impaired loans are measured on a nonrecurring basis because they are valued at the lower of cost or market value.

Impaired loans and leases are evaluated and valued at the time the loan or lease is identified as impaired at the lower of cost or market value. Market value is measured based on the value of the collateral securing these loans and leases and is classified at a level 3 in the fair value hierarchy. Collateral may be real estate, accounts receivable, inventory, equipment and/or other business assets. The value of the real estate is assessed based on appraisals by qualified third party licensed appraisers. The value of the equipment may be determined by an appraiser, if significant, or by the value on the borrower s financial statements. Field examiner reviews of accounts receivable and inventory may be conducted based on the loan exposure and reliance on this type of collateral. Appraised and reported values may be discounted based on management s historical knowledge, changes in market conditions from the time of valuation, and/or management s expertise and knowledge of the

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client and client s business. Impaired loans and leases are reviewed and evaluated on at least a quarterly basis for additional impairment and adjusted accordingly, based on the same factors identified above. Impaired loans and leases were $14.1 million and $9.8 million at December 31, 2008 and December 31, 2007, respectively. During 2008, there were new impaired loans and leases of $14.5 million, payments of $6.2 million, charge-offs of $3.2 million and repossessions of $707,000.

SFAS No. 107 requires disclosure of the estimated fair value of an entity s assets and liabilities considered to be financial instruments. For the Company, as for most financial institutions, the majority of its assets and liabilities are considered financial instruments as defined in SFAS No. 107. However, many such instruments lack an available trading market, as characterized by a willing buyer and seller engaging in an exchange transaction. Also, it is the Company s general practice and intent to hold its financial instruments to maturity and not to engage in trading or sales activities, except for certain loans. Therefore, the Company had to use significant estimations and present value calculations to prepare this disclosure.

Changes in the assumptions or methodologies used to estimate fair values may materially affect the estimated amounts. Also, management is concerned that there may not be reasonable comparability between institutions due to the wide range of permitted assumptions and methodologies in the absence of active markets. This lack of uniformity gives rise to a high degree of subjectivity in estimating financial instrument fair values.

Estimated fair values have been determined by the Company using the best available data and an estimation methodology suitable for each category of financial instruments. The estimation methodologies used, the estimated fair values, and recorded book balances at December 31, 2008 and 2007 are outlined below.

For cash and cash equivalents and interest-bearing deposits with banks, the recorded book values approximate fair values. The estimated fair values of investment securities are based on quoted market prices, if available. Estimated fair values are based on quoted market prices of comparable instruments if quoted market prices are not available.

The net loan portfolio at December 31, 2008 and 2007 has been valued using a present value discounted cash flow where market prices were not available. The discount rate used in these calculations is the estimated current market rate adjusted for credit risk. The carrying value of accrued interest approximates fair value.

The estimated fair values of demand deposits (i.e. interest (checking) and non-interest bearing demand accounts, savings and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e. their carrying amounts). The carrying amounts of variable rate accounts approximate their fair values at the reporting date. For fixed maturity certificates of deposit, fair value was estimated using the rates currently offered for deposits of similar remaining maturities. The carrying amount of accrued interest payable approximates its fair value.

The fair value of securities sold under agreements to repurchase and long-term debt are based upon discounted value of contractual cash flows. The Company estimates the discount rate using the rates currently offered for similar borrowing arrangements.

The fair values of commitments to extend credit and standby letters of credit are estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counter parties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair value of guarantees and letters of credit is based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counter parties at the reporting date.

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The carrying values and estimated fair values of the Company s financial instruments are as follows:

	December 31,			
	2008		2007	
	Carrying Value	Estimated fair value	Carrying Value	Estimated fair value
	(in thousands)			
Financial Assets:				
Cash and cash equivalents	**$ 49,776**	**$ 49,776**	$ 57,188	$ 57,188
Investment securities available for sale	**282,174**	**282,174**	273,247	273,247
Investment securities held to maturity	**110,114**	**111,881**	129,360	129,207
Loans	**2,034,831**	**2,085,336**	1,886,535	1,875,839
Financial Liabilities:				
Deposits	**2,056,133**	**2,065,332**	$ 1,987,405	1,988,508
Federal funds purchased and securities sold under agreements to repurchase	**62,363**	**62,363**	49,294	49,294
Long-term debt	**210,900**	**225,760**	171,755	175,422
Subordinated debentures	**77,322**	**83,858**	77,322	77,322
Commitments:				
Standby letters of credit		**11**		7

NOTE 17 REGULATORY MATTERS

The Bank Holding Company Act of 1956 restricts the amount of dividends the Company can pay. Accordingly, dividends should generally only be paid out of current earnings, as defined.

The New Jersey Banking Act of 1948 restricts the amount of dividends paid on the capital stock of New Jersey chartered banks. Accordingly, no dividends shall be paid by such banks on their capital stock unless, following the payment of such dividends, the capital stock of Lakeland will be unimpaired, and: (1) Lakeland will have a surplus, as defined, of not less than 50% of its capital stock, or, if not, (2) the payment of such dividend will not reduce the surplus, as defined, of Lakeland. Under these limitations, approximately $185.2 million was available for payment of dividends from Lakeland to the Company as of December 31, 2008.

The Company and Lakeland are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company s and Lakeland s consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company s and Lakeland s assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company s and Lakeland s capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulations to ensure capital adequacy require the Company and Lakeland to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets, and of Tier 1 capital to average assets. Management believes, as of December 31, 2008, that the Company and Lakeland met all capital adequacy requirements to which they are subject.

As of December 31, 2008, the most recent notification from the Federal Reserve Bank of New York and the FDIC categorized the Company and Lakeland as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and Lakeland must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institutions category.

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As of December 31, 2008 and 2007, the Company and Lakeland have the following capital ratios:

	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
As of December 31, 2008						
Total capital (to risk-weighted assets)						
Company	**$ 233,215**	**11.52%**	**≥ 161,899**	**≥ 8.00%**	**N/A**	**N/A**
Lakeland	**216,610**	**10.85**	**161,215**	**8.00**	**≥ 201,518**	**≥ 10.00%**
Tier 1 capital (to risk-weighted assets)						
Company	**$ 207,156**	**10.24%**	**≥ $80,949**	**≥ 4.00%**	**N/A**	**N/A**
Lakeland	**193,416**	**9.60**	**80,607**	**4.00**	**≥ $121,524**	**≥ 6.00%**
Tier 1 capital (to average assets)						
Company	**$ 207,156**	**8.08%**	**≥ $102,597**	**≥ 4.00%**	**N/A**	**N/A**
Lakeland	**193,416**	**7.57**	**102,244**	**4.00**	**≥ $127,805**	**≥ 5.00%**

	Actual		For capital adequacy purposes		To be well capitalized under prompt corrective action provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(dollars in thousands)			
As of December 31, 2007						
Total capital (to risk-weighted assets)						
Company	$ 212,741	11.08%	≥ $153,601	≥ 8.00%	N/A	N/A
Lakeland	196,766	10.28	153,073	8.00	≥ $191,341	≥ 10.00%
Tier 1 capital (to risk-weighted assets)						
Company	$ 193,588	10.08%	≥ $76,801	≥ 4.00%	N/A	N/A
Lakeland	181,497	9.49	76,536	4.00	≥ $114,804	≥ 6.00%
Tier 1 capital (to average assets)						
Company	$ 193,588	8.11%	≥ $95,494	≥ 4.00%	N/A	N/A
Lakeland	181,497	7.62	95,227	4.00	≥ $119,034	≥ 5.00%

NOTE 18 SUBSEQUENT EVENTS

On February 6, 2009, the Company received $59.0 million in an investment by the U.S. Department of the Treasury (the Treasury). The investment is part of the Treasury s Capital Purchase Program and is in the form of preferred stock and a warrant to purchase common stock.

Lakeland had received preliminary approval of the Treasury s investment in December, 2008. In order to close on the investment, Lakeland needed to obtain shareholder approval to amend its certificate of incorporation to authorize the issuance of up to 1 million shares of preferred stock. At its special meeting on January 28, 2009, Lakeland received shareholder approval to issue preferred stock, from which 59,000 shares of preferred stock were issued to the Treasury. As part of the investment, Lakeland issued the Treasury a warrant to purchase 949,571 shares of its common stock at an exercise price of $9.32 per share. The warrant is exercisable for a period of 10 years. Dividends on the preferred stock issued to the Treasury will be 5% per year for the first five years. If any of the preferred shares remain outstanding after 5 years, dividends will be paid at a rate of 9% per year.

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The Securities Purchase Agreement contains limitations on the payment of dividends on the common stock. Specifically, the Company is unable to declare dividend payments on the common stock (and certain preferred stock if the Company issues additional series of preferred stock) if the Company is in arrears in the payment of dividends on the shares issued to the Treasury. Further, until the third anniversary of the investment or when all of the shares issued to the Treasury have been redeemed or transferred, the Company is not permitted to increase the amount of the quarterly cash dividend above $0.10 per share without the Treasury s approval. The amount of the last regular dividend declared by the Company prior to October 14, 2008 was $0.10 per share.

NOTE 19 QUARTERLY FINANCIAL DATA (UNAUDITED)

The following represents summarized quarterly financial data of the Company, which in the opinion of management reflected all adjustments, consisting only of nonrecurring adjustments, necessary for a fair presentation of the Company s results of operations.

	Quarter ended			
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008
	(in thousands, except per share amounts)			
Total interest income	**$ 36,113**	**$ 35,876**	**$ 36,262**	**$ 35,686**
Total interest expense	**15,663**	**13,340**	**13,122**	**13,233**
Net interest income	**20,450**	**22,536**	**23,140**	**22,453**
Provision for loan and lease losses	**1,267**	**8,158**	**3,273**	**11,032**
Noninterest income	**4,634**	**4,347**	**4,217**	**4,360**
Gains on sales of investment securities	**9**	**43**	**1**	
Noninterest expense	**15,331**	**14,424**	**14,920**	**15,396**
Income before taxes (benefit)	**8,495**	**4,344**	**9,165**	**385**
Income taxes (benefit)	**2,955**	**1,464**	**3,309**	**(504)**
Net income	**$ 5,540**	**$ 2,880**	**$ 5,856**	**$ 889**
Earnings per share				
Basic	**$ 0.24**	**$ 0.12**	**$ 0.25**	**$ 0.04**
Diluted	**$ 0.23**	**$ 0.12**	**$ 0.25**	**$ 0.04**

In the fourth quarter of 2008, the Company increased its provision for loan and lease losses related to its leasing portfolio.

	Quarter ended			
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
	(in thousands, except per share amounts)			
Total interest income	$ 32,107	$ 32,960	$ 35,288	$ 36,023
Total interest expense	15,018	15,415	17,095	17,122
Net interest income	17,089	17,545	18,193	18,901
Provision for loan and lease losses	602	671	789	3,914
Noninterest income	4,221	4,092	4,046	4,499
Gains (losses) on sales of investment securities		1,769		
Noninterest expense	14,327	14,435	14,332	15,096
Income before taxes	6,381	8,300	7,118	4,390
Income taxes	2,011	2,776	2,319	1,095
Net income	$ 4,370	$ 5,524	$ 4,799	$ 3,295

Earnings per share								
Basic	$	0.19	$	0.24	$	0.21	$	0.14
Diluted	$	0.19	$	0.24	$	0.20	$	0.14

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In the fourth quarter of 2007, the Company increased its provision for loan and lease losses related to a $3.1 million charge-off of a commercial and industrial loan.

NOTE 20 CONDENSED FINANCIAL INFORMATION PARENT COMPANY ONLY:

BALANCE SHEETS

CONDENSED BALANCE SHEETS

	December 31, 2008	2007
	(in thousands)	
ASSETS		
Cash and due from banks	**$ 8,179**	$ 8,943
Investment securities available for sale	**2,323**	3,581
Investment in bank subsidiaries	**283,290**	272,051
Land held for sale	**1,077**	1,227
Other assets	**4,043**	4,242
TOTAL ASSETS	**$ 298,912**	$ 290,044
LIABILITIES AND STOCKHOLDERS EQUITY		
Other liabilities	**$ 649**	$ 1,123
Subordinated debentures	**77,322**	77,322
Stockholders equity	**220,941**	211,599
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$ 298,912**	$ 290,044

CONDENSED STATEMENTS OF INCOME

	Years Ended December 31, 2008	2007	2006
		(in thousands)	
INCOME			
Dividends from subsidiaries	**$ 10,739**	$ 10,600	$ 20,325
Other income	**218**	1,971	420
TOTAL INCOME	**10,957**	12,571	20,745
EXPENSE			
Interest on subordinated debentures	**5,256**	4,714	3,842
Noninterest expenses	**1,227**	1,230	1,034
TOTAL EXPENSE	**6,483**	5,944	4,876
Income before benefit for income taxes	**4,474**	6,627	15,869
Benefit for income taxes	**(2,204)**	(994)	(1,554)
Income before equity in undistributed income of subsidiaries	**6,678**	7,621	17,423
Equity in undistributed income (loss) of subsidiaries	**8,487**	10,367	(446)
NET INCOME	**$ 15,165**	$ 17,988	$ 16,977

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CONDENSED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2008	2007	2006
		(in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	**$ 15,165**	$ 17,988	$ 16,977
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Share based compensation	**351**	260	
Gain on sale of securities		(1,762)	(243)
(Increase) decrease in other assets	**349**	(1,431)	2,668
Increase (decrease) in other liabilities	**(25)**	119	(49)
Equity in undistributed (income) loss of subsidiaries	**(8,487)**	(10,367)	446
NET CASH PROVIDED BY OPERATING ACTIVITIES	**7,353**	4,807	19,799
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of securities	**(24)**	(788)	(17)
Proceeds from sale of securities available for sale		2,432	671
Contribution to subsidiary	**(3,000)**	(19,000)	(5,000)
NET CASH USED IN INVESTING ACTIVITIES	**(3,024)**	(17,356)	(4,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid on common stock	**(8,061)**	(8,395)	(8,517)
Proceeds from issuance of long term debt		20,619	
Purchase of treasury stock		(11)	(3,144)
Issuance of stock to the dividend reinvestment and stock purchase plan	**75**		
Excess tax benefits	**105**	103	66
Exercise of stock options	**2,788**	511	519
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(5,093)**	12,827	(11,076)
Net increase (decrease) in cash and cash equivalents	**(764)**	278	4,377
Cash and cash equivalents, beginning of year	**8,943**	8,665	4,288
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 8,179**	$ 8,943	$ 8,665

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Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders

Lakeland Bancorp, Inc.

We have audited the accompanying consolidated balance sheets of Lakeland Bancorp, Inc. (a New Jersey corporation) and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2008. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lakeland Bancorp, Inc. and subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the Company has adopted Statement of Financial Standard Board (FASB) No. 157, *Fair Value Measurements* and Emerging Issues Task Force 06-4 *Accounting for Deferred Compensation and Post Retirement Benefit Aspects of Endorsement Split-Dollar Life Insurance Arrangements* in 2008 and FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* for 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Lakeland Bancorp, Inc. s internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 16, 2009 expressed an unqualified opinion.

/s/ Grant Thornton LLP

Philadelphia, Pennsylvania

March 16, 2009

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ITEM 9 Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable

ITEM 9A Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, the Company s management, including the Chief Executive Officer and Chief Financial Officer, evaluated the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) related to the recording, processing, summarization, and reporting of information in the Company s periodic reports that the Company files with the SEC.

Based on their evaluation as of December 31, 2008, the Company s Chief Executive Officer and Chief Financial Officer have concluded that the Company s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) are effective to ensure that the information required to be disclosed by the Company in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

Changes in Internal Controls Over Financial Reporting

There have been no changes in the Company s internal control over financial reporting that occurred during the last fiscal quarter to which this Annual Report on Form 10-K relates that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Management s Report on Internal Control Over Financial Reporting

The management of Lakeland Bancorp, Inc. and its subsidiaries (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934.

The Company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the board of directors of the Company; and

- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions or because of declines in the degree of compliance with policies or procedures.

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The Company s management assessed the effectiveness of the Company s internal control over financial reporting as of December 31, 2008. In making this assessment, the Company s management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

As of December 31, 2008, based on management s assessment, the Company s internal control over financial reporting was effective.

Grant Thornton LLP, the Company s independent registered public accounting firm, has issued an audit report on the effectiveness of the Company s internal control over financial reporting. See Report of Independent Registered Public Accounting Firm below.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders

Lakeland Bancorp, Inc.

We have audited Lakeland Bancorp, Inc. and subsidiaries (a New Jersey corporation) internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Lakeland Bancorp Inc. s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on Lakeland Bancorp, Inc. s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Lakeland Bancorp, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Lakeland Bancorp, Inc. and subsidiaries as of December 31, 2008 and 2007, and the related consolidated statements of income, comprehensive income, shareholders equity, and cash flows for each of the three years in the period ended December 31, 2008 and our report dated March 16, 2009 expressed an unqualified opinion.

/s/ Grant Thornton LLP

Philadelphia, Pennsylvania

March 16, 2009

ITEM 9B Other Information

None.

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PART III

ITEM 10 Directors, Executive Officers and Corporate Governance

The Company responds to this Item by incorporating by reference the material responsive to this Item in the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders.

ITEM 11 Executive Compensation

The Company responds to this Item by incorporating by reference the material responsive to this Item in the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders.

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The Company responds to this Item by incorporating by reference the material responsive to this Item in the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders.

ITEM 13 Certain Relationships and Related Transactions, and Director Independence

The Company responds to this Item by incorporating by reference the material responsive to this Item in the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders.

ITEM 14 Principal Accountant Fees and Services

The Company responds to this Item by incorporating by reference the material responsive to this Item in the Company s definitive proxy statement for its 2009 Annual Meeting of Shareholders.

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PART IV

ITEM 15 Exhibits and Financial Statement Schedules

(a) 1. The following portions of the Company s consolidated financial statements are set forth in Item 8 of this Annual Report:

(i)	Consolidated Balance Sheets as of December 31, 2008 and 2007.
(ii)	Consolidated Statements of Income for each of the three years in the period ended December 31, 2008.
(iii)	Consolidated Statements of Changes in Stockholders Equity for each of the three years in the period ended December 31, 2008.
(iv)	Consolidated Statements of Cash Flows for each of the three years in the period ended December 31, 2008.
(v)	Notes to Consolidated Financial Statements.
(vi)	Report of Independent Registered Public Accounting Firm.

(a) 2. Financial Statement Schedules

All financial statement schedules are omitted as the information, if applicable, is presented in the consolidated financial statements or notes thereto.

(a) 3. Exhibits

3.1	Certificate of Incorporation of the Registrant, as amended, is incorporated by reference to Exhibit 3.1 to the Registrant s Current Report on Form 8-K filed with the SEC on February 9, 2009.
3.2	By-Laws of the Registrant, as amended, are incorporated by reference to Exhibit 3.2 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2003.
4.1	Registrant s Shareholder Protection Rights Plan, dated as of August 24, 2001, is incorporated by reference to Exhibit 4.1 to the Registrant s Current Report on Form 8-K filed with the SEC on August 24, 2001.
4.2	Warrant to Purchase up to 949,571 shares of Common Stock, dated February 6, 2009, is incorporated by reference to Exhibit 4.1 to the Registrant s Current Report on Form 8-K filed with the SEC on February 9, 2009.
10.1	Lakeland Bancorp, Inc. Amended and Restated 2000 Equity Compensation Program is incorporated by reference to Appendix A to the Registrant s definitive proxy materials for its 2005 Annual Meeting of Shareholders.
10.2	Employment Agreement Change in Control, Severance and Employment Agreement for Roger Bosma, dated as of January 1, 2000, among Lakeland Bancorp, Inc., Lakeland Bank and Roger Bosma, is incorporated by reference to Exhibit 10.6 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 1999.
10.3	Employment Agreement, dated as of April 2, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Thomas J. Shara, is incorporated by reference to Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed with the SEC on May 28, 2008.
10.4	Supplemental Executive Retirement Plan Agreement for Thomas J. Shara, effective as of April 2, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Thomas J. Shara is incorporated by reference to Exhibit 10.2 to the Registrant s Current Report on Form 8-K filed with the SEC on May 28, 2008.

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10.5	Change of Control Agreement dated March 1, 2001, among Lakeland Bancorp, Inc., Lakeland Bank and Joseph F. Hurley is incorporated by reference to Exhibit 10.8 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2000.
10.6	Change of Control Agreement dated March 1, 2001, among Lakeland Bancorp, Inc., Lakeland Bank and Robert A. Vandenbergh is incorporated by reference to Exhibit 10.9 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2000.
10.7	Change of Control Agreement dated March 6, 2001, among Lakeland Bancorp, Inc., Lakeland Bank and Louis E. Luddecke is incorporated by reference to Exhibit 10.10 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2000.
10.8	Change of Control Agreement dated March 7, 2001, among Lakeland Bancorp, Inc. Lakeland Bank and Jeffrey J. Buonforte is incorporated by reference to Exhibit 10.11 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2000.
10.9	Amendments to Change of Control Agreements, dated March 10, 2003, among Lakeland Bancorp, Inc., Lakeland Bank and each of Joseph F. Hurley, Robert A. Vandenbergh, Louis E. Luddecke and Jeffrey J. Buonforte are incorporated by reference to Exhibit 10.13 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2002.
10.10	Change of Control Agreement dated April 7, 2004, among Lakeland Bancorp, Inc. Lakeland Bank and James R. Noonan is incorporated by reference to Exhibit 10.11 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2004.
10.11	Lakeland Bancorp, Inc. Directors Deferred Compensation Plan, as amended and restated, is incorporated by reference to Exhibit 10.6 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.12	Change in Control, Severance and Employment Agreement, dated as of November 24, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and David S. Yanagisawa, is incorporated by reference to Exhibit 10.9 of the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.13	Supplemental Executive Retirement Plan Agreement for Roger Bosma, dated August 21, 2003, and First Amendment to the Supplemental Executive Retirement Plan Agreement, adopted December 13, 2006, are incorporated by reference to Exhibit 10.11 to the Registrant s Annual Report on Form 10-K for the year ended December 31, 2006.
10.14	Letter Agreement, dated February 6, 2009, including the Securities Purchase Agreement Standard Terms attached thereto between the Registrant and the United States Department of the Treasury, is incorporated by reference to Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed with the SEC on February 9, 2009.
10.15	Form of Waiver, executed by each of Thomas J. Shara, Joseph F. Hurley, Robert A. Vandenbergh, Jeffrey J. Buonforte and Louis E. Luddecke, is incorporated by reference to Exhibit 10.2 to the Registrant s Current Report on Form 8-K filed with the SEC on February 9, 2009.
10.16	Form of Executive Waiver Agreement, executed by each of Thomas J. Shara, Joseph F. Hurley, Robert A. Vandenbergh, Jeffrey J. Buonforte and Louis E. Luddecke, is incorporated by reference to Exhibit 10.3 to the Registrant s Current Report on Form 8-K filed with the SEC on February 9, 2009.
10.17	Second Amendatory Agreement to Change in Control Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Jeffrey J. Buonforte, is incorporated by reference to Exhibit 10.1 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.

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10.18	Second Amendatory Agreement to Change in Control Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Joseph F. Hurley, is incorporated by reference to Exhibit 10.2 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.19	Second Amendatory Agreement to Change in Control Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Louis E. Luddecke, is incorporated by reference to Exhibit 10.3 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.20	First Amendatory Agreement to Change in Control Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and James R. Noonan, is incorporated by reference to Exhibit 10.4 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.21	Second Amendatory Agreement to Change in Control Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Robert A. Vandenbergh, is incorporated by reference to Exhibit 10.5 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.22	Supplemental Executive Retirement Plan Agreement, effective as of December 23, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Robert A. Vandenbergh, is incorporated by reference to Exhibit 10.7 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
10.23	Amendment No. 3 to Salary Continuation Agreement, dated as of December 31, 2008, among Lakeland Bancorp, Inc., Lakeland Bank and Robert A. Vandenbergh, is incorporated by reference to Exhibit 10.8 to the Registrant s Current Report on Form 8-K filed with the SEC on December 30, 2008.
12.1	Statement of Ratios of Earnings to Fixed Charges
21.1	Subsidiaries of Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
24.1	Power of Attorney.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAKELAND BANCORP, INC.

Dated: March 16, 2009

By: /s/ THOMAS J. SHARA
Thomas J. Shara
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROGER BOSMA* **Roger Bosma**	Director	March 16, 2009
/s/ BRUCE D. BOHUNY* **Bruce D. Bohuny**	Director	March 16, 2009
/s/ MARY ANN DEACON* **Mary Ann Deacon**	Director	March 16, 2009
/s/ JOHN W. FREDERICKS* **John W. Fredericks**	Director	March 16, 2009
/s/ MARK J. FREDERICKS* **Mark J. Fredericks**	Director	March 16, 2009
/s/ GEORGE H. GUPTILL, JR.* **George H. Guptill, Jr.**	Director	March 16, 2009
/s/ JANETH C. HENDERSHOT* **Janeth C. Hendershot**	Director	March 16, 2009
/s/ ROBERT E. MCCRACKEN* **Robert E. McCracken**	Director	March 16, 2009
/s/ ROBERT B. NICHOLSON, III* **Robert B. Nicholson, III**	Director	March 16, 2009

/s/ JOSEPH P. O DOWD*	Director	March 16, 2009
Joseph P. O Dowd		
/s/ THOMAS J. SHARA	Director, President and Chief Executive Officer	March 16, 2009
Thomas J. Shara		
/s/ STEPHEN R. TILTON, SR.*	Director	March 16, 2009
Stephen R. Tilton, Sr.		

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Signature	Capacity	Date
/s/ PAUL G. VIALL, JR.*	Director	March 16, 2009
Paul. G. Viall, Jr.		
/s/ ARTHUR L. ZANDE*	Director	March 16, 2009
Arthur L. Zande		
/s/ JOSEPH F. HURLEY	Executive Vice President and	March 16, 2009
Joseph F. Hurley	Chief Financial Officer	

*By: /s/ THOMAS J. SHARA

Thomas J. Shara

Attorney-in-Fact

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