

FLUSHING FINANCIAL CORP
Form DEF 14A
April 08, 2010
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Flushing Financial Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

FLUSHING FINANCIAL CORPORATION

1979 Marcus Avenue, Suite E140

Lake Success, New York 11042

(718) 961-5400

April 13, 2010

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Flushing Financial Corporation. The annual meeting will be held at the LaGuardia Marriott located at 102-05 Ditmars Boulevard, East Elmhurst, New York 11369, on May 18, 2010 at 2:00 p.m., New York time. The matters to be considered by stockholders at the annual meeting are described in the accompanying materials.

It is very important that you be represented at the annual meeting regardless of the number of shares you own. Whether or not you plan to attend the meeting in person, we urge you to vote as soon as possible. You may vote by marking, signing and dating your proxy card and returning it in the envelope provided. Alternatively, you may vote over the Internet or by telephone. Voting over the Internet, by telephone or by written proxy will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend. Please review the instructions on the proxy card regarding each of these voting options.

Your continued support of and interest in Flushing Financial Corporation are sincerely appreciated.

Sincerely,

Gerard P. Tully, Sr.
Chairman of the Board

John R. Buran
President and Chief Executive Officer

Table of Contents

FLUSHING FINANCIAL CORPORATION

1979 Marcus Avenue, Suite E140

Lake Success, New York 11042

(718) 961-5400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE & TIME: May 18, 2010 at 2:00 p.m. New York time

PLACE: LaGuardia Marriott
102-05 Ditmars Boulevard
East Elmhurst, New York 11369

- ITEMS OF BUSINESS
- (1) To elect four directors for a three-year term and until their successors are elected and qualified;
 - (2) To ratify the appointment of Grant Thornton LLP by the Audit Committee of the Board of Directors as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010;
 - (3) To approve an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock from 40 million to 100 million;
 - (4) To re-approve the performance criteria of the Company's Amended and Restated 2005 Omnibus Incentive Plan; and
 - (5) To transact such other business as may properly come before the meeting or any adjournment thereof.

RECORD DATE: You are entitled to vote at the annual meeting or any adjournment of that meeting only if you were a stockholder at the close of business on Friday, March 26, 2010.

VOTING BY PROXY: Please submit a proxy as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. You may submit your proxy (1) over the Internet, (2) by telephone, or (3) by mail. For specific instructions, please refer to the information in the proxy statement and the instructions on the proxy card.

BY ORDER OF THE BOARD OF DIRECTORS,

Edgar Filing: FLUSHING FINANCIAL CORP - Form DEF 14A

Maria A. Grasso

Corporate Secretary

Lake Success, New York

April 13, 2010

Table of Contents

FLUSHING FINANCIAL CORPORATION

1979 Marcus Avenue, Suite E140

Lake Success, New York 11042

(718) 961-5400

PROXY STATEMENT

Annual Meeting of Stockholders

To be held on May 18, 2010

TABLE OF CONTENTS

	Page
<u>INTRODUCTION</u>	1
<u>VOTING AND PROXIES</u>	1
<u>Voting Rights and Quorum Requirement</u>	1
<u>Voting over the Internet or by Telephone</u>	1
<u>Effect of Proxy</u>	1
<u>Revoking a Proxy</u>	2
<u>Votes Required for Approval</u>	2
<u>Cost of Solicitation of Proxies</u>	2
<u>Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 18, 2010</u>	2
<u>PROPOSAL NO. 1 ELECTION OF DIRECTORS</u>	3
<u>Information About Directors</u>	4
<u>Board Nominees</u>	4
<u>Continuing Directors</u>	5
<u>Executive Officers Who Are Not Directors</u>	7
<u>CORPORATE GOVERNANCE</u>	10
<u>Independence of Directors</u>	10
<u>Meetings and Committees of the Board of Directors</u>	10
<u>Director Nominations</u>	11
<u>Risk Management</u>	12
<u>Transactions with Related Persons, Promoters and Certain Control Persons</u>	12
<u>Stockholder Communications with the Board of Directors</u>	13
<u>Code of Business Conduct and Ethics</u>	13
<u>Compensation Committee Interlocks and Insider Participation</u>	13
<u>Role of Executive Officers in Compensation Decisions</u>	14
<u>Determining Executive Compensation and the Role of the Consultant</u>	14
<u>EXECUTIVE COMPENSATION</u>	15
<u>Compensation Discussion and Analysis</u>	15

Edgar Filing: FLUSHING FINANCIAL CORP - Form DEF 14A

<u>Executive Summary</u>	15
<u>Compensation Committee Report</u>	22
<u>Summary Compensation Table</u>	25
<u>Grants of Plan Based Awards in 2009</u>	26
<u>Outstanding Equity Awards at 2009 Fiscal Year-End</u>	28
<u>Option Exercises and Stock Vested in 2009</u>	29
<u>Pension Benefits</u>	29
<u>Nonqualified Deferred Compensation</u>	30
<u>Potential Payments Upon Termination or Change of Control</u>	32
<u>Potential Payments Upon Termination of Employment</u>	32

Table of Contents

	Page
<u>Employment Agreements</u>	33
<u>Change of Control Arrangements</u>	35
<u>DIRECTOR COMPENSATION</u>	36
<u>Cash Compensation Paid to Members of the Board of Directors</u>	36
<u>2005 Omnibus Incentive Plan</u>	36
<u>Director Retirement Plan</u>	37
<u>Deferred Compensation Program for Outside Directors</u>	37
<u>Indemnity Agreements</u>	37
<u>Director Summary Compensation Table</u>	38
<u>AUDIT COMMITTEE MATTERS</u>	39
<u>Report of the Audit Committee</u>	39
<u>Audit Committee Financial Expert</u>	39
<u>Fees Paid to Independent Registered Public Accounting Firm</u>	40
<u>PROPOSAL NO. 2 RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS THE COMPANY S</u>	
<u>INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2010</u>	41
<u>STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	41
<u>Stock Ownership of Certain Beneficial Owners</u>	41
<u>Stock Ownership of Management</u>	42
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	43
<u>PROPOSAL NO. 3 AMENDMENT OF THE COMPANY S CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER</u>	
<u>OF AUTHORIZED SHARES OF COMMON STOCK FROM 40 MILLION TO 100 MILLION</u>	44
<u>PROPOSAL NO. 4 RE-APPROVAL OF THE PERFORMANCE CRITERIA OF THE COMPANY S AMENDED AND RESTATED</u>	
<u>2005 OMNIBUS INCENTIVE PLAN</u>	46
<u>OTHER MATTERS THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING</u>	47
<u>STOCKHOLDER PROPOSALS FOR 2011 ANNUAL MEETING</u>	47
<u>MISCELLANEOUS</u>	48

Table of Contents

INTRODUCTION

This proxy statement is furnished to holders of common stock, \$0.01 par value per share, of Flushing Financial Corporation (the Company), which is the sole stockholder of Flushing Savings Bank, FSB (the Bank). Proxies are being solicited on behalf of the Board of Directors of the Company (the Board of Directors) to be used at the annual meeting of stockholders to be held at the LaGuardia Marriott located at 102-05 Ditmars Boulevard, East Elmhurst, New York, 11369 at 2:00 p.m., New York time, on May 18, 2010 and at any adjournment thereof. Only holders of record of the Company's issued and outstanding common stock as of the close of business on the record date, March 26, 2010, are entitled to notice of and to vote at the annual meeting and any adjournments thereof. This proxy statement, the accompanying notice of annual meeting of stockholders, the form of proxy, and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 are first being mailed on or about April 13, 2010 to all persons entitled to vote at the annual meeting.

VOTING AND PROXIES

Voting Rights and Quorum Requirement

Stockholders of record as of the close of business on March 26, 2010, the record date, are entitled to one vote for each share of common stock then held. On the record date, there were 31,152,004 shares of common stock outstanding and entitled to be voted and the Company had no other class of equity securities outstanding. Holders of a majority of the outstanding shares of common stock must be present at the annual meeting, either in person or represented by proxy, to constitute a quorum for the conduct of business. In order to ensure a quorum, you are requested to vote by proxy even if you plan to attend the annual meeting in person. You can vote by completing the enclosed proxy card and returning it signed and dated in the enclosed postage-paid envelope. You can also vote over the Internet or by telephone, as described below.

Voting over the Internet or by Telephone

If your shares are registered in your name with our transfer agent, you may vote either over the Internet or by telephone. Specific instructions for voting over the Internet or by telephone are set forth on the enclosed proxy card. These procedures are designed to authenticate each stockholder's identity and to allow stockholders to vote their shares and confirm that their instructions have been properly recorded.

If your shares are registered in the name of a bank or brokerage firm, you may also be able to vote your shares over the Internet or by telephone. A large number of banks and brokerage firms are participating in online programs that allow eligible stockholders to vote over the Internet or by telephone. If your bank or brokerage firm is participating in such a program, your voting form will provide instructions. If your voting form does not contain Internet or telephone voting information, please complete and return the paper proxy card in the self-addressed, postage-paid envelope provided by your bank or brokerage firm.

Effect of Proxy

The proxy solicited by this proxy statement, if properly signed and received by the Company in time for the annual meeting, or properly transmitted by telephone or the Internet, and not revoked prior to its use, will be voted in accordance with the instructions it contains. If you return or transmit a proxy without specifying your voting instructions, the proxy will be voted FOR election of the nominees for director described herein, FOR ratification of the selection of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2010, FOR the proposed amendment to the Company's Certificate of Incorporation and FOR the re-approval of the performance criteria of the Company's Amended and Restated 2005 Omnibus Incentive Plan (the 2005 Omnibus Incentive Plan). With respect to the transaction of such other business as may properly come before the meeting, each proxy received will be voted in accordance with the best judgment of the persons appointed as proxies. At this time, the Board of Directors knows of no such other business.

Table of Contents

Revoking a Proxy

If you give a proxy, you may revoke it at any time before it is voted by (1) filing written notice of revocation with the Corporate Secretary of the Company (Corporate Secretary, Flushing Financial Corporation, 1979 Marcus Avenue, Suite E140, Lake Success, New York 11042); (2) submitting a duly executed proxy bearing a later date; or (3) appearing at the annual meeting and giving the Corporate Secretary notice of your intention to vote in person.

Votes Required for Approval

Directors are elected by a plurality of the votes cast with a quorum present. This means that nominees receiving the highest number of FOR votes will be elected as directors. Consequently, shares that are not voted, either because you marked your proxy card to withhold authority for all or some of the nominees or you did not complete and return your proxy card, will have no impact on the election of directors. The ratification of the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm and the re-approval of the performance criteria of the 2005 Omnibus Incentive Plan require the affirmative vote of a majority of the total votes cast on the proposal (whether in person or by proxy) by holders entitled to vote on the proposal, assuming a quorum is present at the meeting. The approval of the amendment to the Company's Certificate of Incorporation requires the affirmative vote of a majority of the outstanding shares of the Company's Common Stock. Abstentions are considered present for purposes of determining the presence of a quorum and, along with votes withheld by brokers in the absence of instructions from street name holders (broker non-votes), if any, will not affect the plurality vote required for the election of directors, but will have the same effect as a vote against the other proposals. Broker non-votes are considered present for purposes of determining the presence of a quorum, but not entitled to vote, so they will have no effect on the outcome of any proposal. A broker non-vote occurs when you fail to provide your bank or broker with voting instructions and the bank or broker does not have the discretionary authority to vote your shares on a particular proposal under the New York Stock Exchange rules. Banks and brokers have discretionary authority to vote shares held in street name with respect to the ratification of the independent registered public accounting firm, the re-approval of the performance criteria of the 2005 Omnibus Incentive Plan and the approval of the amendment to the Company's Certificate of Incorporation, but do not have that authority with respect to the election of directors.

Cost of Solicitation of Proxies

The cost of solicitation of proxies will be borne by the Company. In addition to the solicitation of proxies by mail, Morrow & Co., Inc., a proxy soliciting firm, will assist the Company in soliciting proxies for the annual meeting and will be paid a fee of \$5,000, plus reimbursement for out-of-pocket expenses. Proxies also may be solicited personally or by telephone or telecopy by directors, officers and employees of the Company or the Bank, without additional compensation to these individuals. The Company will also request persons, firms and corporations holding shares in their names, or in the name of their nominees, which are beneficially owned by others, to send proxy materials to and obtain proxies from such beneficial owners, and will reimburse such holders for reasonable expenses incurred in connection therewith.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 18, 2010

The Company's proxy statement and annual report to stockholders for the year ended December 31, 2009 are available at <https://materials.proxyvote.com/343873>.

Table of Contents

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of 12 directors divided into three classes, each comprised of four directors. The directors hold office for staggered terms of three years (and until their successors are elected and qualified). One of the three classes is elected each year to succeed the directors whose terms are expiring. The directors in Classes A and B are serving terms expiring at the annual meeting of stockholders in 2011 and 2012, respectively.

The directors in Class C, whose terms expire at the 2010 annual meeting, are James D. Bennett, John R. Buran, Vincent F. Nicolosi, and Gerard P. Tully, Sr. Each of these directors has been nominated by the Board of Directors, upon the recommendation of its Nominating and Governance Committee, to stand for election for a term expiring at the annual meeting of stockholders to be held in 2013. Each of these nominees has consented to being named in this proxy statement as a Board nominee and to serve if elected.

Unless otherwise instructed, it is the intention of the proxy holders to vote the proxies received by them in response to this solicitation FOR the election of the nominees named above as directors. If any such nominee should refuse or be unable to serve, the proxies will be voted for such person as shall be designated by the Board of Directors to replace such nominee. The Board of Directors has no reason to believe that any of the Board nominees will refuse or be unable to serve as a director if elected.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE

FOR ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

Table of Contents**Information About Directors**

The following table sets forth certain information regarding the Board nominees and members of the Board of Directors of the Company whose terms will continue after the annual meeting.

Name	Age⁽¹⁾	Position(s) with the Company	Director Since⁽²⁾	Term Expires
Gerard P. Tully, Sr.	82	Chairman of the Board	1967	2010 ⁽³⁾
John R. Buran	60	President, Chief Executive Officer and Director	2003	2010 ⁽³⁾
James D. Bennett	71	Director	1998	2010 ⁽³⁾
Steven J. D Iorio	60	Director	2004	2012
Louis C. Grassi	54	Director	1998	2012
Sam Han	56	Director	2007	2012
Michael J. Hegarty	70	Director	1987	2011
John J. McCabe	66	Director	2003	2011
Vincent F. Nicolosi	70	Director	1977	2010 ⁽³⁾
Donna M. O'Brien	54	Director	2004	2011
John E. Roe, Sr.	76	Director	1968	2012
Michael J. Russo	75	Director	1984	2011

(1) As of December 31, 2009.

(2) Where a director's period of service relates to a period prior to May 9, 1994, the date of the Company's incorporation, the period specified relates to the date the individual commenced service as director or trustee of the Bank or its predecessor.

(3) Nominee for re-election at the 2010 annual meeting for a term expiring in 2013.

Set forth below is certain information with respect to the nominees and other directors of the Company. Unless otherwise indicated, the principal occupation listed below for each person has been his or her principal occupation for the past five years. In addition, described below are each director nominee's particular experiences, qualifications, attributes or skills that contributed to the Board's conclusion that the person should continue to serve as a director of the Company.

Board Nominees

Gerard P. Tully, Sr. has served as Chairman of the Board of the Company since its formation in 1994, and as Chairman of the Board of the Bank since 1980. Mr. Tully served as Chief Executive Officer of the Bank from 1981 through 1989. Mr. Tully is an officer and a director of Van-Tulco, Inc., Tulger Contracting Corp. and Tulger Construction Corp., which are construction companies, Bainbridge Avenue Corp., 1620 Ralph Avenue Corp. and Contractors Associates Inc., which are real estate holding companies, and Whitestone Properties Associates, Inc., a real estate management company. Mr. Tully's decades of experience with the Company in particular and the Banking industry in general in conjunction with his many years of leadership make him a valuable member of our Board of Directors.

John R. Buran has served as President and Chief Executive Officer of the Company and the Bank since July 2005. Prior to that, he served as Executive Vice President and Chief Operating Officer of the Company and the Bank from January 2001 until June 2005. Prior to joining the Company, Mr. Buran held a variety of positions within the Banking industry, including Executive Vice President of the New York Metro Division of Fleet Bank and Vice President New York Investment Sales at Citibank. Mr. Buran serves on the Board of Neighborhood Housing Services of New York where he chairs its Audit Committee. He is also a Trustee of St. Joseph's College and a member of its Finance and Nominating Committees. He is currently Chairman of the Board of the New York Bankers Service Corporation and Vice Chairman of the Board of the New York Bankers Association. Mr. Buran's experience with the Company and his career-long experience in the Banking industry, including at some of the nation's largest banks, his community and other activities connecting him to the Company's marketplace and his extensive knowledge of Banking regulation and other matters as applicable specific to the Company, make him a valuable member of our Board of Directors. In addition, Mr. Buran's leadership during recent adverse macro-economic circumstances especially qualifies him as a Board member to meet future such challenges.

Table of Contents

James D. Bennett is of counsel with the law firm of Farrell, Fritz, P.C. in Uniondale, New York, with a practice in civil law and real estate. He also serves as Chief Executive Officer of Land Enterprises, Inc., a realty investment and management firm. Prior to July 2001, Mr. Bennett was a partner in the realty law firm of Bennett, Rice & Schure, LLP in Rockville Centre, New York. In the past, he has served as a Trustee of both the Long Island Power Authority and the New York State Conservation Fund Advisory Council, as Supervisor and a Councilman of the Town of Hempstead, and as a Commissioner of the New York State Public Service Commission. Mr. Bennett's legal background, including in particular his extensive knowledge and experience as a real estate lawyer practicing in the Company's marketplace, in light of the importance to the Company of real estate as loan collateral and the retail nature of its branches, makes Mr. Bennett a valuable member of our Board of Directors.

Vincent F. Nicolosi is a partner in the law firm of Nicolosi & Nicolosi LLP in Manhasset, New York. For over 25 years, he has been engaged in the practice of law with an emphasis on civil litigation. Since December 1998, Mr. Nicolosi has served as a Commissioner of the New York State Investigation Commission. Mr. Nicolosi served as a Queens Assistant District Attorney from 1967 to 1972. From 1973 to 1980, Mr. Nicolosi was a member of the New York State Assembly, serving as Chairman of the Assembly Insurance Committee from 1977 to 1980. Mr. Nicolosi's legal background and knowledge of the Company's marketplace, including in particular his experience in risk assessment and judgment in the context of legal matters as an experienced litigator, makes Mr. Nicolosi a valuable member of our Board of Directors.

Continuing Directors

Steven J. D Iorio is Manager of Construction Services at Ogden CAP Properties, LLC. Mr. D Iorio has over 37 years of real estate, construction and development experience. Mr. D Iorio has held senior management positions with Time Warner, Inc., National Westminster Bank and Olympia & York. Mr. D Iorio's knowledge of and business experience of the real estate market in which the Company operates, in light of the importance to the Company of real estate as loan collateral and the retail nature of its branches, makes Mr. D Iorio a valuable member of our Board of Directors.

Louis C. Grassi is Managing Partner and President of Grassi & Co., CPAs, P.C. located in Jericho, New York, with a practice in accounting, tax and management consulting services. Mr. Grassi is also a partner and the President of Grassi Consulting and of GCM Systems, a computer company. He is a licensed certified fraud examiner, an author and an editor of a national tax and accounting publication. Mr. Grassi is a member of the Board of Directors of BRT Realty Trust. Mr. Grassi's accounting, tax and management expertise, including in particular his experience as a fraud examiner and his general understanding of controls, as well as his firm leadership background, make Mr. Grassi a valuable member of our Board of Directors.

Sam Han is currently President and Founder of The Korean Channel, Inc. and has over 20 years of business experience within the broadcast media industry. Mr. Han started the first Korean-American cable TV station in 1985, which is today the only premiere 24 hour Korean broadcasting company servicing the Greater Tri-State area on Time Warner and Cablevision. Mr. Han's successful business background and his strong personal and professional connection to the markets served by the Company, coupled with his long-time work in the Korean-American communities served by the Company, add to our diversity and make him a valuable member of our Board of Directors.

Michael J. Hegarty is former President and Chief Executive Officer of the Company and the Bank from October 1998 until his retirement in June 2005. He joined the Company as Executive Vice President and Corporate Secretary and the Bank as Executive Vice President and Chief Operating Officer in 1995. Prior to that, he was Vice President Finance as well as Corporate Secretary and Treasurer, a director and Chairman of the Audit Committee of EDO Corporation, formerly a New York Stock Exchange listed company and a manufacturer of defense systems and components. Earlier in his career, Mr. Hegarty was an accountant with the firm Peat, Marwick, Mitchell and Company. Mr. Hegarty's extensive experience as a public company executive

Table of Contents

and board member and knowledge of the Company's industry and history and his background as a certified public accountant make him a valuable member of our Board of Directors.

John J. McCabe has served as Chief Investment Strategist of Shay Assets Management, Inc. for the past eleven years and is co-manager of the AMF Large Cap Equity Fund managed by Shay Assets Management. He has also served as Managing Director of Sterling Manhattan Corp., an investment banking firm, and spent 19 years at Bankers Trust Company serving in various capacities, including Managing Director of the Investment Management Group, Director of Investment Research and member of the Senior Investment Policy Committee. Mr. McCabe is a past director of the New York Society of Security Analysts, having served twice as its President. Mr. McCabe brings long-time experience in the securities industry and fund management business, as well as a background of investment banking, to the Company and makes him a valuable addition to our Board of Directors.

Donna M. O'Brien is President of Community Healthcare Strategies, LLC, a nationally focused healthcare strategy operations and consulting firm. She has held senior level management positions in the healthcare industry including serving as Executive Vice President and Chief Administrative Officer of the Catholic Health System of Long Island and as Assistant Administrator at the University of Texas M.D. Anderson Cancer Center in Houston, Texas. She currently serves on the Board of Regents of Seton Hall University where she is on the Finance Committee and is Chair of the Audit Committee. Ms. O'Brien was a member of the Governor of New York State Commission on Healthcare Facilities for the Twenty First Century. Ms. O'Brien's long history in senior-most administrative and management positions and her experience on other boards makes her a valuable member of our Board of Directors.

John E. Roe, Sr. is Chairman of the Board of City Underwriting Agency, Inc., insurance brokers, located in Lake Success, New York. Mr. Roe's experience in the insurance industry in general and the Company's risk profile in particular in the Company's industry and regional market make him a valuable member of our Board of Directors.

Michael J. Russo is self-employed as a consulting engineer and serves as Chief Executive Officer and Corporate Secretary of Fresh Meadow Mechanical Corp., a mechanical contracting firm. Mr. Russo is President and Director of Operations of Northeastern Aviation Corp., an aircraft charter and management firm, and is a partner in AMF Associates, a commercial real estate company. Mr. Russo also serves as Chairman of the Board of Trustees of Flushing Hospital Medical Center. Prior to retiring in 2004, Mr. Russo served as Chairman of the Board of Anthony Russo, Inc., a general contracting firm, for over 40 years. Mr. Russo's executive experience in a variety of businesses, his knowledge of the Company's marketplace and his ties to the Company's community make him a valuable member of the Board of Directors.

Table of Contents**Executive Officers Who Are Not Directors**

The following persons currently serve as executive officers who are not directors of the Company.

Name	Age⁽¹⁾	Position(s) with the Company
David W. Fry	59	Executive Vice President, Treasurer and Chief Financial Officer
Maria A. Grasso	45	Executive Vice President, Chief Operating Officer and Corporate Secretary
Francis W. Korzekwinski	47	Executive Vice President and Chief of Real Estate Lending
Barbara A. Beckmann	51	Senior Vice President
Allen M. Brewer	57	Senior Vice President
Astrid Burrowes	45	Senior Vice President
Caterina dePasquale	42	Senior Vice President
Ruth E. Filiberto	51	Senior Vice President
Ronald Hartmann	54	Senior Vice President
Paul W. Ho	52	Senior Vice President
Jeoung Jin	43	Senior Vice President
Theresa Kelly	48	Senior Vice President
Robert G. Kiraly	54	Senior Vice President
Patricia Mezeul	50	Senior Vice President
Lecann Tannuzzo	42	Senior Vice President
William J. Weichsel	60	Senior Vice President

(1) As of December 31, 2009.

Set forth below is certain information with respect to the executive officers who are not directors of the Company.

David W. Fry has been Executive Vice President, Treasurer and Chief Financial Officer of the Company since July 2007. Mr. Fry had been Senior Vice President, Treasurer and Chief Financial Officer of the Company since July 2004. Mr. Fry joined the Company in 1998 as Vice President/Controller. Prior to joining the Company, he held senior management positions at Home Federal Savings Bank, Anchor Savings Bank, and City Federal Savings Bank. Mr. Fry is a certified public accountant (inactive).

Maria A. Grasso has been Executive Vice President and Chief Operating Officer of the Company since May 2006. Prior to joining the Company, she was Senior Vice President of the Long Island Queens Division of The Bank of New York. From 1997 to 2002, she was Senior Vice President NY Metro Division of Fleet Bank, N.A. Prior to that, she held several senior management positions at NatWest Bank and Chase Manhattan Bank, N.A.

Francis W. Korzekwinski has been an Executive Vice President and Chief of Real Estate Lending of the Company since December 2006. Prior to that, he had been a Senior Vice President of the Company since 1999. Mr. Korzekwinski joined the Company in 1993 as Assistant Vice President of Commercial Real Estate and was promoted to Vice President in 1995. Prior to joining the Company, Mr. Korzekwinski was Vice President, Mortgage Officer at Bankers Federal Savings Bank, FSB for five years. Prior to that, he served as Vice President of Secondary Marketing for a mortgage banking company.

Barbara A. Beckmann has been Senior Vice President/Director of Operations of the Company since February 2008. Ms. Beckmann joined the Company in 2006 as Vice President and Operations Manager. Prior to joining the Company she was a Vice President and Division Operations Manager for The Bank of New York. From 1997 to 2004, she held several management positions at FleetBoston Financial, including Vice President, District Operations Manager and New York Risk Management Team Leader.

Table of Contents

Allen M. Brewer has been Senior Vice President/Chief Information Officer of the Company since December 2008. Prior to joining the Company, he served as President of ALEL Management Corporation, a technology consulting firm, since 2007. Mr. Brewer held the position of Executive Vice President at Alliance Consulting, a global IT solutions organization servicing the financial services industry, from 2004 to 2008. Prior to that, Mr. Brewer served as Chief Information Officer of Corporate Systems at American International Group, Vice President at J.P. Morgan Chase, and Managing Director for Global Cash Management at Citigroup.

Astrid Burrowes has been Senior Vice President and Controller of the Company since March 2008. Prior to joining the Company, from 1998 to 2008, she was Senior Vice President and Controller of Delta Financial Corporation, a mortgage banking company. From 1994 to 1998, she was with KPMG, LLP, a public accounting firm. From 1984 to 1994, Mrs. Burrowes held various positions at Roslyn Savings Bank. Mrs. Burrowes is a certified public accountant.

Caterina dePasquale has been Senior Vice President/Director of Sales & Service since January 2010. Ms. dePasquale joined the Company in 2007 as Vice President and Director of Retail Banking & Distribution. Prior to joining the Company Ms. dePasquale held various Senior Vice President positions, including District Manager and Regional Service Manager, within the Retail Banking operations of Bank of America and its predecessor banks.

Ruth E. Filiberto has been Senior Vice President/Director of Human Resources of the Company since August 2007. Prior to joining the Company, Ms. Filiberto held various positions, including Vice President/Director, within the Human Resource department at First Data Corporation from 1993 to 2006.

Ronald Hartmann has been Senior Vice President/Commercial Real Estate Lending of the Company since February 2007. Mr. Hartmann joined the Company in December 1998 as Assistant Vice President/Loan Officer. Mr. Hartmann was promoted to Vice President/Loan Officer in 2000. Prior to joining the Company, Mr. Hartmann was Vice President Commercial Real Estate Lending Officer for Long Island Savings Bank, and prior to that he served as Senior Vice President in charge of Loan Workouts for Crossland Federal Savings Bank.

Paul W. Ho has been Senior Vice President/Asian Markets of the Company since October 2009. Prior to joining the Company, Mr. Ho held various Senior Vice President positions at HSBC National Bank, USA since 1993.

Jeoung (A.J.) Jin has been Senior Vice President/Residential & Mixed-Use Real Estate Lending of the Company since February 2007. Mr. Jin joined the Company in July 1998 as Assistant Secretary/Commercial Loan Officer. Mr. Jin was promoted to Assistant Vice President/Commercial Loan officer in 2000 and to Vice President/Mortgage Loan Officer in 2002. Prior to joining the Company, Mr. Jin was Assistant Vice President, Consumer Lending Loan Officer at Korea Exchange Bank, and prior to that he held the position of Loan Administrator at Korea First Bank of New York.

Theresa Kelly has been Senior Vice President/Business Banking of the Company since May 2006. Prior to joining the Company, Ms. Kelly held various Senior Vice President positions within the Commercial Banking Group and Business Financial Services Group for Bank of America since 2000. Prior to her work at Bank of America, Ms. Kelly worked at Citibank as Senior Relationship Manager-Business and Professional Sales.

Robert G. Kiraly has been Senior Vice President/Chief Internal Auditor of the Company since June 2007. Mr. Kiraly joined the Company in July 2006 as First Vice President & Chief Auditor. Prior to joining the Company, Mr. Kiraly held senior management positions at New York Community Bank and Long Island Commercial Bank in the Executive Oversight group since 2004. Prior to that, Mr. Kiraly was the Audit Director for Sumitomo Trust & Banking Co. for over ten years.

Patricia Mezeul has been Senior Vice President/Director of Government Banking of the Company since January 2008. Prior to joining the Company, Ms. Mezeul held the position of Vice President, Senior Team Leader for Commerce Bank from 2002 to 2008 where she successfully established a Government Banking team.

Table of Contents

Leeann Tannuzzo has been Senior Vice President/Director of Retail Banking and Investment Sales of the Company since January of 2010. Ms. Tannuzzo joined the Company in May 2006 as Vice President/Director of Sales where she managed the Company's Investment & Insurance Program, Training and Retirement Services. In her current position, Ms. Tannuzzo also continues to lead the Company's Investment & Insurance Program. From May 2005 through May 2006, Ms. Tannuzzo was a Regional Manager & Vice President at the Bank of New York, where she managed 21 retail branches. She held a similar position at the Bank of Smithtown as Vice President of Branch Administration.

William J. Weichsel has been Senior Vice President/Chief Investment Officer of the Company since June of 2007. He was promoted to First Vice President/Chief Investment Officer in July 2006. Mr. Weichsel joined the Company in 2000 as Vice President/Chief Investment Officer. Prior to joining the Company, he held financial management positions at Poughkeepsie Savings, Security Pacific Merchants Bank and the U.S. Treasury Department.

Table of Contents

CORPORATE GOVERNANCE

Independence of Directors

The Board of Directors has determined that nine of the twelve members of the Board are independent under the Nasdaq director independence standards. Under these standards, a director is not independent if he or she has certain specified relationships with the Company or any other relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a director. Mr. Buran is not independent because he is an executive officer of the Company. Mr. Tully is not deemed independent as a result of consulting fees he formerly received from the Company and the Bank. Mr. Nicolosi is not deemed independent as a result of the legal fees he receives from the Bank. In evaluating the independence of the remaining directors, the Board considered the payments described below under the headings Director Compensation Fee Arrangements and Corporate Governance Transactions with Related Persons, Promoters and Certain Control Persons and determined that they did not impair independence.

Meetings and Committees of the Board of Directors

The Board of Directors meets on a monthly basis and may have additional special meetings upon the request of the Chairman of the Board, the President or a majority of directors in office at the time. During 2009, the Board of Directors held 12 regular meetings and seven special meetings. No director attended less than 75% of the meetings of the Board of Directors and its committees on which they served. The Board of Directors has established the following committees:

Compensation Committee. The Compensation Committee is composed of Messrs. Russo (Chairman), Grassi, Han and Roe, and Ms. O'Brien, all of whom are independent under Nasdaq independence standards. This committee has primary responsibility for establishing and administering the compensation and benefit programs of the Company for its executive officers and other key personnel, administering formula awards to members of the Board of Directors who are not employees of the Company or the Bank (Outside Directors) under the 2005 Omnibus Incentive Plan, and recommending to the Board of Directors awards to employees under the 2005 Omnibus Incentive Plan. The Compensation Committee does not have a charter. This committee meets on an as needed basis. During 2009, this committee met nine times. The Report of the Compensation Committee is included on page 22.

Audit Committee. The Audit Committee is composed of Messrs. Grassi (Chairman), Hegarty, Roe, and Russo and Ms. O'Brien, all of whom are independent under Nasdaq independence standards and satisfy the SEC independence requirements for audit committee members. This committee meets at least quarterly to assist the Board of Directors in meeting its oversight responsibilities. The Audit Committee has sole authority to appoint and replace the Company's independent registered public accounting firm and is directly responsible for the compensation and oversight of the work of that firm. This committee reviews the results of regulatory examinations, the financial reporting process, the systems and processes of internal control and compliance, and the audit process of the Company's independent registered public accounting firm. This committee also has the authority to engage independent counsel and other advisers. The charter of the Audit Committee is not available on the Company's website, but was attached as Appendix A to the Company's proxy statement for its 2009 annual meeting of stockholders. During 2009, this committee met seven times. The Report of the Audit Committee is included on page 39.

Nominating and Governance Committee. The Nominating and Governance Committee is composed of Messrs. Roe (Chairman), Bennett, McCabe and Russo, all of whom are independent under Nasdaq independence standards. This committee has primary responsibility for recommending to the Board of Directors the slate of director nominees to be proposed by the Board for election by the stockholders (as well as any director nominees to be elected by the Board to fill interim vacancies). The committee also recommends the directors to be selected for membership on the various Board committees and the chairs of those committees. The committee is responsible for developing and recommending to the Board appropriate corporate governance policies and procedures and for approving proposed related party transactions involving directors or executive officers and the

Table of Contents

Company. The charter of the Nominating and Governance Committee is publicly available on the Company's website at <http://www.flushingbank.com> by following the links to investor relations and then corporate governance, and then Nominating and Governance Committee Charter. This committee held two meetings during 2009.

Other Committees. In addition to the committees described above, the Board of Directors has established an Executive Committee, an Insurance Committee, and an Investment Committee.

Bank Board and Committees. The business of the Bank is conducted at regular and special meetings of the Bank's Board of Directors (the Bank Board) and its committees. The Bank Board and the Board of Directors are identically constituted. During 2009, the Bank Board held 12 regular meetings and seven special meetings. The Bank Board maintains Executive, Insurance, Investment, Compensation and Audit Committees. The membership of these committees is the same as that of the comparable committees of the Company's Board of Directors. These committees serve substantially the same functions at the Bank level as those of the Company. The Bank Board also maintains a Loan Committee, a Compliance Committee and an Ethics Committee. No director attended less than 75% of the meetings of the Bank Board and its committees on which they served. Directors of the Bank are nominated by the Bank Board nominating committee and elected by the Company as sole stockholder of the Bank.

Director Nominations

In evaluating director candidates for purposes of recommending director candidates to the Board, the Nominating and Governance Committee will consider the following factors: the candidate's moral character and personal integrity; whether the candidate has expertise and experience relevant to the Company's business (including knowledge of the communities and markets served by the Bank); whether the candidate's expertise and experience complements the expertise and experience of the other directors; whether the candidate would be considered independent under the Nasdaq independence standards; whether the candidate would be independent of any particular constituency and able to represent the interests of all stockholders of the Company; the congeniality of the candidate with the other directors; whether the candidate would have sufficient time available to devote to Board activities; and any other factors deemed relevant by the committee.

The Nominating and Governance Committee may establish additional criteria and is responsible for assessing the appropriate balance of criteria required of Board members. Although we do not have a written policy with respect to Board diversity, the Nominating and Governance Committee and the Board believe that a diverse board leads to improved Company performance by encouraging new ideas, expanding the knowledge base available to management and fostering a boardroom culture that promotes innovation and vigorous deliberation. Consequently, when evaluating potential nominees, the Committee considers individual characteristics that may bring diversity to the Board, including gender, race, national origin, age, professional background, unique skill sets and areas of expertise.

The Nominating and Governance Committee will consider director candidates recommended by stockholders of the Company as described below. Stockholders owning at least 1% of the Company's outstanding common stock may recommend an individual for consideration by submitting to the committee the name of the individual; his or her background (including education and employment history); a statement of the particular skills and expertise that the candidate would bring to the Board; the name, address and number of shares of the Company owned by the stockholder submitting the recommendation; any relationship or interest between such stockholder and the proposed candidate; and any additional information that would be required under applicable SEC rules to be included in the Company's proxy statement if such proposed candidate were to be nominated as a director.

Such submissions should be addressed to Flushing Financial Corporation Nominating and Governance Committee, at the Company's executive offices. In order for a candidate to be considered by the committee for any annual meeting, the submission must be received by the committee no later than the November 1 preceding such annual meeting.

Table of Contents

The Nominating and Governance Committee will evaluate the biographical information and background material relating to each potential candidate and may seek additional information from the submitting stockholder, the potential candidate, and/or other sources. The committee may hold interviews with selected candidates. Individuals recommended by stockholders will be considered under the same factors as individuals recommended by other sources.

Risk Management

The Board has an active role, as a whole and also at the committee level, in overseeing management of the Company's risks. The Board regularly reviews information regarding the Company's credit, liquidity and operations, as well as the risks associated with each. The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements. The Audit Committee oversees management of financial risks. The Nominating and Governance Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. While each committee is responsible for evaluating certain risks and overseeing the management of such risks