

FLUSHING FINANCIAL CORP
Form S-4
April 10, 2006
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As filed with the Securities and Exchange Commission on April 10, 2006

Registration No. 333-_____

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

FLUSHING FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

6035
(Primary Standard Industrial
Classification Code Number)
1979 Marcus Avenue, Suite E140

11-3209278
(I.R.S. Employer
Identification Number)

Lake Success, New York 11042

(718) 961-5400

(Address, Including Zip Code, and Telephone Number, Including Area Code, of

Registrant's Principal Executive Offices)

Mr. John R. Buran

President and Chief Executive Officer

Flushing Financial Corporation

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1979 Marcus Avenue, Suite E140

Lake Success, New York 11042

(718) 961-5400

(Address, Including Zip Code, and Telephone Number,

Including Area Code, of Agent for Service)

Copies to:

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Thacher Proffitt & Wood LLP
Two World Financial Center
New York, New York 10281
(212) 912-7400

Alan Schick, Esq.
Luse Gorman Pomerenk & Schick, P.C.
5335 Wisconsin Avenue, N.W., Suite 400
Washington D.C. 20015
(202) 274-2000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are to be offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum		
		offering price per share	Proposed maximum aggregate offering price	Amount of registration fee
Common Stock, \$0.01 par value per share	1,598,698 shares (1)	n/a	\$26,484,733 (2)	\$2,833.87 (2)

(1) Represents the maximum number of shares of Flushing Financial Corporation common stock estimated to be issuable upon completion of the merger of Atlantic Liberty Financial Corp. with and into Flushing Financial Corporation, based on the number of shares of Atlantic Liberty Financial Corp. common stock, par value \$0.10 per share, outstanding as of December 31, 2005, and the exchange of 65% of Atlantic Liberty Financial Corp. common stock for 1.43 shares of Flushing Financial common stock per share.

(2) Pursuant to Rule 457(f), the registration fee was computed on the basis of \$23.69, the market value of the common stock of Atlantic Liberty to be exchanged or cancelled in the merger, computed in accordance with Rule 457(c) on the basis of the average of the high and low price per share of such common stock quoted on the Nasdaq National Market on April 7, 2006, and 1,117,971 shares of common stock of Atlantic Liberty, which is the estimated maximum number of shares that may be exchanged for the Flushing Financial Corporation common stock being registered.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities

and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Flushing Financial Corporation and Atlantic Liberty Financial Corp. have both unanimously approved the merger agreement between Flushing Financial and Atlantic Liberty pursuant to which Atlantic Liberty will be merged with and into Flushing Financial. Atlantic Liberty stockholders will have the opportunity to elect the form of merger consideration to be received for each share of Atlantic Liberty common stock owned. Each Atlantic Liberty stockholder may elect to receive 1.43 shares of Flushing Financial common stock, or a cash payment of \$24.00, or a combination of Flushing Financial common stock and cash, for each share of Atlantic Liberty common stock they own. However, because 65% of the total number of shares of Atlantic Liberty common stock outstanding at the closing will be converted into Flushing Financial common stock and the remaining 35% of the outstanding shares will be converted into cash, you may receive a combination of cash and shares of Flushing Financial common stock for your Atlantic Liberty shares that is different than what you elected depending on the elections made by other Atlantic Liberty stockholders.

The value of the stock component of the merger consideration will fluctuate with the market price of Flushing Financial common stock. Based on the closing price of \$ _____ per share of Flushing Financial common stock on _____, 2006, the latest practicable trading day before the distribution of this document, each share of Atlantic Liberty common stock that is exchanged solely for Flushing Financial common stock would be converted into 1.43 shares of Flushing Financial common stock having an implied value of \$ _____. The market prices of both Flushing Financial common stock and Atlantic Liberty common stock will fluctuate before the merger. You should obtain current market quotations for the shares of both companies from a newspaper, the internet or your broker. Flushing Financial common stock is listed on the Nasdaq National Market under the symbol FFIC. Atlantic Liberty common stock is listed on the Nasdaq National Market under the symbol ALFC.

We expect that the merger will generally be tax-free to you with respect to any Flushing Financial common stock that you receive and will generally be taxable to you with respect to any cash that you receive.

The merger cannot be completed unless the stockholders of Atlantic Liberty approve the merger agreement. Atlantic Liberty has scheduled a special meeting for its stockholders to vote on the merger agreement. Atlantic Liberty's board of directors unanimously recommends that its stockholders vote **FOR** approval of the merger agreement.

Atlantic Liberty will hold its special meeting on _____, 2006, at 3:30 p.m., local time, at the main office of Atlantic Liberty Savings, F.A., 186 Montague Street, Brooklyn, New York.

This document serves as the proxy statement for the special meeting of stockholders of Atlantic Liberty and the prospectus for the shares of Flushing Financial to be issued in the merger. This document describes the special meeting, the merger, the documents related to the merger, and other related matters. **We urge you to read this entire document carefully. In particular, you should carefully consider the discussion in the section titled Risk Factors beginning on page 14. You can also obtain information about our companies from documents that each of us has filed with the Securities and Exchange Commission.**

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Your vote is very important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** the merger. If you do not return the proxy card, it will have the same effect as a vote against the merger.

The securities of Flushing Financial to be issued under this document are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Neither the Securities and Exchange Commission, the Office of Thrift Supervision nor any state securities regulator has approved or disapproved of the securities or determined if this document is accurate or complete. Any representation to the contrary is a criminal offense.

This document is dated, _____, 2006 and is first being mailed to stockholders of Atlantic Liberty on or about _____, 2006.

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ADDITIONAL INFORMATION

This document incorporates important business and financial information about Flushing Financial from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document without charge by requesting them in writing or by telephone from Flushing Financial at the following addresses:

Flushing Financial Corporation

1979 Marcus Avenue, Suite E140

Lake Success, New York 11042

Attention: David W. Fry

Telephone: (718) 961-5400

See **Where You Can Find More Information** on page 101.

Atlantic Liberty stockholders requesting documents should do so by , 2006 in order to receive them before the special meeting.

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ATLANTIC LIBERTY FINANCIAL CORP.

186 Montague Street

Brooklyn, New York 12201

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held on _____, 2006

NOTICE IS HEREBY GIVEN that a special meeting of stockholders of Atlantic Liberty Financial Corp. will be held at the main office of Atlantic Liberty Savings, F.A., located at 186 Montague Street, Brooklyn, New York, at 3:30 p.m., local time, on _____, 2006, to consider and vote upon the following matters:

a proposal to approve the agreement and plan of merger, by and between Flushing Financial Corporation and Atlantic Liberty, dated as of December 20, 2005, and all of the matters contemplated in the agreement, pursuant to which Atlantic Liberty will merge with and into Flushing Financial, with Flushing Financial being the surviving corporation; and

a proposal to approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the merger.

The merger with Flushing Financial is more fully described in the attached proxy statement/prospectus, which you should read carefully and in its entirety before voting.

The board of directors of Atlantic Liberty has fixed _____, 2006 as the record date for determining the stockholders entitled to notice of and to vote at the special meeting. Only record holders of Atlantic Liberty common stock as of the close of business on that date will be entitled to vote at the special meeting or any adjournment or postponement of the special meeting. A list of stockholders entitled to vote at the special meeting will be available at Atlantic Liberty, 186 Montague Street, Brooklyn, New York, for ten days prior to the special meeting and also will be available at the special meeting.

The Atlantic Liberty board of directors has unanimously approved the merger and the merger agreement and unanimously recommends that you vote **FOR** approval of the merger and the transactions contemplated in the merger agreement.

Regardless of whether you plan to attend the special meeting, please complete, sign and return the enclosed proxy card promptly in the enclosed postage-paid envelope. If you hold your stock in _____ street name through a bank or broker, please direct your bank or broker to vote in accordance with the instructions you have received from your bank or broker. Your vote is important, regardless of the number of shares that you own. Voting by proxy will not prevent you from voting in person at Atlantic Liberty's special meeting, but will assure that your vote is counted if you are unable to attend.

By Order of the Board of Directors,

William M. Gilfillan

Corporate Secretary

Brooklyn, New York

_____, 2006

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IMPORTANT: A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

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QUESTIONS AND ANSWERS ABOUT THE VOTING PROCEDURES

FOR THE SPECIAL MEETING

Q: WHAT DO I NEED TO DO NOW?

A: After you have carefully read this proxy statement/prospectus, indicate on your proxy card how you want your shares to be voted, then sign and mail it in the enclosed postage-paid envelope as soon as possible so that your shares may be represented and voted at the Atlantic Liberty special meeting. If you sign and send in your proxy card and do not indicate how you want to vote, we will vote your shares in favor of the merger agreement and any other proposals to be voted on at the special meeting.

Q: WHY IS MY VOTE IMPORTANT?

A: The merger must be approved by the holders of a majority of the outstanding shares of Atlantic Liberty common stock entitled to vote at the Atlantic Liberty special meeting. Therefore, the failure of an Atlantic Liberty stockholder to vote, by proxy or in person, will have the same effect as a vote against the merger agreement. In addition, if you do not return your proxy card at or prior to the special meeting, it will be more difficult for Atlantic Liberty to obtain the necessary quorum to hold the special meeting.

Q: HOW DO I VOTE?

A: You can vote by mail. For this method you will need to complete, sign, date and return your proxy card in the postage-paid envelope provided. You can also vote in person at the special meeting. Even if you plan to attend the special meeting in person, please take the time to properly return the proxy card to ensure that your vote is counted.

Q: IF MY SHARES ARE HELD IN STREET NAME BY MY BROKER, WILL MY BROKER VOTE MY SHARES FOR ME?

A: No. Your broker cannot vote on the merger proposal on your behalf without specific instructions from you. Your broker will vote your shares on the merger proposal only if you provide instructions on how to vote. You should follow the directions provided by your broker. Your broker can vote your shares on all other proposals without your instructions.

Q: WHAT IF I FAIL TO INSTRUCT MY BROKER?

A: If you fail to instruct your broker how to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the special meeting, but it will have the same effect as a vote against the merger agreement.

Q: CAN I ATTEND THE SPECIAL MEETING AND VOTE MY SHARES IN PERSON?

A: Yes. All stockholders are invited to attend the special meeting. Stockholders of record can vote in person at the special meeting. If a broker holds your shares in street name, then you are not the stockholder of record and you must ask your broker how you can vote in person at the special meeting.

Q: CAN I CHANGE MY VOTE AFTER I HAVE MAILED MY SIGNED PROXY CARD?

A: Yes. If you have not voted through your broker, there are three ways for you to revoke your proxy and change your vote. First, you may send written notice to the Corporate Secretary of Atlantic Liberty stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at the special meeting. If you have instructed a broker to vote your shares, you must follow the directions you receive from your broker to change your vote. Your last vote will be the vote that is counted.

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Q: SHOULD I SEND IN MY ATLANTIC LIBERTY STOCK CERTIFICATES NOW?

A: No. You should not send in your stock certificates at this time. Atlantic Liberty will separately send you an election form with instructions for exchanging your Atlantic Liberty stock certificates.

Q: WHEN DO YOU EXPECT TO MERGE?

A: We are working toward completing the merger as quickly as possible. We expect to complete the merger in the second quarter of 2006. However, we cannot assure you when or if the merger will occur. The approval of stockholders of Atlantic Liberty and all necessary regulatory approvals must be obtained prior to completing the merger.

Q: WHOM SHOULD I CALL WITH QUESTIONS OR TO OBTAIN ADDITIONAL COPIES OF THIS PROXY STATEMENT/PROSPECTUS?

A: You should contact:

Atlantic Liberty Financial Corp.

186 Montague Street

Brooklyn, New York 11201

Attention: William M. Gilfillan

Phone Number: (718) 855-3555

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SUMMARY

This is a summary of certain information regarding the proposed merger and the stockholder meeting to vote on the merger. It does not contain all of the information that may be important to you. We urge you to carefully read the entire document, including the Appendices, before deciding how to vote.

WHAT THIS DOCUMENT IS ABOUT

The boards of directors of Atlantic Liberty and Flushing Financial have unanimously approved the merger agreement between Atlantic Liberty and Flushing Financial pursuant to which Atlantic Liberty will merge with and into Flushing Financial. The merger cannot be completed unless the stockholders of Atlantic Liberty approve the merger. Atlantic Liberty's stockholders will vote on the merger at Atlantic Liberty's special meeting. This document is the proxy statement used by your board to solicit proxies for the special meeting. It is also the prospectus of Flushing Financial regarding the shares of Flushing Financial common stock to be issued to Atlantic Liberty stockholders if the merger is completed.

THE ATLANTIC LIBERTY SPECIAL MEETING

Date, Time and Place

Atlantic Liberty will hold its special meeting of stockholders to consider and vote on the merger at the main office of Atlantic Liberty Savings, F.A., 186 Montague Street, Brooklyn, New York, at 3:30 p.m., local time, on _____, 2006.

Record Date

The record date for stockholders entitled to vote at the special meeting of stockholders is _____, 2006. _____ shares of Atlantic Liberty common stock were outstanding on the record date and entitled to vote at the special meeting.

Vote Required

A majority of the outstanding shares of Atlantic Liberty common stock entitled to vote must be cast in favor of the merger for it to be approved. Therefore, your failure to vote, your failure to instruct your broker to vote your shares (a broker non-vote), or your abstaining from voting will have the same effect as a vote against the merger.

Approval of any adjournment of the special meeting may be obtained by the affirmative vote of the holders of a majority of the shares present in person or by proxy, even if less than a quorum. Because approval of such adjournment is based on the affirmative vote of a majority of shares present in person or by proxy, abstentions will have the same effect as a vote against this proposal.

As of the record date, the directors and executive officers of Atlantic Liberty and their affiliates beneficially owned _____ shares, or approximately _____ % of the outstanding shares of Atlantic Liberty common stock. Pursuant to voting agreements entered into at the time the merger agreement with Flushing Financial was signed, each director and executive officer of Atlantic Liberty has agreed, among other things, to vote or cause to be voted all shares over which they maintain sole or shared voting power in favor of approval and adoption of the merger agreement. As of the record date, none of the directors and executive officers of Flushing Financial or their affiliates beneficially owned any shares of Atlantic Liberty common stock.

Atlantic Liberty's board of directors has unanimously approved the merger agreement and unanimously recommends that Atlantic Liberty stockholders vote **FOR** the merger.

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THE COMPANIES

Flushing Financial Corporation

Flushing Financial, a Delaware corporation, is the holding company for Flushing Savings Bank, FSB. Flushing Savings Bank is a federally chartered savings bank that operates nine full-service banking offices in Queens, Brooklyn, Manhattan and Nassau County. The Federal Deposit Insurance Corporation insures the deposits of Flushing Savings Bank. At December 31, 2005, Flushing Financial had \$2.35 billion in total consolidated assets. Flushing Financial's principal executive offices are located at 1979 Marcus Avenue, Suite E140, Lake Success, New York 11042. Flushing Financial's telephone number is (718) 961-5400.

Atlantic Liberty Financial Corp.

Atlantic Liberty, a Delaware corporation, is the holding company for Atlantic Liberty Savings, F.A., a federally chartered savings association that operates two full-service banking offices in Brooklyn, New York. The Federal Deposit Insurance Corporation insures the deposits of Atlantic Liberty Savings. At December 31, 2005, Atlantic Liberty had \$177.0 million in total consolidated assets. Atlantic Liberty's principal executive offices are located at 186 Montague Street, Brooklyn, New York 11201. Atlantic Liberty's telephone number is (718) 855-3555.

THE MERGER

General Description

Atlantic Liberty will merge with and into Flushing Financial, with Flushing Financial as the surviving entity. The merger will be completed within five business days after all material conditions to closing have been met, unless Flushing Financial and Atlantic Liberty agree on a different closing date. A copy of the merger agreement is attached as Appendix A to this document and is incorporated by reference into this proxy statement/prospectus.

Consideration Payable to Atlantic Liberty Stockholders

Atlantic Liberty stockholders will be offered the opportunity to elect to receive merger consideration in the form of 1.43 shares of Flushing Financial common stock, \$24.00 in cash or a combination of Flushing Financial common stock and cash in exchange for each share of Atlantic Liberty common stock. However, because the merger agreement provides that 65% of the total number of shares of Atlantic Liberty common stock outstanding at the closing will be converted into Flushing Financial common stock and the remaining 35% of the outstanding shares will be converted into cash, an Atlantic Liberty stockholder may actually receive a combination of cash and shares of Flushing Financial common stock that is different than such stockholder elected, depending on the elections made by other Atlantic Liberty stockholders. All elections will be subject to the allocation and proration procedures described in the merger agreement. See *The Proposed Merger* Merger Consideration; Cash or Stock Election.

Election of Cash or Stock Consideration

No more than 40 days before the expected date of completion of the merger, Flushing Financial will send an election form to Atlantic Liberty stockholders that you may use to indicate whether your preference is to receive cash, Flushing Financial common stock or a combination of cash and Flushing Financial common stock, or whether you have no preference as to what you receive in exchange for your shares of Atlantic Liberty common stock. See *The Proposed Merger* Election Procedures; Surrender of Stock Certificates.

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Atlantic Liberty stockholders should not send in their stock certificates until they receive instructions from the Flushing Financial exchange agent.

The merger agreement contains allocation and proration provisions that are designed to ensure that 65% of the outstanding shares of common stock of Atlantic Liberty will be exchanged for shares of Flushing Financial common stock and the remaining 35% of the outstanding shares of common stock of Atlantic Liberty will be exchanged for cash.

Therefore, if the holders of more than 65% of the outstanding Atlantic Liberty common stock elect to receive Flushing Financial common stock for such shares, the amount of Flushing Financial common stock that each such stockholder would receive from Flushing Financial will be reduced on a pro rata basis. Under these circumstances, Atlantic Liberty stockholders will receive cash consideration for any Atlantic Liberty shares for which they do not receive Flushing Financial common stock.

Similarly, if the holders of more than 35% of the outstanding Atlantic Liberty common stock elect to receive cash for such shares, the amount of cash that each such stockholder would receive from Flushing Financial will be reduced on a pro rata basis. Under these circumstances, stockholders will receive Flushing Financial common stock for any Atlantic Liberty shares for which they do not receive cash.

The deadline for returning the election form is the close of business on the 20th day following the mailing date of the election form, not including the date of mailing, unless Atlantic Liberty and Flushing Financial mutually agree upon another deadline date. If you do not make an election, you will be allocated either cash or shares of Flushing Financial common stock, or a combination of cash and shares of Flushing Financial common stock, depending on the elections made by other Atlantic Liberty stockholders.

Comparative Market Prices and Share Information

Flushing Financial common stock is listed on the Nasdaq National Market under the symbol FFIC. Atlantic Liberty common stock is listed on the Nasdaq National Market under the symbol ALFC. The table below presents the per share closing prices of Flushing Financial's and Atlantic Liberty's common stock and the equivalent per share price for Atlantic Liberty common stock on (1) December 20, 2005, the last trading date before public announcement of the merger agreement, and on (2) _____, 2006, the latest practicable date before distribution of this proxy statement/prospectus.

Based on the closing price of \$16.70 per share of Flushing Financial common stock on December 20, 2005 and the exchange ratio of 1.43 shares of Flushing Financial common stock for each share of Atlantic Liberty common stock, the equivalent per share market value of each share of Atlantic Liberty common stock to be exchanged solely for Flushing Financial common stock would be \$23.88 per share, if you elect and receive all stock consideration. The equivalent per share market value of each share of Atlantic Liberty common stock to be exchanged solely for cash would be \$24.00, if you elect and receive all cash consideration. On _____, 2006, the closing price of Atlantic Liberty was \$ _____ per share. Based on the closing price of \$ _____ per share of Flushing Financial common stock on that date and the exchange ratio of 1.43 shares of Flushing Financial common stock for each share of Atlantic Liberty common stock, the equivalent per share market value of each share of Atlantic Liberty common stock to be exchanged solely for Flushing Financial common stock would be \$ _____ per share if you elect and receive all stock consideration. The equivalent per share market value of each share of Atlantic Liberty common stock to be exchanged solely for cash would be \$24.00, if you elect and receive all cash consideration. For more information about the exchange ratio, see The Proposed Merger Merger Consideration; Cash or Stock Election, and for more information about the stock prices and dividends of Flushing Financial and Atlantic Liberty, see The Proposed Merger Atlantic Liberty Stock Trading and Dividend Information and Flushing Financial Stock Trading and Dividend Information.

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	Last Reported Sale Price for Shares of		
	Flushing Financial Common Stock	Atlantic Liberty Common Stock	Equivalent Per Share Price
At December 20, 2005	\$16.70	\$28.02	\$23.88
, 2006	\$	\$	\$

The market price of Flushing Financial's and Atlantic Liberty's common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger takes place, and Flushing Financial's common stock will also fluctuate after completion of the merger. Atlantic Liberty stockholders are advised to obtain current market quotations for Flushing Financial's common stock. No assurance can be given as to the market price of Flushing Financial's common stock at the time of the merger or thereafter.

Flushing Financial Dividends

In 2005, Flushing Financial paid a quarterly cash dividend of \$0.10 per share on its common stock. On February 21, 2006, Flushing Financial announced that it had increased its quarterly dividend by 10% to \$0.11 per share for the first quarter of 2006. Flushing Financial currently expects to continue to pay a quarterly cash dividend on its common stock. Although there is no present plan or intention to decrease these dividends, the payment and magnitude of any future dividends will be considered in light of changing opportunities to deploy capital effectively, operating trends, future income tax rates and general economic conditions, as well as various legal and regulatory limitations.

Dissenters' Rights for Atlantic Liberty Stockholders

Under Delaware General Corporation Law, holders of Atlantic Liberty common stock have the right to obtain an appraisal of the value of their shares of Atlantic Liberty common stock in connection with the merger. To perfect appraisal rights, an Atlantic Liberty stockholder must not vote for the adoption of the merger agreement and must strictly comply with all of the procedures required under Section 262 of the Delaware General Corporation Law. For more information on these procedures see "The Proposed Merger - Dissenters' Rights of Appraisal".

We have included a copy of the Delaware General Corporation Law - Section 262 - Appraisal Rights as Appendix B to this document.

Material Federal Income Tax Consequences of the Merger

The merger has been structured to qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, for U.S. federal income tax purposes. It is a condition to the obligations of the parties to complete the merger that Flushing Financial receive a legal opinion to the effect that the merger will so qualify. The consequences described below assume that, as expected, the merger will qualify as a tax-free reorganization for federal income tax purposes. The federal income tax consequences of the merger to you will depend on the form of consideration you receive in the merger.

If you receive solely Flushing Financial common stock in exchange for your Atlantic Liberty common stock, you will generally not recognize any gain or loss for federal income tax purposes (except with respect to cash received in lieu of any fractional shares). If you receive solely cash in exchange for your Atlantic Liberty common stock, you will generally recognize gain or loss in an amount equal to the difference between the amount of cash received and your tax basis in your shares of Atlantic Liberty common stock exchanged.

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If you receive a combination of Flushing Financial common stock and cash in exchange for your shares of Atlantic Liberty common stock, and your tax basis in your shares of Atlantic Liberty common stock is less than the sum of the amount of cash and the fair market value of the Flushing Financial common stock you receive, you generally will recognize gain in an amount equal to the lesser of:

- (1) the sum of the amount of cash and the fair market value of the Flushing Financial common stock you receive minus your tax basis in Atlantic Liberty common stock exchanged in the merger; or
- (2) the amount of cash that you receive in the merger.

However, if you receive a combination of Flushing Financial common stock and cash in exchange for your shares of Atlantic Liberty and you realize a loss because your tax basis in your shares of Atlantic Liberty common stock is greater than the sum of the amount of cash and the fair market value of the Flushing Financial common stock you receive, the loss will not be recognized for tax purposes until such time as you dispose of the shares you receive in the merger.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER TO YOU WILL DEPEND UPON YOUR OWN SITUATION. IN ADDITION, YOU MAY BE SUBJECT TO STATE, LOCAL OR FOREIGN TAX LAWS THAT ARE NOT DISCUSSED IN THIS DOCUMENT. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR FOR A FULL UNDERSTANDING OF THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU.

Treatment of Atlantic Liberty Stock Options

Each holder of an option to purchase a share of Atlantic Liberty common stock may have such option converted to options to purchase Flushing Financial common stock or cashed out. For Atlantic Liberty option holders who elect to have all or a portion of their options converted into options to purchase Flushing Financial common stock, the number of Flushing Financial shares to be subject to the new option will be equal to the product of (a) the exchange ratio of 1.43 and (b) the number of shares of Atlantic Liberty common stock subject to the Atlantic Liberty options being converted, rounded down to the nearest whole share. The exercise price per share of Flushing Financial common stock under the new option will be equal to the quotient of (i) the per share exercise price of the Atlantic Liberty option being converted and (ii) the exchange ratio of 1.43, rounded up to the next whole cent. The duration and other terms of the new option will be the same as the original Atlantic Liberty options being converted.

To the extent an Atlantic Liberty option holder does not elect to convert the options as described above, such options will be cancelled and will cease to be exercisable. In consideration for the cancellation, Flushing Financial will, with respect to each outstanding Atlantic Liberty option, pay to the holder an amount equal to the excess (if any) of \$24.00 over the exercise price of the outstanding Atlantic Liberty option, less any required tax withholding.

Reselling the Stock You Receive in the Merger

The shares of Flushing Financial common stock to be issued in the merger will be registered under the Securities Act of 1933, as amended. Except as noted below, stockholders may freely transfer those shares after they receive them. Atlantic Liberty has identified certain of its directors, executive officers and others who may be deemed affiliates of Atlantic Liberty, and those persons have entered into agreements with Flushing Financial restricting their ability to transfer the shares they will receive in the merger.

Differences in Stockholders Rights

In the merger, each Atlantic Liberty stockholder who receives Flushing Financial common stock will become a Flushing Financial stockholder. The rights of Atlantic Liberty stockholders are currently governed by the Delaware General Corporation Law and Atlantic Liberty's certificate of incorporation and bylaws. The rights of Flushing Financial stockholders are currently governed by the Delaware General Corporation Law and Flushing Financial's certificate of incorporation and bylaws. There are differences in the rights of stockholders of Atlantic Liberty and Flushing Financial stockholders with respect to voting requirements and various other matters. See The Proposed Merger Comparison of Stockholders Rights for Existing Stockholders of Atlantic Liberty.

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Reasons for the Merger

Atlantic Liberty entered into the merger agreement at the conclusion of a process in which Atlantic Liberty determined that a merger with Flushing Financial was in the best interests of its stockholders. The Atlantic Liberty board of directors believes that the merger is fair to Atlantic Liberty stockholders and urges stockholders to vote **FOR** approval of the merger. See *The Proposed Merger Atlantic Liberty's Reasons for the Merger; Recommendation of Atlantic Liberty's Board of Directors* for a detailed discussion of Atlantic Liberty's reasons for the merger.

Opinion of Atlantic Liberty's Financial Advisor

Among other factors considered in deciding to approve the merger agreement, the board of directors of Atlantic Liberty considered the opinion of Sandler O'Neill & Partners, L.P., its financial advisor, provided to the Atlantic Liberty board of directors on December 20, 2005, that as of that date, and based on and subject to the assumptions made, matters considered and qualifications and limitations in its opinion, the per share merger consideration provided for in the merger agreement was fair from a financial point of view to holders of Atlantic Liberty common stock. This opinion was also confirmed in writing as of December 20, 2005, the date of the merger agreement. Holders of Atlantic Liberty common stock should carefully read Sandler O'Neill's opinion in its entirety. A copy of the full text of Sandler O'Neill's fairness opinion is included as Appendix C to this proxy statement/prospectus. Sandler O'Neill's opinion is not intended to be and does not constitute a recommendation to any holder of Atlantic Liberty common stock as to how such holder should vote in connection with the merger transaction. See *The Proposed Merger Opinion of Atlantic Liberty's Financial Advisor*.

Pursuant to an engagement letter between Atlantic Liberty and Sandler O'Neill, Atlantic Liberty agreed to pay Sandler O'Neill a fee, the principal portion of which is payable upon completion of the merger. In addition, Atlantic Liberty has paid Sandler O'Neill a fee of \$125,000 in connection with rendering its opinion.

Financial Interests of Atlantic Liberty's Directors and Executive Officers in the Merger

Atlantic Liberty's directors and executive officers have financial interests in the merger that are in addition to their interests as stockholders. The Atlantic Liberty board of directors considered these interests in deciding to approve the merger agreement. Amendments to the Atlantic Liberty Savings Directors' Retirement Plan provide that at the effective time of the Merger, Atlantic Liberty Savings will pay amounts due to each participating director, either in a lump sum or in installments over five years. Messrs. Barry M. Donohue and William M. Gilfillan, executive officers of Atlantic Liberty, will also be compensated by Flushing Financial in exchange for the respective non-competition agreements each entered into as of December 20, 2005, which provide that for a period of two years following the effective time of the merger, each is restricted from directly or indirectly being associated with any business whose products or activities compete with the products or activities of Flushing Financial or its subsidiaries within a 25 mile radius of the offices of Flushing Financial or any of its subsidiaries. In addition, Messrs. Donohue and Gilfillan have entered into letter agreements quantifying payments to them in lieu of payments under their respective employment agreements with Atlantic Liberty and Atlantic Liberty Savings. Messrs. Donohue and Gilfillan will also enter into Termination Agreements and Releases with Atlantic Liberty, Atlantic Liberty Savings, Flushing Financial and Flushing Savings Bank at the effective time of the merger, which provide that in consideration of a payment by Atlantic Liberty or Atlantic Liberty Savings to Messrs. Donohue and Gilfillan, respectively, their respective employment agreements with Atlantic Liberty and Atlantic Liberty Savings and all the Addenda to such employment agreements will be terminated. However, the amounts payable under these agreements are not greater than the amounts that would otherwise be payable to Mr. Donohue and Mr. Gilfillan under their respective employment agreements in the event of a change in control and termination of employment. See *The Proposed Merger Interests of Directors and Executive Officers in the Merger*.

Flushing Financial has agreed to indemnify the directors and officers of Atlantic Liberty and Atlantic Liberty Savings against certain liabilities following the merger. Flushing Financial has also agreed to provide directors' and officers' liability insurance for a period of six years following the merger.

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Conditions to the Merger

Completion of the merger is contingent on a number of customary conditions, including approval of the merger agreement by Atlantic Liberty stockholders at the special meeting and receipt of the required regulatory approvals. See "The Proposed Merger" Conditions to the Merger.

Regulatory Approvals

The merger and related transactions are subject to the approval of the Office of Thrift Supervision. We have filed the applications required to obtain the necessary regulatory approval. As of the date of this document, we have not received the required approval. Approval by the Office of Thrift Supervision does not constitute an endorsement of the merger or a determination that the terms of the merger are fair to Atlantic Liberty stockholders.

Terminating the Merger Agreement

The merger agreement may be terminated at any time prior to completion by mutual written agreement of Flushing Financial and Atlantic Liberty, or by either party in the following circumstances:

if the other party materially breaches the merger agreement and does not cure such breach within 30 days after written notice thereof;

if the required regulatory approvals are denied (and the denial is final and nonappealable);

if the merger has not been completed by July 15, 2006, or such later date agreed to in writing by Flushing Financial and Atlantic Liberty, unless the failure to complete the merger by that date is due to the terminating party's failure to abide by the merger agreement;

if the vote of stockholders of Atlantic Liberty is not sufficient to approve the merger agreement; or

if the conditions precedent to the obligations of that party cannot be satisfied or fulfilled by July 15, 2006.

In addition, Flushing Financial may terminate the merger agreement if, among other things, Atlantic Liberty receives a superior proposal (as defined in the merger agreement) and enters into an agreement with respect to such proposal. Atlantic Liberty may also terminate the merger agreement if it receives a superior proposal that it determines to accept, subject to giving Flushing Financial an opportunity to make such adjustments in the terms and conditions of the merger agreement as would enable Atlantic Liberty to proceed with the merger on such adjusted terms.

The merger agreement also may be terminated by Atlantic Liberty if the average of the daily closing sales prices of Flushing Financial common stock for the five business-day period commencing on the date of final regulatory approval of the merger both (i) is less than 85% of the average of the daily closing sales prices of Flushing Financial common stock for the 20 consecutive trading days immediately preceding the public announcement of the merger agreement and (ii) declines by 15% or more compared to a group of its peers specified in the merger agreement.

If Atlantic Liberty elects to exercise this termination right, it must give prompt written notice to Flushing Financial, which will have the option to increase the consideration to be received by the holders of Atlantic Liberty common stock who elect to receive Flushing Financial common stock by adjusting the ratio of Flushing Financial shares to be received for each Atlantic Liberty share pursuant to either of two formulas prescribed in the merger agreement, in which case no termination will be deemed to have occurred.

Atlantic Liberty will be required to pay a termination fee in the amount of \$2.5 million to Flushing Financial if: (i) either Atlantic Liberty or Flushing Financial exercises its right to terminate the merger agreement in connection with the receipt of a superior proposal by Atlantic Liberty; or (ii) Atlantic Liberty enters into another merger agreement within 12 months after (a) the termination of the merger agreement by Flushing Financial because of a willful breach by Atlantic Liberty or (b) the failure of Atlantic Liberty stockholders to approve the merger

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agreement after the occurrence of the acquisition proposal related to the other merger agreement. However, in December 2005, two complaints were filed in Court of Chancery of the State of Delaware in and for New Castle County, and each named Atlantic Liberty, each of Atlantic Liberty's directors, two of Atlantic Liberty's executive officers (its President and Chief Executive Officer and its Executive Vice President and Chief Financial Officer) and Flushing Financial as defendants in proposed class action lawsuits. In connection with these lawsuits, following the production of documents and two depositions, Atlantic Liberty, Flushing Financial and the plaintiffs discussed the possibility of entering into a settlement agreement that would, in part, reduce the dollar amount of the termination fee payable to Flushing Financial by Atlantic Liberty pursuant to the merger agreement, from \$2.5 million to \$2.0 million and would give each of the plaintiffs the opportunity to comment on the disclosures in this proxy statement/prospectus. On April 6, 2006, the parties entered into a Stipulation and Agreement of Compromise, Settlement and Release to that effect, which stipulation is subject to the approval of the Delaware Court of Chancery. See The Proposed Merger Pending Litigation.

Flushing Financial will be required to pay a termination fee in the amount of \$1.0 million to Atlantic Liberty if Atlantic Liberty terminates the agreement because of a willful breach by Flushing Financial.

Amending the Merger Agreement

Subject to applicable law, the merger agreement may be amended by Flushing Financial and Atlantic Liberty at any time prior to the completion of the merger. However, an amendment that reduces the amount or value, or changes the form of the merger consideration payable to Atlantic Liberty stockholders cannot be made following adoption of the merger agreement by Atlantic Liberty stockholders without their approval.

Accounting Treatment of the Merger

Flushing Financial will account for the merger as a purchase for financial reporting purposes. As a result, the recorded assets and liabilities of Flushing Financial will be carried forward at their recorded amounts, the historical operating results will be unchanged for the prior periods being reported on and the assets and liabilities from the acquisition of Atlantic Liberty will be adjusted to their fair value at the date of the merger. The excess of the purchase price over the net assets acquired will be recorded as goodwill. Goodwill resulting from the merger will not be amortized, but will be reviewed for impairment annually. Core deposit and other intangibles with finite useful lives will be recorded at fair value and included as part of the net assets acquired. See The Proposed Merger Accounting Treatment.

Atlantic Liberty has Agreed Not to Solicit Alternative Transactions

In the merger agreement, Atlantic Liberty has agreed not to directly or indirectly initiate, solicit or knowingly encourage any inquiries, negotiate with, or provide any information to any person other than Flushing Financial concerning an acquisition transaction involving Atlantic Liberty or Atlantic Liberty Savings. However, before the special meeting of Atlantic Liberty stockholders, Atlantic Liberty may enter into discussions or negotiations with a person or entity that makes an unsolicited proposal concerning an acquisition transaction, if its board of directors determines in good faith that the proposal, if consummated, is reasonably likely to result in a more favorable transaction to Atlantic Liberty's stockholders from a financial point of view than the merger, that they must do so in order to properly discharge their fiduciary duties following consultation with their legal counsel, and Atlantic Liberty promptly notifies Flushing Financial of the inquiries, proposals or offers received.

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The following tables set forth selected consolidated historical financial and other data of Flushing Financial for the periods and at the dates indicated. The information in the tables is derived in part from and should be read together with the audited consolidated financial statements and notes thereto included in Flushing Financial's Annual Report on Form 10-K for the year ended December 31, 2005, which is incorporated by reference into this proxy statement/prospectus. See [Where You Can Find More Information](#).

At or for the years ended December 31,	2005	2004	2003	2002	2001
	(Dollars in thousands, except per share data)				
Selected Financial Condition Data					
Total assets	\$ 2,353,208	\$ 2,058,044	\$ 1,910,751	\$ 1,652,958	\$ 1,487,529
Loans, net	1,881,876	1,516,507	1,269,521	1,169,560	1,067,197
Securities available for sale	337,761	435,745	535,709	358,984	305,539