FLUSHING FINANCIAL CORP
Form DEF 14A
April 07, 2016

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 x 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))**

x 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):

x 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:

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¨ 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:

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FLUSHING FINANCIAL CORPORATION

220 RXR Plaza

Uniondale, New York 11556

(718) 961-5400

April 7, 2016

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 RXR Plaza Conference Center located at 625 RXR Plaza, Lobby Level, Uniondale, New York 11556, on May 17, 2016 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 over the Internet, by telephone, or by signing, dating, and returning a proxy card. 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 Important Notice Regarding the Availability of Proxy Materials or proxy card regarding each of these voting options.

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

Sincerely,

John E. Roe, Sr.
Chairman of the Board

John R. Buran
President and Chief Executive Officer

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FLUSHING FINANCIAL CORPORATION

220 RXR Plaza

Uniondale, New York 11556

(718) 961-5400

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

DATE & TIME:	May 17, 2016 at 2:00 p.m. New York time
PLACE:	RXR Plaza Conference Center 625 RXR Plaza, Lobby Level Uniondale, New York 11556
ITEMS OF BUSINESS:	To elect four directors for a three-year term and until their successors are elected and qualified; To approve, on an advisory basis, the Company s executive compensation; To ratify the appointment of BDO USA, 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, 2016; and 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 Thursday, March 24, 2016.
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 Important Notice Regarding Availability of Proxy Materials or proxy card.

BY ORDER OF THE BOARD OF DIRECTORS,

Maria A. Grasso

Corporate Secretary

Uniondale, New York

April 7, 2016

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FLUSHING FINANCIAL CORPORATION

220 RXR Plaza

Uniondale, New York 11556

(718) 961-5400

PROXY STATEMENT

Annual Meeting of Stockholders

To be held on May 17, 2016

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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 Bank. In this proxy statement we use the term the Bank to mean Flushing Bank and its predecessors, including Flushing Savings Bank, FSB through February 28, 2013. Proxies are being solicited on behalf of the Board of Directors of the Company (the Board of Directors or Board) to be used at the annual meeting of stockholders to be held at the RXR Plaza Conference Center located at 625 RXR Plaza, Lobby Level, Uniondale, New York, 11556 at 2:00 p.m., New York time, on May 17, 2016 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 24, 2016, are entitled to notice of and to vote at the annual meeting and any adjournments thereof. We are not mailing the proxy statement and related materials to all stockholders. Instead, the 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, 2015 can be accessed over the Internet. Printed proxy materials will be mailed to stockholders only upon request. All persons who are entitled to vote at the annual meeting will receive in the mail (or by email, if they have agreed to delivery in such manner) an Important Notice Regarding the Availability of Proxy Materials that tells how to access our proxy materials. We will begin distributing the Important Notice Regarding the Availability of Proxy Materials on or about April 7, 2016.

VOTING AND PROXIES

Voting Rights and Quorum Requirement

Stockholders of record as of the close of business on March 24, 2016, the record date, are entitled to one vote for each share of common stock then held. On the record date, there were 28,985,466 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 may vote over the Internet, by telephone, or by signing, dating, and returning a proxy card.

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 Important Notice Regarding the Availability of Proxy Materials. 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 the advisory approval of the Company s executive compensation, and FOR ratification of the selection of BDO

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USA, LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2016. 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.

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, 220 RXR Plaza, Uniondale, New York 11556); (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

You may either vote for, against, or abstain on each of the proposals. The election of each director nominee and the approval of each other proposal requires the affirmative vote of a majority of the votes cast (whether in person or represented by proxy), assuming a quorum is present at the meeting. A majority of votes cast means that the number of shares voted for a proposal exceeds the number of shares voted against that proposal.

New York Stock Exchange (NYSE) rules determine whether proposals are routine or not routine. If a proposal is routine, a broker holding shares for an owner in street name may vote for the proposal without voting instructions. If a proposal is not routine, the broker may vote on the proposal only if the owner has provided voting instructions. If a broker does not receive voting instructions for a non-routine proposal, the broker will return a proxy card without a vote on that proposal, which is usually referred to as a broker non-vote. Under current NYSE rules, brokers have discretionary authority to vote shares held in street name with respect to the ratification of the appointment of the independent registered public accounting firm, but not on the election of directors or the advisory approval of the Company s executive compensation.

Abstentions and broker non-votes are considered present for purposes of determining the presence of a quorum. Abstentions and broker non-votes are not votes cast on a proposal, so they will have no effect on the outcome of any proposal.

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., LLC, a proxy soliciting firm, will assist the Company in soliciting proxies for the annual meeting and will be paid a fee of $7,500, 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.

Internet Availability of Proxy Materials

The Company s proxy statement and annual report to stockholders for the year ended December 31, 2015 are available at https://materials.proxyvote.com/343873.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of 13 directors divided into three classes. 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 2017 and 2018, respectively.

The directors in Class C, whose terms expire at the 2016 annual meeting, are John R. Buran, James D. Bennett, Alfred A. DelliBovi, and Thomas S. Gulotta. 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 2019. 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.

Because this election is uncontested, directors are elected by a majority of the votes cast for or against the nominee at the annual meeting, in person or represented by proxy. Votes may be cast for or against each nominee, or a shareholder may abstain from voting for one or more nominees. Pursuant to applicable Delaware law and our by-laws, abstentions and broker non-votes will have no effect on the outcome of the vote.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE

FOR ELECTION OF THE ABOVE NOMINEES AS DIRECTORS.

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Information About Directors

The following table sets forth certain information regarding the Board nominees and members of the Board of Directors of the Company.

Name	Age(1)	Position(s) with the Company	Director Since(2)	Term Expires
John E. Roe, Sr.	82	Chairman of the Board	1968	2018
John R. Buran	66	President, Chief Executive Officer and Director	2003	2016(4)
James D. Bennett	77	Director	1998	2016(4)
Alfred A. DelliBovi	69	Director	2014	2016(4)
Steven J. D Iorio	66	Director	2004	2018
Louis C. Grassi	60	Director	1998	2018
Thomas S. Gulotta	71	Director	2013	2016(4)
Sam S. Han	62	Director	2007	2018
Michael J. Hegarty	76	Director	1987	2017
John J. McCabe	72	Director	2003	2017
Donna M. O Brien	60	Director	2004	2017
Michael J. Russo	81	Director	1984	2017
Caren C. Yoh(3)	56	Director	2015	2017

(1) As of December 31, 2015.
(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) Ms. Yoh became a director of the Company and the Bank on May 1, 2015.
(4) Nominee for re-election at the 2016 annual meeting for a term expiring in 2019.

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 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

John R. Buran is President and Chief Executive Officer and a Director of the Company and the Bank. He has served as President and Chief Executive Officer of the Company and the Bank since July 2005. He has been a Director of the Company and the Bank since 2003. 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. He is a former Chairman of the Board of the New York Bankers Association. He currently serves on the Board of The Federal Home Loan Bank of New York where he chairs the Risk Committee. He is also a member of the Federal Reserve Bank of New York s Community Depository Institutions Advisory Council. He is a Director of the Nassau County Interim Finance Authority appointed by Governor Andrew Cuomo in 2012.

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 regulations and other matters as applicable specifically 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.

James D. Bennett is Chief Executive Officer of Land Enterprises, Inc., a realty investment and management firm. He served as of counsel with the law firm of Farrell, Fritz, P.C. in Uniondale, New York, with

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a practice in civil law and real estate, until his retirement in August 2015. 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.

Alfred A. DelliBovi served as President and Chief Executive Officer of the Federal Home Loan Bank of New York (FHLBNY) until his retirement in April 2014. During his 21 years at the helm of the FHLBNY, he led a team of financial professionals growing the bank ten-fold to $120 billion in assets. The FHLBNY is a wholesale bank that provides liquidity to 330 neighborhood-based lenders in New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands. In December 2011, Mr. DelliBovi was named to the Housing Commission of the Bipartisan Policy Center in Washington, D.C. He served as Deputy Secretary of the U.S. Department of Housing and Urban Development from 1989 until 1992.

Mr. DelliBovi s extensive knowledge of and business and government experience in the banking industry in which the Company operates, makes Mr. DelliBovi a valuable member of our Board of Directors.

Thomas S. Gulotta is the Chief Executive Officer of Executive Strategies, LLC, a highly successful consulting firm. Mr. Gulotta serves as a gubernatorial appointee to the position of Director of the United Nations Development Corporation. Mr. Gulotta also serves as Special Counsel to the Garden City, New York law firm Albanese & Albanese, LLP. He is admitted to practice before the United States Supreme Court, the U.S. District Court for the Southern and Eastern Districts of New York, and the Court of Appeals for the Armed Forces. Mr. Gulotta served as Nassau County Executive from 1987 to 2001. Mr. Gulotta served as Town of Hempstead Supervisor from 1981 to 1987 and as a New York State Legislator from 1977 to 1981.

Mr. Gulotta s legal background and knowledge of the Company s marketplace make Mr. Gulotta a valuable member of our Board of Directors.

Continuing Directors

Steven J. D Iorio is Senior Project Manager for Jones Lang LaSalle, managing on behalf of MSG the Transformation of Madison Square Garden. Mr. D Iorio has over 41 years of real estate construction and development experience. Mr. D Iorio has held senior management positions with Time Warner, Inc., National Westminster Bank, Jones Lang Wootton, 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 Chief Executive Officer of Grassi & Co., located in Jericho and New York City, with a practice in accounting, tax, technology and management consulting services. He is a licensed Certified Public Accountant and 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 is board chair of Moore Stephens North America, a network of accounting and consulting firms.

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.

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Sam S. Han is President and Founder of The Korean Channel, Inc. and has over 30 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 premiere 24 hour Korean broadcasting company servicing the East Coast on Time Warner, Cablevision, and DirectTV. Mr. Han serves as a member of the Board of Trustees of Flushing Hospital Medical Center and is the founder of Arirang Foundation, a non-profit organization whose mission is to support future generations of Korean-American leaders. Mr. Han was an advisor and member of the Board of Flushing Town Hall from 1998 to 2008.

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 served as 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 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 served as Chief Equity Strategist of Shay Assets Management, Inc. for over 20 years and as co-manager of the AMF Large Cap Equity Fund managed by Shay Assets Management, until his retirement in December 2015. 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 member of our Board of Directors.

Donna M. O Brien is President of Strategic Visions in Healthcare, LLC, a healthcare strategy/policy consulting firm with particular expertise in cancer program planning. With over 25 years of healthcare experience in academic medical centers, multi-institutional health systems and community hospitals, her management positions have included being the Executive Vice President of the Catholic Health System of Long Island (a $1.3 billion regional health system) where she led the formation of the system, and at the University of Texas MD Anderson Cancer Center in Houston where she was responsible for hospital operations. Ms. O Brien has served as a Special Advisor to the Director of the National Cancer Institute and serves on the Board of Regents of Seton Hall University. She was a member of the Governor of New York State s Commission on Healthcare Facilities for the Twenty First Century

Ms. O Brien s long history in senior administrative and management positions and her experience on other boards makes her a valuable member of our Board of Directors.

John E. Roe, Sr. has been Chairman of the Board of Directors of the Company and the Bank since February 16, 2011. He has been a member of the Board of Directors of the Company since its formation in 1994 and the Bank since 1968. Mr. Roe is a retired Captain of the United States Navy Reserve and was appointed Rear Admiral of the New York State Naval Militia by the Governor of New York. He is a former Trustee of Eastern

Long Island Hospital and Flushing Hospital Medical Center where he served as Chairman for 10 years. He is a former director of the Queens Chamber of Commerce. He is retired Chairman of the Board of City Underwriting Agency, Inc., an insurance brokerage.

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 our Board of Directors.

Caren C. Yoh is the owner of a full service accounting firm in Flushing, Queens since 1989. Ms. Yoh is a Certified Public Accountant and is well known for her expertise in auditing, taxation and estate planning. Ms. Yoh has held various board positions with several business and community organizations including the Asian Advisory Board for Flushing Bank, Flushing Business Improvement District (BID), Flushing Chinese Business Association, New York Hua Liu Tsu Hui Buddhist Temple, Chinese American Women Commerce Association, and LaGuardia Community College Foundation. She also served as President of the Chinese American Entrepreneur Association.

Ms. Yoh s accounting, tax and management expertise and her general understanding of controls, as well as her firm leadership background, make Ms. Yoh a valuable member of our Board of Directors.

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
Susan K. Cullen(2)	50	Senior Executive Vice President, Treasurer and Chief Financial Officer
Maria A. Grasso	51	Senior Executive Vice President, Chief Operating Officer and Corporate Secretary
Francis W. Korzekwinski	53	Senior Executive Vice President and Chief of Real Estate Lending
Barbara A. Beckmann	57	Executive Vice President
Michael Bingold	53	Executive Vice President
Allen M. Brewer	63	Executive Vice President
Ruth E. Filiberto	57	Executive Vice President
Astrid Burrowes	51	Executive Vice President
Ronald Hartmann	60	Executive Vice President
Jeoung Jin	49	Executive Vice President
Theresa Kelly	54	Executive Vice President
Gary P. Liotta	56	Executive Vice President
Robert G. Kiraly	60	Executive Vice President
Patricia Mezeul	56	Executive Vice President
John F. Stewart	59	Executive Vice President
Frank J. Akalski	61	Senior Vice President
Caterina dePasquale	48	Senior Vice President

(1) As of December 31, 2015.
(2) Susan K. Cullen was named Senior Executive Vice President, Treasurer, and Chief Financial Officer of the Company following David W. Fry s retirement.

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

Susan K. Cullen has been Senior Executive Vice President, Treasurer and Chief Financial Officer of the Company since February 2016. Ms. Cullen joined the Company in August 2015 as Executive Vice President/Chief Accounting Officer. Prior to joining the Company, she held the positons of Executive Vice President/SEC Reporting and Investor Relations, from January 2014 to July 2015, and Executive Vice President/Chief Risk Officer, from June 2012 to January 2014, at Hudson Valley Bank. Prior to Hudson Valley Bank, she was an audit partner with Grant Thornton, LLP in the Financial Service Practice.

Maria A. Grasso has been Senior Executive Vice President and Chief Operating Officer of the Company since January 2014. Ms. Grasso had 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 Senior Executive Vice President and Chief of Real Estate Lending of the Company since January 2014. Prior to that, he had been an Executive Vice President and Chief of Real Estate Lending of the Company since December 2006. 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 Executive Vice President/Director of Operations since January 2016. Prior to that she had 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.

Michael Bingold has been Executive Vice President/Director of Distribution and Client Development of the Company since August 2014. Prior to that, he had been Senior Vice President/Director of Distribution and Client Development since January 2014. Mr. Bingold joined the Company in May 2013 as Senior Vice President/Chief of Staff. Prior to joining the Company, he was Small Business Region Director for New York City, Boston and Florida at Citibank from 2010 to 2013. Prior to this position, he held various senior manager positions at Citibank, including East Division Sales Director, Mass Affluent Sales Director and Area Director.

Allen M. Brewer has been Executive Vice President/Chief Information Officer of the Company since August 2014. Prior to that, he had been Senior Vice President/Chief Information Officer of the Company since December 2008. Prior to joining the Company, Mr. Brewer 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 Executive Vice President/Controller of the Company since January 2016 and Executive Vice President/Chief Accounting Officer of the Company since February 2016. Prior to that she 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.

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Ruth E. Filiberto has been Executive Vice President/Director of Human Resources of the Company since January 2016. Prior to that she had 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 Resources department at First Data Corporation from 1993 to 2006.

Ronald Hartmann has been Executive Vice President/Commercial Real Estate Lending of the Company since January 2014. Prior to that, he had been a 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.

Jeoung (A.J.) Jin has been Executive Vice President/Residential, Mixed-Use, and Small Multi-Family Real Estate Lending of the Company since January 2014. Prior to that, he had been Senior Vice President/Residential, Mixed-Use, and Small Multi-Family 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.

Theresa Kelly has been Executive Vice President/Business Banking of the Company since January 2014. Prior to that, she had 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 Executive Vice President/Chief Audit Officer of the Company since January 2015. Prior to that, he had 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, he 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.

Gary P. Liotta has been Executive Vice President/Chief Risk Officer of the Company since August 2014. Prior to that, he had been Senior Vice President/Chief Risk Officer of the Company since April 2010. Prior to joining the Company, Mr. Liotta was Vice President of Investment Management for Morgan Stanley from 2002 to 2010. Prior to that, he was Vice President at Lehman Brothers and an Audit Manager for Ernst and Young. He has also held officer positions at the Federal Home Loan Bank of New York and JP Morgan Chase. Mr. Liotta is a Certified Public Accountant.

Patricia Mezeul has been Executive Vice President/Director of Government Banking of the Company since August 2014. Prior to that, she had 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.

John F. Stewart has been Executive Vice President/Chief of Staff of the Company since he joined the Company in March 2014. Prior to joining the Company, he was President and Chief Executive Officer of First National Bank of New York. Prior to his work at First National Bank of New York, Mr. Stewart held various senior level positions including Local Markets President and Managing Director of National Distribution for Citibank.

Frank J. Akalski has been Senior Vice President and Chief Investment Officer since he joined the Company in December 2014. Prior to joining the Company, from 2009 to 2014, he was First Vice President and Director of Investments for Astoria Bank.

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Caterina dePasquale has been Senior Vice President/Director of Strategic Development and Delivery 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.

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CORPORATE GOVERNANCE

Independence of Directors

The Board of Directors has determined that twelve of the thirteen 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. In evaluating the independence of the remaining directors, the Board considered the payments described below under the heading 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 2015, the Board of Directors held 12 regular meetings and three special meetings. No director attended less than 75% of the meetings of the Board of Directors and its committees on which they served.

At least quarterly, the independent directors meet in executive session with no members of Company management present.

The Board of Directors has established the following committees:

Compensation Committee. The Compensation Committee of the Board of Directors (the Compensation Committee) is composed of Messrs. Russo (Chairman), Grassi, Gulotta, Han and Roe and Ms. O Brien, all of whom are independent under Nasdaq independence standards and satisfy the additional Nasdaq independence standards for compensation committee members. The Compensation 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 awards to members of the Board of Directors who are not employees of the Company or the Bank (Outside Directors) under the 2005 and 2014 Omnibus Incentive Plans and granting, subject to concurrent approval by the Board of Directors, awards to employees under the 2014 Omnibus Incentive Plan. The Compensation Committee has the authority to retain or obtain advice from compensation consultants, legal counsel and other experts. The charter of the Compensation Committee is not available on the Company s website, but is attached as Appendix B to the Company s proxy statement for its 2014 annual meeting of stockholders. The Compensation Committee meets on an as needed basis. During 2015, the Compensation Committee met four times. The Report of the Compensation Committee is included on page 32.

Audit Committee. The Audit Committee of the Board of Directors (the Audit Committee) is composed of Messrs. Grassi (Chairman), DelliBovi, Gulotta, Hegarty, Roe, and Russo and Ms. Yoh, all of whom are independent under Nasdaq independence standards and satisfy the SEC independence requirements for audit committee members. The Audit 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. The Audit 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. The Audit Committee 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 is attached as Appendix A to Company s proxy statement for its 2015 annual meeting of stockholders. During 2015, the Audit Committee met seven times. The Report of the Audit Committee is included on page 45.

Nominating and Governance Committee. The Nominating and Governance Committee of the Board of Directors (the Nominating and Governance Committee) is composed of Messrs. Grassi (Chairman), Bennett, McCabe, Roe, and Russo, all of whom are independent under Nasdaq independence standards. The Nominating

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and Governance 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 Nominating and Governance Committee also recommends the directors to be selected for membership on the various Board committees and the chairs of those committees. The Nominating and Governance 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 Company. The Nominating and Governance Committee has the authority to engage consultants, legal counsel and search firms to assist it in fulfilling its responsibilities. 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. During 2015, the Nominating and Governance Committee met three times.

Other Committees. In addition to the committees described above, the Board of Directors has established an Executive Committee, an Insurance Committee, an Investment Committee, and a Risk and Compliance 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 2015, the Bank Board held 12 regular meetings. The Bank Board maintains an Executive Committee, an Insurance Committee, an Investment Committee, a Compensation Committee, a Nominating and Governance Committee, a Risk and Compliance Committee, , and an Audit Committee. 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 at the Company level. The Bank Board also maintains a Loan 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 and governance committee and elected by the Company as sole stockholder of the Bank.

Election of Directors by Majority Voting Standard

In 2013, the Board of Directors amended the Company s by-laws to adopt a majority voting standard for all uncontested director elections (defined as elections in which the number of nominees does not exceed the number of open director positions). The by-laws provide that in uncontested elections, director nominees must be elected by a majority of the votes cast at the annual meeting of shareholders. Incumbent directors who fail to receive a majority of votes and who under Delaware law would otherwise remain in office until a successor is elected are required to, within 10 business days of certification of election results, submit to the Board of Directors a letter of resignation for consideration by the Nominating and Governance Committee, which is required to act promptly. The Board of Directors, with the recommendation of the Nominating and Governance Committee, will determine whether to accept or reject such resignation, or what other action should be taken, in accordance with the Company s by-laws. Plurality voting will continue to apply if the number of nominees exceeds the number of open director positions. The Board of Director s decision to adopt a majority voting standard for the election of directors in uncontested elections demonstrates the Company s continued commitment to best practices in corporate governance and the best interests of its stockholders.

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

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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 Nominating and Governance 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 Nominating and Governance 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 Nominating and Governance 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.

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.

Board Leadership Structure

Since its formation in 1994, the Company has separated the roles of Chairman of the Board and Chief Executive Officer. We believe it is the Chief Executive Officer s responsibility to run the Company and the Chairman s responsibility to run the Board. As directors continue to have more oversight responsibilities than ever before, we believe it is beneficial to have an independent Chairman whose sole job is leading the Board. The Board expects that the time that Mr. Buran will be required to devote to the CEO position will continue to be significant and demanding. By having another director serve as Chairman of the Board, Mr. Buran will be able to focus his entire energy on running the Company.

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 Chief Risk Officer provides monthly updates to the Board with regard to the Bank s Enterprise Risk Management. The Company s Management Risk and Compliance Committee meets quarterly to oversee the mitigation of risks to the Company s strategic plan and to oversee the Company s compliance with consumer regulations. The Company s Compensation Committee is responsible for overseeing the management of risks relating to the Company s executive and employee compensation plans and arrangements. The Audit Committee oversees the results of the independent registered public accounting firm s annual attestation of the Company s financial statements and the Company s internal audit department s control testing. The Nominating and Governance Committee manages risks associated with the independence of the Board of Directors and potential conflicts of interest. The Bank Board s Loan Committee oversees general risks related to the Company s lending policies. The Investment Committee oversees risk related to the Company s investment policy, liquidity policy, and interest rate risk management policy. While each committee is responsible for evaluating certain risks and overseeing the management of such risks, the entire Board of Directors is regularly informed through committee reports about such risks. The Board is confident, as outlined above, that the proper independent oversight is in place to properly mitigate the Company s risks.

Transactions with Related Persons, Promoters and Certain Control Persons

Transactions between related persons (including directors and executive officers of the Company and the Bank and their immediate family members) and the Company, the Bank or their affiliates are subject to approval by the Nominating and Governance Committee, as set forth in its charter. Officers and directors are regularly reminded of their obligation to seek Nominating and Governance Committee approval of any related party transaction or potential conflict of interest. The Nominating and Governance Committee considers all factors that it deems relevant, including the nature of the related party s interest in the transaction, whether the terms are no less favorable than could be obtained in arms-length dealings with unrelated third parties and the materiality of the transaction to the Company.

Under the Bank s lending policies, mortgage loans are not made to directors and executive officers. Since January 1, 2015, there was one loan outstanding to an immediate family member of a director. The largest amount outstanding on this loan since January 1, 2015 was $355,100 and the amount of interest paid in 2015 was $15,133. This loan was made in the ordinary course of business, was fully approved in accordance with all of the Bank s credit underwriting standards, and was made at a market rate of interest and other normal terms but with a reduced origination fee. The Bank believes that this loan did not involve more than the normal risk of collectability or present other unfavorable features.

Stockholder Communications with the Board of Directors

The Board of Directors has adopted the following policy by which stockholders may communicate with the Board or with individual directors or Board committees. The communication should be in writing, addressed to the Board or applicable committee or directors, c/o Corporate Secretary, Flushing Financial Corporation, at the Company s executive offices. The Corporate Secretary will review all such correspondence received and will periodically, at least quarterly, forward to the applicable directors a summary of all such correspondence together with copies of correspondence that the Corporate Secretary believes should be seen in its entirety. Correspondence or summaries will be forwarded to the applicable directors on an expedited basis where the Corporate Secretary deems it appropriate. Communications raising concerns related to the Company s accounting, internal controls, or auditing matters will be immediately brought to the attention of the Company s Chief Audit Officer and the Chairman of the Audit Committee and will be handled in accordance with the procedures established by the Audit Committee with respect to such matters.

Directors may at any time review a log of correspondence received by the Company that is addressed to the director (or to the full Board or a Board committee on which he or she serves) and may request copies of any such correspondence.

The Company believes that it is important for directors to directly hear concerns expressed by stockholders. Accordingly, it is the Company s policy that Board members are expected to attend the annual meeting of stockholders absent a compelling commitment that prevents such attendance. All of the members of the Board of Directors at the time of the 2015 annual meeting attended such meeting with the exception of two directors.

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Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics that applies to all of its directors, officers and employees. This code is publicly available on the Company s website at http://www.flushingbank.com by following the links to investor relations and then governance documents, and then Code of Business Conduct and Ethics. Any substantive amendments to the code and any grant of a waiver from a provision of the code requiring disclosure under applicable SEC or Nasdaq rules will be disclosed in a report on Form 8-K.

Compensation Committee Interlocks and Insider Participation

During 2015, the Compensation Committee consisted of Messrs. Russo (Chairman), Grassi, Gulotta, Han, and Roe and Ms. O Brien. None of the members of the Compensation Committee is a former officer of the Company or the Bank.

Under the Bank s lending policies, residential mortgage loans to immediate family members of directors are made at market rates of interest and other normal terms but with reduced origination fees. Since January 1, 2015, there was one such loan outstanding to an immediate family member of a director. The largest amount outstanding on this loan since January 1, 2015 was $355,100 and the amount of interest paid in 2015 was $15,133. This loan was made in the ordinary course of business and was fully approved in accordance with all of the Bank s credit underwriting standards. This loan is the same loan described under the heading Corporate Governance Transactions with Related Persons, Promoters and Certain Control Persons. The Bank believes this loan did not involve more than the normal risk of collectibility or present other unfavorable features.

Role of Executive Officers in Compensation Decisions

The Chairman of the Board of Directors and the Chief Executive Officer annually review the performance of each named executive officer (other than the Chief Executive Officer whose performance is reviewed by the Compensation Committee). The conclusions reached and recommendations based on these reviews, including with respect to salary adjustments and annual award amounts, are presented to the Compensation Committee. The Compensation Committee can exercise its discretion in modifying any recommended adjustments or awards to executive officers. Our Chief Executive Officer makes recommendations to the Compensation Committee with respect to compensation for other executive officers, including the structure and terms of these executives annual cash incentives and long-term equity incentives. Our Chief Executive Officer considers factors such as tenure, individual performance, responsibilities and experience levels of the executives, as well as the compensation of the executives relative to one another, when making recommendations regarding appropriate total compensation of our executives. Certain executives assist the Chief Executive Officer in structuring his proposals regarding the design of the annual cash incentives and long-term equity incentives; however, executives do not play any role in setting their own compensation. Our Chief Executive Officer either discusses his recommendations with the Chairman of the Compensation Committee or has management present them at Compensation Committee meetings. The compensation and benefits personnel within our human resources department supports the Compensation Committee in the performance of its responsibilities. During fiscal year 2015, our Chief Financial Officer and Executive Vice President of Human Resources regularly attended the Compensation Committee meetings to provide perspectives on the competitive landscape, the needs of the business and information about our financial performance. The Compensation Committee periodically meets in executive session without management to deliberate on executive compensation matters. The Compensation Committee considers, but is not bound to and does not always accept, the Chief Executive Officer s recommendations regarding executive compensation. The Compensation Committee reviews all recommendations in light of our compensation philosophy and generally seeks input from the Committee s compensation consultant prior to making any final decisions.

Determining Executive Compensation and the Role of the Consultant

The Company s executive compensation program is intended to link management s pay with the Company s annual and long-term performance. The Compensation Committee believes it is important to attract and retain highly qualified executive officers by providing compensation opportunities that are both competitive with the market for executive talent and consistent with the Company s performance. Since 2003, the Compensation Committee has retained Pearl Meyer & Partners (the Consultant or Pearl Meyer), an independent nationally recognized compensation consulting firm, to advise the Compensation Committee with respect to compensation of the Company s executive officers. The Consultant is retained by the Compensation Committee and reports directly to the Compensation Committee. The Consultant was instrumental in the development of the pay for performance philosophy of the Company and the development of the shareholder approved 2005 and 2014 Omnibus Incentive Plans. In 2015, as in prior years, the Compensation Committee engaged the Consultant. The Consultant discussed with the Compensation Committee the philosophy for determining the 2015 compensation and discussed trends in the executive compensation arena to be considered. For a discussion of the elements involved in the Compensation Committee s decisions regarding executive compensation, see Executive Compensation Compensation Discussion and Analysis.

DIRECTOR COMPENSATION

The Company uses a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors.

Cash Compensation

For the fiscal year ended December 31, 2015, members of the Board of Directors who are not employees of the Company or the Bank (Outside Directors) were entitled to receive an annual retainer of $37,500 from the Bank with no additional retainer from the Company. In addition in 2015, the Chairman of the Board received a fee of $75,000 for services to the Company and the Bank in those capacities. The Chairman of the Audit Committee received an additional annual retainer of $15,000, the Chairman of the Compensation Committee received an additional annual retainer of $10,000, and the Chairman of the Nominating and Governance Committee received an additional annual retainer of $7,500. Outside Directors also received meeting fees of $1,500 for each Board or Bank Board meeting attended, $1,300 for each Audit Committee meeting attended, and $1,000 for each other committee meeting attended, whether or not they are members of such committee. However, where the Board of Directors and the Bank Board meet on the same day, directors receive only a single Board meeting fee for such meetings. Similarly, directors receive only a single committee meeting fee where identically constituted committees of the Board of Directors and Bank Board meet on the same day.

Outside Directors who are members of the Loan Committee also receive a fee from the Bank for conducting on-site inspections of proposed real estate collateral for certain loans in excess of $3,500,000 and receive a fee of $1,000 for each property inspected.

Equity Compensation

Pursuant to the Company s 2014 Omnibus Incentive Plan, under which equity awards granted on or after May 20, 2014 were made, each Outside Director receives an annual award of 4,800 restricted stock units (RSUs), or shares of restricted stock if so determined by the Compensation Committee, as of January 30 of each year. Upon initial election or appointment to the Board of Directors or a change to Outside Director status, an Outside Director receives a prorated portion of the annual award consisting of 400 shares of restricted stock (or RSUs if so determined by the Compensation Committee) for each full or partial month from the date of such person s election or appointment or change in status to the following January 30.

Each award to an Outside Director vests with respect to one-third of the underlying shares on the January 30 following the date of grant, and an additional one-third of the underlying shares on each of the two subsequent January 30, provided the award holder is a director of the Company on each such date. In the event the Outside Director ceases to be a director of the Company before an award has fully vested, the unvested portion of the award is forfeited. Awards to Outside Directors become fully vested in advance of such schedule upon a change of control of the Company or the Bank (if the director is a member of the Board of Directors at such time) or upon termination of the director s service on the Board of Directors due to death, disability or retirement. For this purpose, retirement means a director s termination of service after five years of service as an Outside Director if the director s age plus years of service as an Outside Director equals or exceeds 55.

Unless the Compensation Committee provides otherwise, dividends or dividend equivalents on these awards are paid on a current basis, and the awards are settled in stock, generally at the time they vest. An RSU award entitles the award holder to receive one share of common stock (or the fair market value of a share in cash or other property) at a specified future time.

The 2014 Omnibus Incentive Plan provides for the automatic grant of the same types and amounts of director equity awards as under the 2005 Omnibus Incentive Plan, as amended in 2011, under which equity awards granted prior to May 20, 2014 were made, but authorizes the Compensation Committee to modify the amount of the awards and/or provisions of such awards.

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Director Stock Ownership Guidelines

In November 2015, the Compensation Committee formally established Director Stock Ownership Guidelines for Outside Directors as a way to more closely align the interests of Outside Directors with those of the Company s shareholders. These guidelines provide a direct link between Outside Director rewards and Company results and encourage Outside Directors to consider Company performance from a long-term as well as short-term perspective.

These stock ownership guidelines require Outside Directors to hold at least 5,000 shares of the Company s common stock after the greater of five full years of board service or five years from the implementation of these guidelines. Compliance with these guidelines is mandatory for all Outside Directors of the Company.

Director Retirement Plan

The Bank has an unfunded noncontributory defined benefit Outside Director Retirement Plan, which provides benefits to each Outside Director who became an Outside Director before January 1, 2004 who has at least five years of service as an Outside Director and whose years of service as an Outside Director plus age equals or exceeds 55. Benefits are also payable to an Outside Director who became an Outside Director before January 1, 2004 and whose status as an Outside Director terminates due to death or disability or who is an Outside Director upon a change of control of the Company or the Bank. Any person who became an Outside Director after January 1, 2004 is not eligible to participate in the Outside Director Retirement Plan. Upon termination, an eligible director will be paid an annual retirement benefit equal to $48,000. Such benefit will be paid in equal monthly installments for the lesser of the number of months such director served as an Outside Director or 120 months.

In the event of a change of control, benefits under the plan will be paid in a cash lump sum; each eligible director will receive the equivalent of 120 months of benefits. In the event of an Outside Director s death, the surviving spouse will receive the equivalent benefit. No benefit will paid to an Outside Director who is removed for cause. The Company has guaranteed the payment of benefits under the Outside Director Retirement Plan. A director s right to receive benefits under the plan is no greater than the right of an unsecured general creditor of the Bank or the Company.

Deferred Compensation Program for Outside Directors

The Bank has adopted an Outside Director Deferred Compensation Plan pursuant to which Outside Directors may elect to defer all or a portion of their annual retainer, meeting fees, and inspection fees. Deferred amounts are credited with earnings based on certain mutual fund investments. The deferred amounts plus earnings thereon will be paid to the director in cash after the director s termination of service, either in a lump sum or, if the director so elects, in annual installments over a period not to exceed five years. The Company has guaranteed the payment of benefits under the Outside Director Deferred Compensation Plan. A director s right to receive benefits under the plan is no greater than the right of an unsecured general creditor of the Bank or the Company. As of December 31, 2015, there were no participants in this plan.

Indemnity Agreements

The Company and the Bank have entered into an indemnity agreement with each of the directors which agreements provide for mandatory indemnification of each director to the full extent permitted by law for any claim arising out of such person s service to the Company or the Bank. The agreements provide for advancement of expenses and specify procedures for determining entitlement to indemnification.

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Director Compensation Table

The table below summarizes the compensation paid by the Company to Outside Directors for the fiscal year ended December 31, 2015.

Name(1)	Fees Earned or Paid in Cash(2) ($)	Stock Awards(3) ($)	Option Awards ($)	Change in Pension Value and Deferred Compensation Earnings ($)(4)	All Other Compensation ($)	Total ($)
John E. Roe, Sr.	188,750	88,896				277,646
James D. Bennett	93,000	88,896				181,896
Steven J. D Iorio	103,250	88,896				192,146
Alfred A. DelliBovi	87,500	88,896				176,396
Louis C. Grassi	110,500	88,896				199,396
Thomas S. Gulotta	104,100	88,896				192,996
Sam S. Han	68,000	88,896				156,896
Michael Hegarty	106,750	88,896				195,646
John J. McCabe	90,000	88,896				178,896
Donna. O Brien	73,250	88,896				162,146
Michael J. Russo	85,800	88,896				174,696
Caren Yoh(5)	47,900	69,516				117,416

(1) John Buran, the President and Chief Executive Officer of the Company and the Bank, is also a director of the Company and the Bank but is not included in this table because, as an employee of the Company and the Bank, he receives no compensation for his services as director. The compensation received by Mr. Buran as an employee of the Company and the Bank is shown in the Summary Compensation Table on page 33.

(2) Reflects the amount of compensation earned in 2015 for annual retainers, Board and committee Chair retainers, Board and committee meeting fees, local advisory boards, and property inspection fees.

(3) Reflects the grant date fair value of awards (excluding the effect of estimated forfeitures) granted in the fiscal year ended December 31, 2015. Assumptions used in the calculation of such amounts are included in note 11 to the Company s audited financial statements for the fiscal year ended December 31, 2015 included in the Company s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 15, 2016. As of December 31, 2015, each Outside Director had 9,600 RSUs outstanding with the exception of Mr. Gulotta who had 8,800 RSUs outstanding, Mr. DelliBovi who had 6,667 RSUs outstanding and Ms. Yoh who had 3,600 RSUs outstanding.

(4) Messrs. DelliBovi, D Iorio, Gulotta, Han, and Hegarty, and Mses O Brien and Yoh are not eligible to participate in the Outside Director Retirement Plan because it was frozen before they satisfied the eligibility requirements. Messrs. Roe, Bennett, Grassi, McCabe, and Russo have maximized their annual retirement benefit under the Outside Director Retirement Plan based on their years of service.

(5) Ms. Yoh became a director of the Company and the Bank on May 1, 2015.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary

The Company continues its commitment to align executive compensation to the Company s performance. Our compensation strategy has been developed to drive the Company s success while improving shareholder value. The Company accomplishes this by 1) linking our executive officers compensation to the Company s performance; 2) encouraging long term equity ownership in an effort to align shareholder interests with those of the Company s executives; 3) attracting and retaining executive talent; and 4) managing risk through sound incentive compensation programs. Accordingly, the Company awarded executive compensation based on the following key financial and performance measures.

Elements of 2015 Performance

Our institution s strong capital, our ability to continue to grow core deposits, and our traditionally strong credit discipline enabled us to perform well in 2015. Our solid performance in 2015 is reflected by the following:

Performance Area	Highlights
Shareholder Returns & Value Creation	Our total shareholder return for 2015 was 10.21% as compared to the bank industry average of 1.71% (as reported by SNL Financial in their U.S. Bank Index).
	Our Company paid dividends of $0.64 per common share in 2015 resulting in an annual dividend yield of 2.96% for 2015. Our Company declared a quarterly dividend increase of $0.01 per common share to $0.17 per common share on February 23, 2016, which was a 6% increase from the fourth quarter of 2015.
	Our return on average equity for 2015 was 9.93% as compared to the bank industry average of 8.42% (as reported by SNL Financial in their U.S. Bank Index as of February 16, 2016).
Profitable Growth	Total assets as of December 31, 2015 grew to $5.7 billion, an increase of $627.6 million, or 12.4%, during 2015 as a result of the growth of our loan portfolio.
	Loan originations and purchases were a record $1,233.5 million for the year ended December 31, 2015, an increase of $275.3 million from $958.2 million for the year ended December 31, 2014.
	GAAP diluted earnings per common share were $1.59, an increase of $0.11, or 7.4% from the year ended December 31, 2014.
	Net income was $46.2 million, an increase of $2.0 million, or 4.5% compared to $44.2 million at December 31, 2014.
	Net interest income was $154.4 million, an increase of $12.0 million, or 8.5% compared to $142.4 million at December 31, 2014.

Asset Quality & Stability	Non-performing assets totaled $31.0 million at December 31, 2015, an improvement of $9.5 million, or 23.5%, from December 31, 2014.
	The benefit for loan losses decreased by $5.0 million during the twelve months ended December 31, 2015 to a benefit of $1.0 million from a benefit of $6.0 million during the comparable prior year period. The benefit recorded during the twelve months ending December 31, 2015 was primarily due to the continued improvement in both credit conditions and the qualitative factors used in the calculation of the allowances for loan losses.
	Our institution remains well-capitalized with Tier 1 leverage, Common Equity Tier 1, Tier-1 risk-based, and Total risk-based capital ratios of 8.84%, 11.83%, 12.55%, and 13.10%, respectively, as of December 31, 2015, exceeding regulatory requirements of 5%, 6.5%, 8% and 10%, respectively.

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Connecting Pay to Performance

We believe in targeting compensation that is commensurate to performance. Our approach has been to target total direct compensation at the market 75th percentile when the Company performs at or above the market 75th percentile. To ensure that our programs are reflective of our pay for performance philosophy, the Compensation Committee annually reviews an analysis of our pay for performance alignment provided by Pearl Meyer, their independent compensation consultant. In 2015, Pearl Meyer conducted a pay for performance analysis covering the last three completed fiscal years compared to our peer banks. The Company performed within the upper quartile for total shareholder return and our total direct compensation was on balance within the upper quartile of our peers, which indicated good alignment of pay and performance. As in prior years, these findings reinforce our belief that the Compensation Committee s previous decisions regarding executive pay supported our pay and performance philosophy.

2015 Compensation Actions

The Committee took the following pay actions with regard to 2015 total direct compensation:

Base salary the Committee approved merit-based salary increases which averaged approximately 3%;

Short term incentive the Committee approved and paid formula-based annual incentive awards based on achievement of goals with respect to core operating earnings per diluted common share and core operating return on average equity. The short-term incentive award was funded at 102% of target; and

Long term equity incentive the Committee granted restricted stock units which vest over a five year period to better align executive officer equity compensation with shareholder interests. Further, 50% of the after-tax shares attributable to these awards are subject to the Executive Stock Ownership Guidelines outlined below.

Impact of Advisory Say-On-Pay Vote

Our Board of Directors, our Compensation Committee, and our management value the opinions of our shareholders. At our 2015 Annual Meeting, approximately 92% of the votes cast on the say-on-pay proposal were in favor of our named executive officers compensation. The Compensation Committee reviewed our say on pay results and determined that the level of support indicated overall satisfaction with our program The Compensation Committee will continue to consider the outcome of the Company s say-on-pay votes when making future compensation decisions for the named executive officers.

Shareholder Outreach

We value the opinions of our shareholders and look forward to a continued, open dialogue on compensation matters and other issues relevant to our business. We want our shareholders to fully understand our rationale for providing and not altering the compensation packages to our named executive officers that we currently offer and we want to understand the views of our shareholders on those programs. Although almost all of our current programs are continuations or versions of arrangements that were put in place many years ago and under different circumstances, we wish to maintain our dynamism in this area and seek to coordinate best practice with the best performance for shareholders. The historical aspects of our compensation programs are more fully discussed and explained below and elsewhere in our Compensation Discussion and Analysis.

In order to foster our dialogue with shareholders and more specifically to respond to say-on-pay voting, we formalized our annual shareholder interaction into an organized and comprehensive shareholder outreach program initiated under the auspices of our Compensation Committee. The outreach program during 2015 was led by our Executive Vice President and Director of Human Resources. In addition, the outreach program was advised by our independent compensation consulting firm and our counsel. The agenda of the outreach program centered on executive compensation matters, but touched on other governance and related matters as well. While we devoted much time and effort in 2015 to communicating information regarding our executive compensation policies and practices, we also were keenly interested in feedback from our investors as to how we might

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improve those practices and policies from the perspective of our shareholders. We generally seek a collaborative and mutually beneficial approach to many issues of importance to investors that affect our business, and also to ensure that our corporate governance practices remain appropriate. This approach is especially important in the context of executive compensation matters. In our shareholder outreach during 2015, we directly telephoned and/or engaged in discussions with approximately 25 of our largest institutional investors representing a majority of our total outstanding shares. Where investors were not readily available, we followed up where appropriate to maximize our connectivity. Many, but not all, of our investors expressed interest in our outreach efforts. While a number of shareholders took time to review our compensation program and provide valuable feedback, many advised us that the enormous number of their investments and/or the nature of their business models make direct engagement with us and other companies impracticable or impossible. Investors who described themselves as hedge fund, short term or purely quantitative investors noted that their operations preclude a focus on voting, executive compensation, governance considerations and similar matters. Thus, we were not able to generate any interest in or feedback from these investors. Further, some other investors did not accept our numerous requests for engagement, presumably due to the volume and time-consumption of such requests or as a signal they were generally supportive of our current approach. Consequently, while we believe our outreach program was extremely successful in 2015, a segment of our shareholder community does not engage on these matters. We came to understand that many of those shareholders outsource, based on policy, practicalities or both, their voting decision-making on say-on-pay and other matters to proxy advisory firms.

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The results of our outreach program were extremely informative to us. Almost all of the feedback was positive. Shareholders generally indicated a fully informed understanding of our executive compensation programs. This understanding was facilitated by discussions as well as supplemental information we provided. Those discussions and information were introduced with the following summary of certain of our compensation policies:

COMPENSATION PRACTICE		FLUSHING POLICY
Pay for Performance	YES	A meaningful portion of total direct compensation is performance-based. We have aligned executive compensation with performance compared to our peers with our superior performance in key metrics. We paid formula-based annual incentive awards based on achievement of goals with respect to core operating earnings per diluted common share and core operating return on average equity.
Robust stock ownership guidelines	YES	Stock ownership guidelines apply to all long-term equity awards made to executive officers. The President/CEO and senior executives are required to retain 50% of their net shares acquired upon stock option exercises or vesting of full-value awards. Shares subject to the ownership guidelines must be retained while the executive is employed by the Company until age 61, when the executive may dispose annually only 20% of the aggregate number of such shares then held.
Annual Shareholder Say on Pay	YES	We value our shareholders input on our executive compensation programs. Our Board of Directors seeks an annual vote from shareholders to approve the executive compensation disclosed in our CD&A and other disclosure in our proxy statement.
Annual compensation risk assessment	YES	A risk assessment of our compensation programs is performed on an annual basis.
Independent compensation consultant	YES	The Compensation Committee retains an independent compensation consultant to advise it on the executive compensation program and practices.
Hedging of company stock	NO	Executive officers and members of the Board of Directors may not directly or indirectly engage in transactions intended to hedge or offset the market value of Flushing common stock owned by them.
Pledging of company stock	NO	Executive officers and members of the Board of Directors may not directly or indirectly pledge Flushing common stock as collateral for any obligation.
Re-pricing or exchange of underwater stock options	NO	Our equity incentive plan does not permit re-pricing or exchange of underwater stock options without shareholder approval.

Our Executive Compensation Philosophy and Objectives

The Compensation Committee believes that the most effective executive compensation program is one that is designed to reward the achievement of specific annual, long-term and strategic goals of the Company in a risk appropriate fashion, and which aligns executives interests with those of the stockholders by rewarding performance at or above established goals, with the ultimate objective of improving stockholder value. The Compensation Committee evaluates both performance and compensation to ensure that the Company maintains its ability to attract and retain superior employees in key positions and that compensation provided to key employees remains competitive relative to the compensation paid to similarly situated executives of its peer companies.

The Company s executive compensation program includes both short-term cash compensation and long-term equity compensation, with an emphasis on short-term cash compensation that is tied to the Company s

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financial performance. The Compensation Committee believes that such allocation is needed to attract and retain executive officers in the competitive New York City Metropolitan market.

Role of Compensation Consultant

The Compensation Committee has the sole authority to retain, terminate, obtain advice from, oversee and compensate its outside advisors, including its compensation consultant. The Compensation Committee has the funding it needs for these purposes.

Since 2003, the Compensation Committee has retained Pearl Meyer as its independent executive compensation consultant. None of the Company s management team participated in the Compensation Committee s decision to retain Pearl Meyer. Pearl Meyer reports directly to the Compensation Committee and the Compensation Committee may replace Pearl Meyer or hire additional consultants at any time. Pearl Meyer attends meetings of the Compensation Committee, as requested, and communicates with the Chairman of the Compensation Committee between meetings. However, the Compensation Committee makes all decisions regarding the compensation of the Company s executive officers.

Pearl Meyer provides various executive compensation services to the Compensation Committee with respect to the Company s executive officers and other key employees at the Compensation Committee s request. The services Pearl Meyer provides include advising the Compensation Committee on the principal aspects of the executive compensation program and evolving best practices, and providing market information and analysis regarding the competitiveness of our program design and awards in relationship to our performance.

The Compensation Committee regularly reviews the services provided by its outside consultants and believes that Pearl Meyer is independent in providing executive compensation consulting services. The Compensation Committee conducted a specific review of its relationship with Pearl Meyer in 2015, and determined that Pearl Meyer s work for the Compensation Committee did not raise any conflicts of interest taking into account the independence factors identified by the SEC and NASDAQ. In making this determination, the Compensation Committee noted that during 2015:

- Pearl Meyer solely provided services to the Compensation Committee and did not provide any additional services to the Company;
- Fees from the Company were less than 1% of Pearl Meyer s total revenue for FY 2015;
- Pearl Meyer maintains a Conflicts Policy which details specific policies and procedures designed to ensure independence;
- None of the Pearl Meyer consultants who provided advice to the Compensation Committee had any business or personal relationship with Compensation Committee members;
- None of the Pearl Meyer consultants who provided advice to the Compensation Committee had any business or personal relationship with executive officers of the Company; and
- None of the Pearl Meyer consultants who provided advice to the Compensation Committee directly own Company stock.

The Compensation Committee continues to monitor the independence of its compensation consultant on a periodic basis.

Pearl Meyer was instrumental in the development of the pay for performance philosophy of the Company and the development of the shareholder approved 2014 Omnibus Incentive Plan (the Omnibus Plan). In 2015 as in prior years, Pearl Meyer prepared an executive compensation analysis with regard to the named executive officers. This analysis included a review of the competitiveness of compensation levels, a pay for performance analysis, and a retention analysis. Pearl Meyer utilized a group of publicly-traded financial institutions (collectively the Peer Group), disclosed below, and published industry survey sources**,** including the American Bankers Association (ABA) 2015 Compensation and Benefits survey and the Pearl Meyer and Partners 2015 Banking Compensation Survey Report (Northeast), in its analysis.

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Use of Peer Group

The Peer Group analysis is typically performed and reviewed annually. In order to capture an appropriate view of the Company s competitors, Pearl Meyer utilized the following Peer Group, consisting of 19 banks which are close to the Company s size (generally, no more than twice as large and no less than half the size of the Company in terms of assets) and which are located in major urban/suburban areas of the Northeast United States. The Compensation Committee s goal with respect to a peer group is to objectively determine and appropriately reflect compensation practices for similar banks. The Compensation Committee believes the Peer Group represents banks that the Company competes with for talent and for stockholder investment.

Berkshire Hills Bancorp, Inc.
Brookline Bancorp, Inc.
Community Bank System, Inc.
Dime Community Bancshares, Inc.
Eagle Bancorp, Inc.
First Commonwealth Financial Corporation
Independent Bank Corporation
Lakeland Bancorp, Inc.
National Penn Bancshares, Inc.
NBT Bancorp Inc.
Northwest Bancshares, Inc.
Provident Financial Services, Inc.
Sandy Springs Bancorp, Inc.
S&T Bancorp, Inc.
Sterling Bancorp
Tompkins Financial Corporation
TrustCo Bank Corp NY
Washington Trust Bancorp, Inc.
WSFS Financial Corporation

There were no year over year changes to the Peer Group primarily due to none of the peer companies having undergone significant changes that would exclude them from the analysis.

In determining the amount of compensation for the named executive officers, the Compensation Committee typically reviews each element of total direct compensation against the Peer Group. Based on the recommendation of Pearl Meyer, the Compensation Committee then considers setting salaries within a range of plus or minus 20 percent of the median salary of the Peer Group based on individual performance. The Compensation Committee continues to focus on maintaining total compensation within our disclosed philosophy by assuring the variable components of compensation have a strong pay-for-performance orientation.

Total direct compensation was targeted to reflect the performance of the Company so that when the Company performs at the 75^{th} percentile against its peers, compensation will be near the 75^{th} percentile of the Peer Group. Our philosophy of determining long-term equity awards has been typically targeted at the 75^{th} percentile, and is determined by the Compensation Committee according to performance as outlined in the Long Term Equity Incentive Compensation section. The Company has generally performed at or above the 75^{th} percentile of the industry based on certain financial and operational performance indicators which included return on average equity and three-year total shareholder return. The Company believes return on average equity and total shareholder return are important financial indicators as they represent the Company s commitment to enhancing shareholder value.

The Compensation Committee considered factors other than amounts paid by the Peer Group and other sources of compensation data when determining compensation amounts, such as the individual executive s level of responsibility, individual performance, the financial and operational performance of the Company, and the Company s performance in relation to internal budgeted amounts and performance of competitors. Indicators of financial and operational performance considered by the Compensation Committee include, among others, total assets, core operating pre-tax income, core operating earnings per diluted common share, core operating return on average equity and book value per share. The achievements of certain strategic goals that are part of the Company s Strategic Plan were also taken into consideration. The Compensation Committee also compared the Company s performance against the performance of the Peer Group with respect to certain other indicators, including such performance measures as total shareholder return, return on average assets, return on average equity, net interest margin, and efficiency ratio.

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Allocation of Executive Compensation

The mix of compensation for our named executive officers is weighted towards base salary and total cash compensation. We believe that this mix of compensation helps balance the incentive for our executives to achieve annual goals but not take undue risk. Base salary compensates executives for foundational leadership and management skills and the degree of accountability inherent in their roles. Annual incentives are meant to focus executives on achieving the strategic and financial goals of the Company during the year. Long-term equity incentives are utilized in order to align the interests of executives with the shareholders of the Company over a longer period of time. Executives are incentivized to create sustained shareholder value. While this encourages some risk taking by executives in order to achieve superior shareholder return, the risk is mitigated by stock ownership guidelines which encourage executives to adopt a long-term horizon.

We feel this is a good balance of compensation that both encourages appropriate risk taking but mitigates the prospect of taking unnecessary risk.

Our 2015 Executive Compensation Components

As in prior years, for the fiscal year ended December 31, 2015, the principal components of compensation for the named executive officers were:

- base salary;
- performance-based annual incentive compensation;
- long-term equity incentive compensation in the form of restricted stock units;
- retirement benefits; and
- perquisites and other personal benefits.

Base Salary

Base salary is designed to provide competitive levels of guaranteed compensation to executives based upon their experience, duties and scope of responsibility. The Company pays base salaries because it provides a basic level of compensation and is necessary to recruit and retain executives. The Compensation Committee also uses annual base salary adjustments to reflect an individual s performance or changed responsibilities. Base salary levels are also important because they are used to determine the target amount of the performance-based incentive bonuses and the amount of retirement benefits.

As discussed above, in determining the base salary of named executive officers, the Compensation Committee considered a variety of factors including the individual executive s level of responsibility and individual performance and the financial and operational performance of the Company and the Bank relative to internal budgeted amounts and performance of competitors. The benchmarking analysis prepared by Pearl Meyer for 2015 indicated that base salary levels of the Company s named executive officers were generally at or above the median. Base salary increases set by the Compensation Committee for the fiscal year 2015 were intended to position short-term cash compensation levels at or above the median of the Peer Group, adjusted by the results of an assessment of the Company s and the Bank s performance during the year, as well as each individual executive s contribution to such performance.

Performance-Based Annual Incentive

The Company provides senior executives, including the named executive officers, with performance-based annual incentive bonuses as a form of short-term incentive to compensate them for services rendered during the year and drive achievement of performance goals for the year. These bonuses are provided under the Company s Annual Incentive Plan for Executives and Senior Officers (the Incentive Bonus Plan), which is adopted under the authority of our Omnibus Plan.

The Incentive Bonus Plan permits the Compensation Committee to select a range within which corporate performance must fall for annual bonuses to be awarded. The range consists of a threshold level or minimum performance level necessary to earn a bonus and below which no bonus is paid; a maximum level, or performance level necessary to earn the maximum bonus and beyond which no additional bonus can be earned; and a target level, or performance level necessary to earn the target bonus.

For all of our named executive officers, except Ms. Kelly, the performance criteria used were solely Company-wide. These criteria consisted of core operating earnings per diluted common share and core operating return on average equity, with each of these factors weighted equally. The Compensation Committee concluded that these criteria, which are the same criteria as used since 2006, continued to be appropriate. They are recognized industry metrics and are appropriate for the Company in particular by combining and equally weighting financial performance incentives based on a traditional operating basis per common share and performance incentives based on the return on equity, which is a well-recognized measure of performance and profitability in the banking industry. For Ms. Kelly, who has departmental responsibility for Business Banking, the bonus was based 70% on the above Company-wide criteria and 30% on departmental criteria, specifically loan advances and increases in core deposit amounts. Target level performance for these factors was set as follows:

Core operating earnings per diluted common share of $1.46. For this purpose, core operating earnings per diluted common share excludes the after tax effect of any gains or losses from balance sheet or corporate restructurings, net gains or losses for financial assets and financial liabilities carried at fair value, gains on sale of buildings, other-than-temporary impairment charges, net gains or losses on the sale of securities, changes to income tax laws, non-recurring items and merger related charges.

Core operating return on average equity of 9.16%. For this purpose, the items excluded above for determining core operating earnings per diluted common share are also excluded.

With respect to Ms. Kelly, the target operating departmental performance components were set at levels that the Compensation Committee considered would collectively be reasonably difficult for her to achieve based on historical performance of those metrics and the reasonable expectation regarding achievement of those criteria in 2015.

The Company uses core operating results to set Incentive Bonus Plan target performance rather than using accounting principles generally accepted in the United States (GAAP) measures because core operating results exclude onetime gains and losses and other non-recurring items and the Company believes this measure of earnings is an important indication of ongoing operations (as defined in the Reconciliation of GAAP and Core Earnings table provided in Exhibit 99.1 on the Company s current report on Form 8-K filed on January 26, 2016). Additionally, the Company believes this earnings measure is important to management and investors in evaluating its ongoing operating performance.

The target performance levels were consistent with the Company s 2015 Strategic Plan as approved by the Board of Directors. For each performance factor, the threshold performance level was set at 80% of the target level, and the maximum performance level was set at 110% of the target level.

Under the Incentive Bonus Plan for 2015, the target bonus for each executive officer as a percentage of his or her base salary was as follows: for the CEO/President fifty percent (50%); for each Senior Executive Vice President forty percent (40%); for each Executive Vice President thirty-five percent (35%); and for each other participant thirty percent (30%). Failure to achieve at least the threshold level of performance would result in no bonus being paid; achievement of the threshold level of performance would result in a bonus equal to 60% of the target bonus, and performance at or beyond the maximum level of performance would result in a bonus equal to 125% of the target bonus. Performance results within these benchmarks are interpolated for incentive bonus purposes. Target, minimum and maximum bonus amounts for established performance targets were subject to reduction, but not increase, at the discretion of the Compensation Committee.

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The Compensation Committee met in January 2016 to determine the amounts earned under the Incentive Bonus Plan and determined that quantitative Company-wide performance reached the target level on both performance criteria, and that as a result, each of the named executive officers, other than Ms. Kelly, earned a bonus slightly above target levels. The chart below provides the performance level needed for each of the three payout levels, the Company s actual performance, and the resulting achievement in relation to target:

	Threshold	Target	Maximum	Achievement(1)	Percentage to Target
Core operating earnings per diluted common share	$ 1.17	$ 1.46	$ 1.61	$ 1.47	101%
Core operating return on average equity	7.33%	9.16%	10.08%	9.22%	101%

(1) Excludes the impact of a change in New York City tax law which reduced the Company s New York City tax liability.

For Ms. Kelly, who has departmental responsibility for Business Banking, the bonus was based 70% on the above Company-wide criteria and 30% on departmental criteria, specifically loan advances and increases in core deposit amounts. Ms. Kelly was above the threshold level for loan advances and below the threshold level on core deposits and as a result earned an incentive bonus of 82% of target.

The amount of compensation earned by each named executive officer under the Incentive Bonus Plan for 2015 is shown in the Summary Compensation Table on page 33 in the Non-Equity Incentive Plan Compensation column.

Long-Term Equity Incentive Compensation

The Company provides the named executive officers with long-term equity incentive compensation to encourage them to focus on long-term Company performance and to provide an opportunity for them to increase their stake in the Company. Long-term equity incentive compensation awards are structured in accordance with the shareholder-approved Omnibus Plan.

In January 2015, the Compensation Committee granted restricted stock units to each of our named executive officers. In order to align named executive officer equity compensation with shareholder interests and to also limit shareholder dilution, the Compensation Committee believes restricted stock units are the appropriate long-term equity vehicle. The awards were intended to provide incentives that focus our management team on the task of creating long-term shareholder value. The sizes of these awards were determined by a number of factors, including the individual performance of the named executive officers, but with a general target at the 75th percentile of the long-term equity awards of our Peer Group. In determining to award restricted stock units rather than stock options, the Compensation Committee considered the practical and quantitative aspects of its recent Company-wide utilization of shares (burn rate) and the availability of shares for future grant under the Company s Omnibus Plan. The grants are shown in detail in the Grants of Plan Based Awards Table on page 34. The vesting schedule of the grants is the same as the majority of our prior grants. Specifically, the grants vest 20% on each of the first five anniversaries of the grant, which is intended to encourage retention of our executive team and to motivate them to consider Company performance from a long-term as well as a short-term horizon.

Tax-Qualified Retirement Benefits

The Company provides tax-qualified retirement benefits to substantially all of its employees, including the named executive officers, in order to provide a competitive compensation package within the market in which the Company operates.

In 2006, the Company froze its defined benefit Retirement Plan and replaced it with the Defined Contribution Retirement Program (DCRP). Under the DCRP, employees receive an annual Company contribution equal to 4% of their eligible base salary (up to tax law limits).

The Company offers a tax-qualified retirement savings plan pursuant to which all full-time employees are eligible to contribute up to 25% of their annual salary on a pre-tax basis (subject to tax law limits). The Company

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matches 50% of the first 6% of salary contributed by the employee. Additionally, the Company may make a profit sharing contribution in an amount determined by the Company s Board of Directors each year in its discretion. For 2015, the contribution was approximately 5% of eligible compensation (defined generally as base salary and annual bonus, subject to tax law limits).

Supplemental Retirement Benefits

In addition to the tax-qualified retirement benefits discussed above, the Company provides the named executive officers and certain other executives with the opportunity to participate in a supplemental retirement plan, the Supplemental Savings Incentive Plan (SSIP), which offers these individuals the opportunity to receive certain benefits not permitted to be provided under the tax-qualified plans due to tax law limitations. However, the SSIP does not provide credits for DCRP contributions which cannot be made to the tax-qualified plan to the extent base salary exceeds tax law limits.

The SSIP allows participating executives to defer a portion of their compensation in excess of the amount permitted under the tax-qualified plan. The Bank matches 50% of each participant s contributions to the SSIP.

The Company also credits each participant s account in the SSIP with a number of phantom shares of common stock of the Company equal to the number of shares of common stock that would have been contributed to the participant s profit sharing account under the tax-qualified plan but were not due to tax law limits. When dividends are paid on the common stock, dividend equivalents are deemed reinvested in additional phantom shares. These amounts are required to remain invested as phantom shares of Company common stock (whose value is determined by reference to the price of the Company s common stock) until the participant s termination of employment, thereby further aligning our executives interests with those of our stockholders. The Company wants management-level employees to have a significant investment in Company common stock and believes it is appropriate to have a portion of their supplemental retirement benefits invested in this way.

Pursuant to the terms of his employment agreement, Mr. Buran participated in a supplemental executive retirement plan (the SERP) as discussed in detail under the heading Potential Payments Upon Termination or Change of Control on page 39.

Perquisites and Other Personal Benefits

Perquisites and other benefits represent a small part of the Company s overall compensation package, and are offered only after consideration of business need. Perquisites and other personal benefits provided to the named executive officers are reviewed annually. The named executive officers are provided with the use of a company automobile. The use of company automobiles is largely for business purposes. Named executive officers bear the tax cost attributable to their personal usage of the Company automobile. Attributed costs of this perquisite and other personal benefits for the named executive officers for the fiscal year ended December 31, 2015 are not included in the Summary Compensation Table on page 33 since the aggregate incremental cost to the Company due to personal use for each named executive officer was less than $10,000.

Each named executive officer and certain other officers are offered the opportunity to participate in the Bank Owned Life Insurance (BOLI) provided by the Bank. In the event of a BOLI participant s death while employed by the Bank, his or her beneficiaries are entitled to a death benefit from the policy equal to two times the participant s base salary at the time of death. Upon retirement from the Bank with five years of service, the death benefit coverage under the policy reduces to one time the base salary plus $50,000. Upon a participant s termination of employment from the Bank, after five years of service but before eligibility for retirement, the death benefit coverage under the policy reduces to one time the base salary. At the time the Bank purchased the insurance policy providing for this coverage, it paid a single premium intended to fully fund the policy. The Summary Compensation Table on page 33 reflects the value of the insurance coverage provided under the policy in accordance with Internal Revenue Service guidelines.

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Employment Agreements

The Company has entered into employment agreements with the named executive officers. Information regarding payments to the named executive officers pursuant to such employment agreements upon termination of employment or a change of control is provided under the heading Potential Payments Upon Termination or Change of Control on page 39.

Executive Stock Ownership Guidelines

In 2006, the Compensation Committee formally established Executive Stock Ownership Guidelines for executive officers as a way to more closely align the interests of key executives with those of the Company s shareholders. These guidelines provide a direct link between executive rewards and Company results and encourage executives to consider Company performance from a long-term as well as short-term perspective.

These stock ownership guidelines apply to all long-term equity awards made to executive officers on or after June 1, 2006. The amount to be retained depends on the executive s position. The President/CEO, Senior Executive Vice Presidents, and Executive Vice Presidents are required to retain 50% of their profit shares and certain Senior Vice Presidents must retain 25% of their profit shares. Profit shares are defined as net shares acquired upon stock option exercises or vesting of full-value awards following payment of applicable taxes with respect to the award. Shares subject to the ownership guidelines must be retained while the executive is employed by the Company until the executive reaches age 61, after which time the executive may dispose annually of 20% of the aggregate number of profit shares then held. Compliance with these guidelines is mandatory for all executive officers of the Company.

Tax Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation in excess of $1 million paid to each of certain executive officers, excluding from this limit performance-based compensation as defined for purposes of that Section. Amounts paid to our named executive officers in 2015 under the Incentive Bonus Plan are intended to qualify as performance-based compensation, and restricted stock unit awards granted in 2015 are not. However, because Section 162(m) contains a number of complex technical requirements, it is possible that compensation intended to qualify as performance-based compensation may not in fact comply.

Risk Assessment of Executive Officer Compensation

In 2015, we continued to enhance our risk assessment processes to comply with the United States Department of the Treasury s requirement that all incentive plans be reviewed to ensure they do not motivate unnecessary or excessive risk that threatens the value of the Company. The Company is regulated by the Federal Reserve and the Bank, which is a New York State chartered commercial bank, is regulated by the New York Department of Financial Services and the Federal Deposit Insurance Corporation. We have always adhered to a conservative and balanced approach to risk. Our management and Board conduct regular reviews of our business in an effort to ensure we remain within appropriate regulatory guidelines and appropriate practice. We believe that our compensation programs reflect a balanced approach to rewarding performance across many different types of financial, customer, and employee performance measures.

Risk Assessment of Senior Executive Officer Plans

The Compensation Committee has reviewed the Company s compensation programs for senior executive officers with the Company s Chief Risk Officer. The Company s Incentive Bonus Plan, which provides annual performance-based incentive compensation to our named executive officers and other senior officers, contains a number of features that discourage our executives from taking unnecessary and excessive risk, including the following:

- Performance targets are determined by the Compensation Committee and the Board based on the Company s Strategic Plan as approved by the Board.

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The performance measures applicable for the Chief Executive Officer and Senior Executive Vice Presidents are 100% based on Company-wide performance, and the measures applicable for the other participants, including the Executive Vice Presidents, are at least 70% based on Company-wide performance, thereby encouraging the entire management team to make decisions focused on the best long-term interests of the Company as a whole rather than on particular business lines.

There is a limit on the amount which can be paid to any executive under the plan, regardless of the amount by which performance exceeds target levels.

The Compensation Committee and the Board have discretion to reduce the amount of annual incentive payable below the amount otherwise earned under the plan formula, if it believes that the formulaic payout is not warranted that year, and in the past have exercised such discretion.

While the annual Incentive Bonus Plan rewards achievement of short-term goals, the Company has several programs which encourage long-term value creation. Equity awards under the Company s Omnibus Plan are granted by the Compensation Committee subject to Board approval. In recent years the grants to senior executives have provided for vesting in equal installments over a five-year period from the date of grant. Moreover, the Company s Executive Stock Ownership Guidelines require executive officers to hold a specified percentage of the shares acquired as equity awards throughout the period of their employment. In addition, the Company s Supplemental Savings Incentive Plan provides that amounts that cannot be credited as tax-qualified profit sharing contributions be credited in the form of phantom shares of Company common stock and be held in such form until termination of employment.

We believe that our approach to goal setting, setting of targets with payouts at multiple levels of performance, evaluation of performance results, and negative discretion in the payout of incentives helps to mitigate excessive risk-taking that could harm our value or reward poor judgment by our executives. Features of our programs reflect sound risk management practices. We believe that we have allocated our compensation among base salary and short and long term incentive compensation in such a way as to not encourage excessive risk-taking. Moreover, the multi-year vesting of our equity awards and our share ownership guidelines enhance risk management over time.

In addition, both the senior executive officer plans and the employee compensation plans are subject to controls which mitigate the risks inherent in these plans. These controls include our risk review with the Company s Chief Risk Officer, accounting processes, internal and external audit functions, and processes surrounding internal control over financial reporting and disclosure controls.

Policy Prohibiting Hedging

Our Company has an Insider Trading Policy that prohibits directors, officers, and all other employees from trading in any interest, security, or position relating to the future price of Company securities, such as a put, call, short sale, hedge, or any other type of derivative security.

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Compensation Committee Report

The Compensation Committee of the Board of Directors of the Company has reviewed and discussed the foregoing Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

THE COMPENSATION COMMITTEE

Michael J. Russo, Chairman

Louis C. Grassi, CPA

Thomas S. Gulotta

Sam S. Han

Donna M. O Brien

John E. Roe, Sr.

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Summary Compensation Table

The table below summarizes the total compensation of each of the named executive officers for the fiscal years ended December 31, 2015, 2014 and 2013. The Company has entered into employment agreements with the named executive officers. A description of the material terms of these employment agreements is provided under the heading Potential Payments Upon Termination or Change of Control on page 39.

Name and Principal Position	Year	Salary[1] ($)	Bonus ($)	Stock Awards[2] ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($)	All Other Compensation ($)	Total ($)
John R. Buran	2015	984,500		576,600		482,917	(19,956)	222,408[4]	2,246,469
President and Chief Executive	2014	899,176	67,500	501,250		562,500	54,698	221,547	2,306,671
Officer of the Company and the Bank	2013	868,722		289,370		543,375	(11,371)	204,094	1,894,190
David W. Fry[5]	2015	446,119		263,314		175,174	(1,325)	79,319[6]	962,601
Senior Executive Vice President, Treasurer and Chief	2014	391,289		254,635		195,798	55,178	77,623	974,523
Financial Officer of the Company, Senior Executive Vice President/Finance of the Bank	2013	379,935		170,576		190,095	(12,913)	71,660	799,353
Maria A. Grasso	2015	514,683		282,534		201,726		88,195[7]	1,087,138
Senior Executive Vice	2014	481,222		294,735		240,800		91,272	1,108,029
President and Chief Operating	2013	467,259		201,036		233,786		84,033	986,114
Officer of the Company and the Bank, and Corporate									
Secretary									
Francis W. Korzekwinski	2015	447,183		263,314		175,270	(13,270)	78,192[8]	950,689
Senior Executive Vice President and Chief of Real	2014	418,111		254,635		209,220	115,137	80,839	1,077,942
Estate Lending of the Company and the Bank	2013	405,979		170,576		203,126	(46,588)	74,560	807,653
Theresa Kelly	2015	305,069		115,320		84,148		55,681[9]	560,218
Executive Vice President	2014	285,704		120,300		107,911		57,232	571,147
Business Banking of the Company and the Bank	2013	277,384		76,150		103,824		54,057	511,415