

FLUSHING FINANCIAL CORP
Form 4
January 31, 2014

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2015
Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Grasso Maria A

2. Issuer Name and Ticker or Trading Symbol
FLUSHING FINANCIAL CORP [FFIC]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
Sr. Executive Vice President

(Last) (First) (Middle)
1979 MARCUS AVENUE, SUITE E140
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
01/29/2014

LAKE SUCCESS, NY 11042

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				Code V Amount (A) or (D) Price			
Common Stock	01/29/2014		F	1,880 (1) D \$ 20.77	83,073	D	
Common Stock	01/30/2014		F	503 (1) D \$ 20.71	82,570	D	
Common Stock	01/31/2014		F	977 (1) D \$ 20.75	81,593	D	
Common Stock					6,134 (2)	I	401(K)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474
(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Grasso Maria A 1979 MARCUS AVENUE SUITE E140 LAKE SUCCESS, NY 11042			Sr. Executive Vice President	

Signatures

Signed by Russell A. Fleishman under Power of Attorney by Maria A. Grasso
 Date: 01/31/2014

__Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares withheld to satisfy tax liability upon vesting.
- (2) Shares held in FB 401k a/o 1/31/14.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. T: 0px; TEXT-INDENT: 0px; LINE-HEIGHT: 1.25; MARGIN-RIGHT: 0px">0.69

Pro forma

		0.63
Diluted net income	As reported	
\$		0.85
\$		0.61
	Pro forma	
		0.78
		0.56

Note 15. Employment Contracts

Pinnacle Financial has entered into four continuously automatic-renewing three-year employment agreements with four of its senior executives, the President and Chief Executive Officer, the Chairman of the Board, the Chief Administrative Officer and the Chief Financial Officer. These agreements will always have a three-year term unless any of the parties to the agreements gives notice of intent not to renew the agreement. The agreements specify that in certain defined "Terminating Events," Pinnacle Financial will be obligated to pay each of the four senior executives a certain amount which is based on their annual salaries and bonuses. These Terminating Events include disability, change of control and other events.

Pinnacle Financial has entered into an employment agreement with one of its directors who served as the former Chief Executive Officer of Cavalry. This agreement shall have an initial term that expires on April 25, 2007 (the 65th birthday of the director/employee). The agreement specifies that in certain defined "Terminating Events," Pinnacle Financial will be obligated to pay this director/executive a certain amount which is based on his annual salary and bonus. These Terminating Events include disability, change of control and other events. Furthermore, pursuant to the employment agreement the director/employee has agreed to a noncompetition and nonsolicitation clause for a period of three years following his employment.

Note 16. Related Party Transactions

A local public relations company, of which one of Pinnacle Financial's directors is a principal, provides various services for Pinnacle Financial. For the years ended December 31, 2006, 2005, and 2004, Pinnacle Financial incurred approximately \$195,000, \$187,000 and \$141,000, respectively, in expense for services rendered by this public relations company. Another director is an officer in an insurance firm that serves as an agent in securing insurance in such areas as Pinnacle Financial's property and casualty insurance and other insurance policies.

During 2004, Pinnacle Financial's wholly-owned subsidiary, Pinnacle Credit Enhancement Holdings, Inc. ("PCEH"), acquired a 24.5% membership interest in Collateral Plus, LLC. Collateral Plus, LLC serves as an intermediary between investors and borrowers in certain financial transactions whereby the borrowers require enhanced collateral in the form of guarantees or letters of credit issued by the investors for the benefit of banks and other financial institutions. An employee of Pinnacle National also owns a 24.5% interest in Collateral Plus, LLC. PCEH's 24.5% ownership of Collateral Plus, LLC resulted in pre-tax earnings of \$120,000 in 2006, \$216,000 in 2005 and \$9,000 in 2004.

Also see “Note 5-Loans and Allowance for Loan Losses” concerning loans and other extensions of credit to certain directors, officers, and their related entities.

Page 73

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Fair Value of Financial Instruments

The following methods and assumptions were used by Pinnacle Financial in estimating its fair value disclosures for financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using discounted cash flow models. Those models are significantly affected by the assumptions used, including the discount rates and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument. The use of different methodologies may have a material effect on the estimated fair value amounts. The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2006 and 2005. Such amounts have not been revalued for purposes of these consolidated financial statements since those dates and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

Cash, Due From Banks and Fed Funds Sold - The carrying amounts of cash, due from banks, and federal funds sold approximate their fair value.

Securities - Estimated fair values for securities available for sale and securities held to maturity are based on quoted market prices where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable instruments.

Loans - For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are equal to carrying values. For fixed rate loans that reprice within one year, fair values are equal to carrying values. For other loans, fair values are estimated using discounted cash flow models, using current market interest rates offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow models or based on the fair value of the underlying collateral.

Deposits, Securities Sold Under Agreements to Repurchase, Advances from the Federal Home Loan Bank and Subordinated Debt - The carrying amounts of demand deposits, savings deposits, securities sold under agreements to repurchase, floating rate advances from the Federal Home Loan Bank and floating rate subordinated debt approximate their fair values. Fair values for certificates of deposit, fixed rate advances from the Federal Home Loan Bank and fixed rate subordinated debt are estimated using discounted cash flow models, using current market interest rates offered on certificates, advances and other borrowings with similar remaining maturities. For fixed rate subordinated debt, the maturity is assumed to be as of the earliest date that the indebtedness will be repriced.

Off-Balance Sheet Instruments - The fair values of Pinnacle Financial's off-balance-sheet financial instruments are based on fees charged to enter into similar agreements. However, commitments to extend credit and standby letters of credit do not represent a significant value to Pinnacle Financial until such commitments are funded. Pinnacle Financial has determined that the fair value of commitments to extend credit is not significant.

The carrying amounts and estimated fair values of Pinnacle Financial's financial instruments at December 31, 2006 and 2005 were as follows (in thousands):

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2006		December 31, 2005	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<i>Financial assets:</i>				
Cash, due from banks, and Federal funds sold	\$ 92,519	\$ 92,519	\$ 58,654	\$ 58,654
Securities available-for-sale	319,237	319,237	251,749	251,749
Securities held-to-maturity	27,257	26,594	27,331	26,546
Mortgage loans held-for-sale	5,654	5,654	4,874	4,874
Loans, net	1,481,617	1,469,642	640,166	630,586
<i>Financial liabilities:</i>				
Deposits and securities sold under agreements to repurchase	\$ 1,763,427	\$ 1,761,178	\$ 875,985	\$ 873,635
Federal Home Loan Bank advances	53,726	53,481	41,500	40,889
Subordinated debt	51,548	52,110	30,929	30,427
	Notional Amount		Notional Amount	
<i>Off-balance sheet instruments:</i>				
Commitments to extend credit	\$ 532,383	\$ -	\$ 252,617	\$ -
Standby letters of credit	52,961	159	57,550	227

Note 18. Regulatory Matters

Pinnacle National is subject to restrictions on the payment of dividends to Pinnacle Financial under federal banking laws and the regulations of the Office of the Comptroller of the Currency. Pinnacle Financial is also subject to limits on payment of dividends to its shareholders by the rules, regulations and policies of federal banking authorities. Pinnacle Financial has not paid any cash dividends since inception, and it does not anticipate that it will consider paying dividends until Pinnacle National generates sufficient capital from operations to support both anticipated asset growth and dividend payments. At December 31, 2006, pursuant to federal banking regulations, Pinnacle National had approximately \$28.8 million of net retained profits from the previous two years available for dividend payments to Pinnacle Financial. At December 31, 2006, Pinnacle National had accumulated earnings of \$34.3 million, thus approximately \$5.5 million of Pinnacle National's net retained profits are unavailable for the payment of dividends to Pinnacle Financial.

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

Quantitative measures established by regulation to ensure capital adequacy require Pinnacle Financial and Pinnacle National to maintain minimum amounts and ratios of Total and Tier I capital to risk-weighted assets and of Tier I capital to average assets. Management believes, as of December 31, 2006 and December 31, 2005, that Pinnacle Financial and Pinnacle National met all capital adequacy requirements to which they are subject. To be categorized as well-capitalized, Pinnacle National must maintain minimum Total risk-based, Tier I risk-based, and Tier I leverage ratios as set forth in the following table. Pinnacle Financial and Pinnacle National's actual capital amounts and ratios are presented in the following table (dollars in thousands):

Page 75

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Actual		Minimum Capital Requirement		Minimum To Be Well-Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
<i>At December 31, 2006</i>						
Total capital to risk weighted assets:						
Pinnacle Financial	\$ 202,881	11.8%	\$ 137,638	8.0%	not applicable	
Pinnacle National	\$ 175,159	10.2%	\$ 137,340	8.0%	\$ 171,676	10.0%
Tier I capital to risk weighted assets:						
Pinnacle Financial	\$ 186,763	10.9%	\$ 68,819	4.0%	not applicable	
Pinnacle National	\$ 159,031	9.3%	\$ 68,670	4.0%	\$ 103,005	6.0%
Tier I capital to average assets (*):						
Pinnacle Financial	\$ 186,763	9.5%	\$ 79,021	4.0%	not applicable	
Pinnacle National	\$ 159,031	8.1%	\$ 79,056	4.0%	\$ 98,820	5.0%
<i>At December 31, 2005</i>						
Total capital to risk weighted assets:						
Pinnacle Financial	\$ 105,101	12.6%	\$ 66,521	8.0%	not applicable	
Pinnacle National	\$ 90,215	10.9%	\$ 66,334	8.0%	\$ 82,917	10.0%
Tier I capital to risk weighted assets:						
Pinnacle Financial	\$ 97,243	11.7%	\$ 33,261	4.0%	not applicable	
Pinnacle National	\$ 82,357	9.9%	\$ 33,167	4.0%	\$ 49,751	6.0%
Tier I capital to average assets (*):						
Pinnacle Financial	\$ 97,243	9.9%	\$ 39,444	4.0%	not applicable	
Pinnacle National	\$ 82,357	8.4%	\$ 39,444	4.0%	\$ 49,305	5.0%

(*) Average assets for the above calculations were based on the most recent quarter.

Note 19. Business Segment Information

Pinnacle Financial has four reporting segments comprised of commercial banking, trust and investment services, mortgage origination and insurance services. Pinnacle Financial's primary segment is commercial banking which consists of commercial loan and deposit services as well as the activities of Pinnacle National's branch locations. Pinnacle Financial's segments were changed in 2006 as a result of the acquisition of Cavalry to include Trust with our Investment Services segment and to add a new segment for Insurance Services. Trust and investment services include trust services offered by Pinnacle National and all brokerage and investment activities associated with Pinnacle Asset

Management, an operating unit within Pinnacle National. Mortgage origination is also a separate unit within Pinnacle National and focuses on the origination of residential mortgage loans for sale to investors in the secondary residential mortgage market. Insurance Services reflect the activities of Pinnacle National's wholly owned subsidiary, Miller and Loughry. Miller and Loughry is a general insurance agency located in Murfreesboro, Tennessee and is licensed to sell various commercial and consumer insurance products. The following tables present financial information for each reportable segment as of December 31, 2006 and 2005 and for each year in the three-year period ended December 31, 2006 (dollars in thousands):

Page 76

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Commercial Banking	Trust and Investment Services	Mortgage Origination	Insurance Services	Total Company
<i>For the year ended December 31, 2006:</i>					
Net interest income	\$ 60,953	\$ -	\$ -	\$ -	\$ 60,953
Provision for loan losses	3,732	-	-	-	3,732
Noninterest income	8,705	3,316	1,647	2,119	15,787
Noninterest expense	41,930	2,375	976	1,343	46,624
Income tax expense	7,508	369	263	317	8,457
Net income	\$ 16,488	\$ 572	\$ 408	\$ 459	\$ 17,927
<i>For the year ended December 31, 2005:</i>					
Net interest income	\$ 29,038	\$ -	\$ -	\$ -	\$ 29,038
Provision for loan losses	2,152	-	-	-	2,152
Noninterest income	2,675	1,573	1,146	-	5,394
Noninterest expense	19,315	1,171	546	-	21,032
Income tax expense	2,809	154	230	-	3,193
Net income	\$ 7,437	\$ 248	\$ 370	\$ -	\$ 8,055
<i>For the year ended December 31, 2004:</i>					
Net interest income	\$ 20,264	\$ -	\$ -	\$ -	\$ 20,264
Provision for loan losses	2,948	-	-	-	2,948
Noninterest income	2,348	1,313	1,317	-	4,978
Noninterest expense	12,884	1,004	915	-	14,803
Income tax expense	1,900	118	154	-	2,172
Net income	\$ 4,880	\$ 191	\$ 248	\$ -	\$ 5,319
<i>As of December 31, 2006:</i>					
End of period assets	\$ 2,138,269	\$ -	\$ -	\$ 3,918	\$ 2,142,187
<i>As of December 31, 2005:</i>					
End of period assets	\$ 1,016,772	\$ -	\$ -	\$ -	\$ 1,016,772

At December 31, 2006, Pinnacle Financial had approximately \$125.7 million in goodwill and core deposit intangible assets, all of which had been assigned to the Commercial Banking segment.

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20. Parent Company Only Financial Information

The following information presents the condensed balance sheets, statements of income, and cash flows of Pinnacle Financial as of December 31, 2006 and 2005 and for each of the years in the three-year period ended December 31, 2006:

CONDENSED BALANCE SHEETS

	2006	2005
Assets:		
Cash	\$ 24,803,538	\$ 12,679,759
Investments in consolidated subsidiaries:		
Pinnacle National	277,481,220	79,463,336
Pinnacle Advisory Services.	124,716	107,086
Pinnacle Credit Enhancement Holdings	185,325	123,431
PNFP Insurance	477,473	-
Investment in unconsolidated subsidiaries:		
PNFP Statutory Trust I	310,000	310,000
PNFP Statutory Trust II	619,000	619,000
PNFP Statutory Trust III	619,000	-
Income taxes receivable from subsidiaries	1,298,299	676,886
Current income tax receivable	1,049,604	-
Other assets	786,846	618,650
	\$ 307,755,021	\$ 94,598,148
Liabilities and stockholders' equity:		
Current income taxes payable	-	232,723
Subordinated debt	51,548,000	30,929,000
Other liabilities	190,000	-
Stockholders' equity	256,017,021	63,436,425
	\$ 307,755,021	\$ 94,598,148

CONDENSED STATEMENTS OF INCOME

	2006	2005	2004
Revenues - Interest income	\$ 267,154	\$ 133,748	\$ 63,121
Expenses:			
Interest expense - subordinated debentures	2,504,033	985,645	431,318
Stock-based compensation expense	1,474,960	244,724	43,009
Other expense	245,528	58,772	100,179
Loss before income taxes and equity in income of subsidiaries	(3,957,367)	(1,155,393)	(511,385)
Income tax expense	1,632,738	438,270	198,516
Loss before equity in income of subsidiaries	(2,324,629)	(717,123)	(312,869)
Equity in income of subsidiaries	20,251,662	8,772,391	5,631,779
Net income	\$ 17,927,033	\$ 8,055,268	\$ 5,318,910

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED STATEMENTS OF CASH FLOWS

	2006	2005	2004
Operating activities:			
Net income	\$ 17,927,033	\$ 8,055,268	\$ 5,318,910
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Stock-based compensation expense	1,474,960	244,724	43,009
Decrease (increase) in income tax receivable, net	(1,921,194)	1,000,352	(1,449,903)
Decrease (increase) in other assets	1,118,127	(479,474)	12,365
Increase (decrease) in other liabilities	190,000	99,726	(4,832)
Tax benefit from exercise of stock awards	-	(50,535)	(1,912)
Excess tax benefit from stock compensation	(131,121)		
Deferred tax benefit	(232,866)	-	-
Equity in income of subsidiaries	(20,251,662)	(8,772,391)	(5,631,779)
Net cash provided (used) by operating activities	(1,826,723)	97,670	(1,714,142)
Investing activities -			
Investment in unconsolidated subsidiaries	(619,000)	(619,000)	-
Investment in consolidated subsidiaries:			
Pinnacle National	(10,000,000)	(15,500,000)	(17,556,000)
Other subsidiaries	(350,250)	(183,721)	(57,812)
Investments in other entities	(65,647)	-	-
Cash and cash equivalents acquired in merger with Cavalry	3,128,116	-	-
Net cash used by investing activities	(7,906,781)	(16,302,721)	(17,613,812)
Financing activities -			
Proceeds from issuance of subordinated debt	20,619,000	20,619,000	-
Net proceeds from sale of common stock	-	-	18,192,167
Exercise of common stock warrants	55,000	-	-
Exercise of common stock options	1,239,771	174,761	118,113
Excess tax benefit from stock compensation arrangements	131,121	-	-
Costs incurred in connection with registration of common stock issued in merger	(187,609)	-	-
Net cash provided by financing activities	21,857,283	20,793,761	18,310,280
Net increase (decrease) in cash	12,123,779	4,588,710	(1,017,674)
Cash, beginning of year	12,679,759	8,091,049	9,108,723
Cash, end of year	\$ 24,803,538	\$ 12,679,759	\$ 8,091,049

PINNACLE FINANCIAL PARTNERS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 21. Quarterly Financial Results (unaudited)

A summary of selected consolidated quarterly financial data for each of the years in the three-year period ended December 31, 2006 follows:

<i>(in thousands, except per share data)</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2006				
Interest income	\$ 16,811	\$ 28,305	\$ 31,340	\$ 33,241
Net interest income	9,507	16,895	17,159	17,391
Provision for loan losses	387	1,707	587	1,051
Net income before taxes	3,839	6,463	7,942	8,139
Net income	2,612	4,322	5,347	5,646
<i>Basic net income per share</i>	\$ 0.27	\$ 0.28	\$ 0.35	\$ 0.37
<i>Diluted net income per share</i>	\$ 0.24	\$ 0.26	\$ 0.32	\$ 0.34
2005				
Interest income	\$ 9,270	\$ 10,544	\$ 12,379	\$ 14,118
Net interest income	6,503	6,795	7,456	8,287
Provision for loan losses	601	483	366	702
Net income before taxes	2,499	2,762	2,867	3,119
Net income	1,780	1,959	2,078	2,238
<i>Basic net income per share</i>	\$ 0.21	\$ 0.23	\$ 0.25	\$ 0.27
<i>Diluted net income per share</i>	\$ 0.19	\$ 0.21	\$ 0.22	\$ 0.24
2004				
Interest income	\$ 5,666	\$ 6,225	\$ 7,214	\$ 8,574
Net interest income	4,152	4,536	5,299	6,278
Provision for loan losses	354	449	1,012	1,134
Net income before taxes	1,611	1,655	1,961	2,263
Net income	1,071	1,168	1,391	1,689
<i>Basic net income per share</i>	\$ 0.15	\$ 0.16	\$ 0.18	\$ 0.20
<i>Diluted net income per share</i>	\$ 0.13	\$ 0.14	\$ 0.16	\$ 0.18

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Pinnacle Financial maintains disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by it in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to Pinnacle Financial's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Pinnacle Financial carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on the evaluation of these disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer concluded that Pinnacle Financial's disclosure controls and procedures were effective.

Management Report on Internal Control Over Financial Reporting

The report of Pinnacle Financial's management on Pinnacle Financial's internal control over financial reporting is set forth on page 46 of this Annual Report on Form 10-K. The attestation of Pinnacle Financial's independent registered public accounting firm related to the report is set forth on page 48 of this Annual Report on Form 10-K.

Changes in Internal Controls

For the three months ended December 31, 2006, Pinnacle Financial continued to expand its internal control system over financial reporting to incorporate procedures specifically related to its merger with Cavalry Bancorp, Inc. We reviewed the financial information obtained from Cavalry from April 1, 2006 thru the date such information was integrated into Pinnacle Financial's financial data systems and performed additional procedures with respect to such information in order to determine its accuracy and reliability.

There were no changes in Pinnacle Financial's internal control over financial reporting during Pinnacle Financial's fiscal quarter ended December 31, 2006 that have materially affected, or are reasonably likely to materially affect, Pinnacle Financial's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The responses to this Item will be included in Pinnacle Financial's Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007, which will be filed on or before March 14, 2007 under the headings "Corporate Governance," "Proposal #1 Election of Directors," "Executive Management Information," "Section 16A Beneficial

Explanation of Responses:

Ownership Reporting Compliance" and "Security Ownership of Certain Beneficial Owners and Management" and are incorporated herein by reference.

Page 81

ITEM 11. EXECUTIVE COMPENSATION

The responses to this Item will be included in Pinnacle Financial's Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007, which will be filed on or before March 14, 2007 under the heading, "Executive Compensation" and are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The responses to this Item will be included in Pinnacle Financial's Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007, which will be filed on or before March 14, 2007 under the headings, "Security Ownership of Certain Beneficial Owners and Management," and "Executive Compensation," and are incorporated herein by reference.

The following table summarizes information concerning the Company's equity compensation plans at December 31, 2006:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by shareholders:			
2000 Stock Incentive Plan	909,225	\$7.51	-
2004 Equity Incentive Plan	634,185	\$23.06	609,922
1999 Cavalry Bancorp, Inc. Stock Option Plan	115,049	\$10.79	-
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	1,658,459	\$12.93	609,922

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The responses to this Item will be included in Pinnacle Financial's Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007, which will be filed on or before March 14, 2007 under the headings, "Security Ownership of Certain Beneficial Owners and Management - Certain Relationships and Related Transactions," "Executive Compensation," and "Corporate Governance-Director Independence" and are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Explanation of Responses:

The responses to this Item will be included in Pinnacle Financial's Proxy Statement for the Annual Meeting of Shareholders to be held April 17, 2007, which will be filed on or before March 14, 2007 under the heading, "Independent Registered Public Accounting Firm" and are incorporated herein by reference.

Page 82

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

Exhibit Description No.	
2.1	Merger Agreement, dated September 30, 2005, by and between Pinnacle Financial Partners, Inc. and Cavalry Bancorp, Inc. (schedules and exhibits to which been omitted pursuant to Items 601(b)(2) of Regulations S-K (1)
3.1	Amended and Restated Charter (2)
3.2	Bylaws (3)
4.1.1	Specimen Common Stock Certificate (4)
4.1.2	See Exhibits 3.1 and 3.2 for provisions of the Charter and Bylaws defining rights of holders of the Common Stock
10.1	Lease Agreement by and between TMP, Inc. (former name of Pinnacle Financial Partners, Inc.) and Commercial Street Associates dated March 16, 2000 (main office) (4)
10.4	Form of Pinnacle Financial Partners, Inc.'s Organizers' Warrant Agreement (4)
10.7	Employment Agreement dated as of August 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and Robert A. McCabe, Jr. (4) *
10.8	Employment Agreement dated as of April 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and Hugh M. Queener (4) *
10.9	Letter Agreement dated March 14, 2000 and accepted March 16, 2000 by and between Pinnacle Financial Corporation (now known as Pinnacle Financial Partners, Inc.) and Atkinson Public Relations (4)
10.14	Employment Agreement dated March 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and M. Terry Turner (4) *
10.15	Pinnacle Financial Partners, Inc. 2000 Stock Incentive Plan (4) *
10.16	Form of Pinnacle Financial Partners, Inc.'s Stock Option Award (4) *
10.18	Agreement for Assignment of Lease by and between Franklin National Bank and TMP, Inc., now known as Pinnacle Financial Partners, Inc., effective July 17, 2000 (4)
10.19	Form of Assignment of Lease and Consent of Landlord by Franklin National Bank, Pinnacle Financial Partners, Inc., formerly TMP, Inc., and Stearns Investments, Jack J. Stearns and Edna Stearns, General Partners (4)
10.21	Green Hills Office Lease (5)
10.23	Form of Restricted Stock Award Agreement (6)
10.24	Form of Incentive Stock Option Agreement (6)
10.25	Lease Agreement for West End Lease (7)
10.26	Lease Amendments for Commerce Street location (7)
10.27	Pinnacle Financial Partners, Inc. 2004 Equity Incentive Plan (8) *
10.28	2005 Annual Cash Incentive Plan (2) *
10.29	Fourth Amendment to Commerce Street Lease (2)
10.30	Employment Agreement by and between Pinnacle National Bank and Ed C. Loughry, Jr. (9) *
10.31	Employment Agreement by and between Pinnacle National Bank and William S. Jones (9) *
10.32	Consulting Agreement by and between Pinnacle National Bank and Ronnie F. Knight (9) *
10.33	2006 Director Compensation Summary (10) *
10.34	Form of Restricted Stock Agreement for non-employee directors (10) *

Explanation of Responses:

10.35	Form of Non-Qualified Stock Option Agreement (11) *
10.36	2006 Annual Cash Incentive Plan (12) *
10.37	Employment Agreement dated as of March 14, 2006 by and among Pinnacle Financial Partners, Inc., Pinnacle National Bank and Harold R. Carpenter (12) *
10.38	Calvary Bancorp, Inc. 1999 Stock Option Plan (13) *
10.39	Amendment No. 1 to Calvary Bancorp, Inc. 1999 Stock Option Plan (13) *
10.40	Form of Non-Qualified Stock Option Agreement (13) *
10.41	Amendment No. 1 to Pinnacle Financial Partners, Inc. 2000 Stock Incentive Plan (13) *
10.42	Amendment No. 3 to Pinnacle Financial Partners, Inc. 2004 Equity Incentive Plan (13) *
10.43	2007 Named Executive Officer Summary*
10.44	Form of Restricted Stock Award Agreement*
21.1	Subsidiaries of Pinnacle Financial Partners, Inc.
23.1	Consent of KPMG LLP
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Certification pursuant to 18 USC Section 1350 - Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 USC Section 1350 - Sarbanes-Oxley Act of 2002

(*) Management compensatory plan or arrangement

- (1) Registrant hereby incorporates by reference to Registrant's Current Report on Form 8-K filed on October 3, 2005.
- (2) Registrant hereby incorporates by reference to Registrant's Form 10-Q for the quarter ended March 31, 2005.
- (3) Registrant hereby incorporates by reference to Registrant's Form 10-KSB for the fiscal year ended December 31, 2002 as filed with the SEC on March 6, 2003.
- (4) Registrant hereby incorporates by reference to the Registrant's Registration Statement on Form SB-2, as amended (File No. 333-38018).
- (5) Registrant hereby incorporates by reference to the Registrant's Form 10-KSB for the fiscal year ended December 31, 2000 as filed with the SEC on March 29, 2001.
- (6) Registrant hereby incorporates by reference to Registrant's Form 10-Q for the quarter ended September 30, 2004.
- (7) Registrant hereby incorporates by reference to Registrant's Form 10-K for the fiscal year ended December 31, 2004 as filed with the SEC on February 28, 2005.
- (8) Registrant hereby incorporates by reference to Registrant's Current Report on Form 8-K filed on April 19, 2005.
- (9) Registrant hereby incorporates by reference to Registrant's Registration Statement on Form S-4, as amended (File No. 333-129076).
- (10) Registrant hereby incorporates by reference to Registrant's Current Report on Form 8-K filed on January 23, 2006.
- (11) Registrant hereby incorporates by reference to Registrant's Form 10-K for the fiscal year ended December 31, 2005 as filed with the SEC on February 24, 2006.
- (12) Registrant hereby incorporates by reference to Registrant's Current Report on Form 8-K filed on March 20, 2006.
- (13) Registrant hereby incorporates by reference to Registrant's Form 10-Q for the quarter ended on September 30, 2006.

Pinnacle Financial is a party to certain agreements entered into in connection with the offering by PNFP Statutory Trust I, PNFP Statutory Trust II and PNFP Statutory Trust III of an aggregate of \$50,000,000 in trust preferred securities, as more fully described in this Annual Report on Form 10-K. In accordance with Item 601(b)(4)(ii) of Regulation SB, and because the total amount of the trust preferred securities is not in excess of 10% of Pinnacle Financial's total assets, Pinnacle Financial has not filed the various documents and agreements associated with the trust preferred securities herewith. Pinnacle Financial has, however, agreed to furnish copies of the various documents and agreements associated with the trust preferred securities to the Securities and Exchange Commission upon request.

SIGNATURES

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

PINNACLE FINANCIAL
PARTNERS, INC

By: /s/ M. Terry Turner
M. Terry Turner
President and Chief Executive Officer

Date: February 27, 2007

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

SIGNATURES	TITLE	DATE
/s/ Robert A. McCabe, Jr. Robert A. McCabe, Jr.	Chairman of the Board	February 27, 2007
/s/ M. Terry Turner M. Terry Turner	Director, President and Chief Executive Officer (Principal Executive Officer)	February 27, 2007
/s/ Harold R. Carpenter Harold R. Carpenter	Chief Financial Officer (Principal Financial and Accounting Officer)	February 27, 2007
/s/ Sue R. Atkinson Sue R. Atkinson	Director	February 27, 2007
/s/ Gregory L. Burns Gregory L. Burns	Director	February 27, 2007
/s/ James C. Cope James C. Cope	Director	February 27, 2007
/s/ Colleen Conway-Welch Colleen Conway-Welch	Director	February 27, 2007
/s/ Clay T. Jackson Clay T. Jackson	Director	February 27, 2007

Explanation of Responses:

/s/ William H. Huddleston	Director	February 27, 2007
William H. Huddleston		
/s/ Ed C. Loughry, Jr.	Director	February 27, 2007
Ed C. Loughry, Jr.		
/s/ Hal N. Pennington	Director	February 27, 2007
Hal N. Pennington		
/s/ Dale W. Polley	Director	February 27, 2007
Dale W. Polley		
/s/ James L. Shaub, II	Director	February 27, 2007
James L. Shaub, II		
/s/ Reese L. Smith, III	Director	February 27, 2007
Reese L. Smith, III		

EXHIBIT INDEX

Exhibit Description

Exhibit No.	Description
2.1	Merger Agreement, dated September 30, 2005, by and between Pinnacle Financial Partners, Inc. and Cavalry Bancorp, Inc. (schedules and exhibits to which been omitted pursuant to Items 601(b)(2) of Regulations S-K (1))
3.1	Amended and Restated Charter (2)
3.2	Bylaws (3)
4.1.3	Specimen Common Stock Certificate (4)
4.1.4	See Exhibits 3.1 and 3.2 for provisions of the Charter and Bylaws defining rights of holders of the Common Stock
10.1	Lease Agreement by and between TMP, Inc. (former name of Pinnacle Financial Partners, Inc.) and Commercial Street Associates dated March 16, 2000 (main office) (4)
10.4	Form of Pinnacle Financial Partners, Inc.'s Organizers' Warrant Agreement (4)
10.7	Employment Agreement dated as of August 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and Robert A. McCabe, Jr. (4) *
10.8	Employment Agreement dated as of April 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and Hugh M. Queener (4) *
10.9	Letter Agreement dated March 14, 2000 and accepted March 16, 2000 by and between Pinnacle Financial Corporation (now known as Pinnacle Financial Partners, Inc.) and Atkinson Public Relations (4)
10.14	Employment Agreement dated March 1, 2000 by and between Pinnacle National Bank, Pinnacle Financial Partners, Inc. and M. Terry Turner (4) *
10.15	Pinnacle Financial Partners, Inc. 2000 Stock Incentive Plan (4) *
10.16	Form of Pinnacle Financial Partners, Inc.'s Stock Option Award (4) *
10.18	Agreement for Assignment of Lease by and between Franklin National Bank and TMP, Inc., now known as Pinnacle Financial Partners, Inc., effective July 17, 2000 (4)
10.19	Form of Assignment of Lease and Consent of Landlord by Franklin National Bank, Pinnacle Financial Partners, Inc., formerly TMP, Inc., and Stearns Investments, Jack J. Stearns and Edna Stearns, General Partners (4)
10.22	Green Hills Office Lease (5)
10.23	Form of Restricted Stock Award Agreement (6)
10.24	Form of Incentive Stock Option Agreement (6)
10.25	Lease Agreement for West End Lease (7)
10.26	Lease Amendments for Commerce Street location (7)
10.27	Pinnacle Financial Partners, Inc. 2004 Equity Incentive Plan (8) *
10.28	2005 Annual Cash Incentive Plan (2) *
10.29	Fourth Amendment to Commerce Street Lease (2)
10.30	Employment Agreement by and between Pinnacle National Bank and Ed C. Loughry, Jr. (9) *
10.31	Employment Agreement by and between Pinnacle National Bank and William S. Jones (9) *
10.32	Consulting Agreement by and between Pinnacle National Bank and Ronnie F. Knight (9) *
10.33	2006 Director Compensation Summary (10) *
10.34	Form of Restricted Stock Agreement for non-employee directors (10) *
10.35	Form of Non-Qualified Stock Option Agreement (11) *

Explanation of Responses:

Edgar Filing: FLUSHING FINANCIAL CORP - Form 4

10.36	2006 Annual Cash Incentive Plan (12)*
10.37	Employment Agreement dated as of March 14, 2006 by and among Pinnacle Financial Partners, Inc., Pinnacle National Bank and Harold R. Carpenter (12)*
10.38	Calvary Bancorp, Inc. 1999 Stock Option Plan (13)*
10.39	Amendment No. 1 to Calvary Bancorp, Inc. 1999 Stock Option Plan (13)*
10.40	Form of Non-Qualified Stock Option Agreement (13)*
10.41	Amendment No. 1 to Pinnacle Financial Partners, Inc. 2000 Stock Incentive Plan (13)*
10.42	Amendment No. 3 to Pinnacle Financial Partners, Inc. 2004 Equity Incentive Plan (13)*
10.43	2007 Named Executive Officer Summary*
10.44	Form of Restricted Stock Award Agreement*
21.1	Subsidiaries of Pinnacle Financial Partners, Inc.
23.1	Consent of KPMG LLP
31.1	Certification pursuant to Rule 13a-14(a)/15d-14(a)
31.2	Certification pursuant to Rule 13a-14(a)/15d-14(a)
32.1	Certification pursuant to 18 USC Section 1350 - Sarbanes-Oxley Act of 2002
32.2	Certification pursuant to 18 USC Section 1350 - Sarbanes-Oxley Act of 2002

(*) Management compensatory plan or arrangement
