

FIRST OF LONG ISLAND CORP
Form DEF 14A
March 13, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

The First of Long Island Corporation

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Filing Party:

(4) Date Filed:

**THE FIRST OF LONG ISLAND CORPORATION
10 GLEN HEAD ROAD
GLEN HEAD, NEW YORK 11545**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 20, 2009**

March 17, 2009

To the Stockholders of
The First of Long Island Corporation:

Notice is hereby given that the Annual Meeting of Stockholders of THE FIRST OF LONG ISLAND CORPORATION will be held at the WESTBURY MANOR, 1100 JERICHO TURNPIKE, WESTBURY, NEW YORK, on Monday, April 20, 2009, at 3:30 P.M. local time for the following purposes:

- (1) To elect Directors.
- (2) To ratify the reappointment of Crowe Horwath LLP as the Corporation's independent registered public accounting firm for 2009.
- (3) To transact any other business as may properly come before the meeting.

Only stockholders of record at the close of business on February 20, 2009 are entitled to notice of and to vote at such meeting or any adjournment thereof.

By Order of the Board of Directors

Sallyanne K. Ballweg
Senior Vice President and Secretary

IMPORTANT -- PLEASE MAIL YOUR PROXY PROMPTLY.

IN ORDER THAT THERE MAY BE PROPER REPRESENTATION AT THE MEETING, YOU ARE URGED TO SIGN, DATE AND RETURN THE ENCLOSED PROXY IN THE ENVELOPE PROVIDED. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

THE FIRST OF LONG ISLAND CORPORATION
10 Glen Head Road
Glen Head, New York 11545
(516) 671-4900

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

The accompanying proxy is being solicited by the Board of Directors (the "Board") of The First of Long Island Corporation (the "Corporation" or the "Company") for use at the Annual Meeting of Stockholders to be held at 3:30 P.M. local time at the Westbury Manor, 1100 Jericho Turnpike, Westbury, New York on April 20, 2009. The approximate date on which proxy statements and forms of proxy are first being sent or given to stockholders is March 17, 2009.

Proxies in the accompanying form that are properly executed and duly returned to the Corporation will be voted at the meeting. Each proxy granted may be revoked at any time prior to its exercise either by written notice filed with the secretary of the meeting or by oral notice given during the meeting by the stockholder to the presiding officer of the meeting. The presence in person or by proxy of the holders of a majority of the shares entitled to vote at any annual meeting constitutes a quorum for the transaction of business. In the absence of a quorum, any meeting may be adjourned to a subsequent date, provided notice of such meeting is mailed to each stockholder entitled to vote at least five (5) days before the adjourned meeting.

VOTING SECURITIES AND PRINCIPAL STOCKHOLDERS

The only class of voting securities of the Corporation is its Common Stock, \$.10 par value ("Common Stock"), each share of which entitles the holder thereof to one vote except in the election of directors, where votes may be cumulated as described herein. Only stockholders of record at the close of business on February 20, 2009 are entitled to notice of and to vote at the meeting.

As of January 31, 2009, there were issued 7,196,547 shares of the Common Stock, all of which were outstanding and entitled to vote. To the best knowledge of the Corporation, the only persons owning beneficially more than five percent (5%) of the Common Stock of the Corporation as of January 31, 2009 are identified in the table below.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock (\$.10 par value)	Paul T. Canarick 27 Glen Street Glen Cove, N.Y. 11542	499,396 shares ⁽¹⁾	6.94%
Common Stock (\$.10 par value)	Jean C. Canarick 27 Glen Street Glen Cove, N.Y. 11542	742,634 shares ⁽¹⁾	10.32%
Common Stock (\$.10 par value)	Jack Canarick 27 Glen Street Glen Cove, N.Y. 11542	362,700 shares	5.04%

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Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock (\$.10 par value)	Hovde Capital Advisors LLC 1826 Jefferson Place, N.W. Washington, D.C. 20036	457,495 shares ⁽²⁾	6.36%
Common Stock (\$.10 par value)	Zachary Levy 9 Maxine Avenue Plainview, N.Y. 11803	715,854 shares	9.95%

(1) Pursuant to applicable rules, Paul T. Canarick and Jean C. Canarick are both deemed to be beneficial owners of 473,940 shares for which they act as co-trustees pursuant to a Trust Agreement dated May 27, 1992 and share voting and investment power. The shares shown for Mr. Paul T. Canarick include 3,314 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.

(2) Hovde Capital Advisors LLC manages certain accounts which are the direct owners of these shares and as manager has shared voting and dispositive power with respect to the shares.

Furnished below is information with respect to the beneficial ownership of the Corporation's Common Stock as of January 31, 2009 by all directors and nominees, by the executive officers of the Corporation named in the "Summary Compensation Table", and by directors and executive officers of the Corporation as a group.

Title of Class	Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock (\$.10 par value)	Allen E. Busching	12,354 (1)	.17%
	Paul T. Canarick	499,396 (2)	6.94%
	Alexander L. Cover	4,000 (3)	.06%
	William H. J. Hoefling	8,652 (4)	.12%
	Howard Thomas Hogan Jr.	118,756 (5)	1.65%
	John T. Lane	1,396 (6)	.02%
	J. Douglas Maxwell Jr.	36,668 (7)	.51%
	Stephen V. Murphy	4,224 (8)	.06%
	Milbrey Rennie Taylor	3,000	.04%
	Walter C. Teagle III	55,301 (9)	.77%
	Michael N. Vittorio	33,132 (10)	.46%
	Sallyanne K. Ballweg	700 (11)	.01%
	Donald L. Manfredonia	74,191 (12)	1.03%
	Mark D. Curtis	25,993 (13)	.36%
	Richard Kick	39,512 (14)	.55%
Directors and Executive Officers as a group	958,624 (15)	13.30%	

(1) Including 1,000 shares in the name of Claire C. Busching, Mr. Busching's wife, and 7,354 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.

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- (2) Including 473,940 shares in the names of Paul T. Canarick and Jean C. Canarick, Mr. Paul T. Canarick's mother, as co-trustees under a Trust Agreement dated May 27, 1992; and 3,314 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (3) Including 2,900 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (4) Including 1,000 shares in the name of Tricia Hoefling, Mr. Hoefling's daughter; 1,600 shares in the names of Timothy Billings and/or Tricia Hoefling, as trustees for Charles Hoefling Billings; and 792 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (5) Including 20,742 shares in the name of Mr. Hogan as Trustee for the benefit of his children, Howard, Kathryn, and Margaret Hogan; 1,388 shares in the name of Mr. Hogan as Trustee for the Hogan Family Trust; 11,678 shares, 10,176 shares, and 10,148 shares in the names of Mr. Hogan's children, Howard, Kathryn and Margaret, respectively; and 6,266 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (6) Including 396 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (7) Including 16,874 shares held in Mr. Maxwell's retirement account and 7,944 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (8) Consists of 3,000 shares held in Mr. Murphy's retirement account and 1,224 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (9) Including 674 shares in the name of Janet D. Teagle, Mr. Teagle's wife; 2,024 shares each (totaling 6,072 shares) held for the benefit of W. Clark Teagle IV, Clifton D. Teagle and Janet W. Teagle, Mr. Teagle's children; and 8,055 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (10) Including 22,581 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (11) Including 500 shares in Ms. Ballweg's individual retirement account and 200 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (12) Including 40,034 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (13) Including 1,598 shares held in Mr. Curtis' individual retirement account; 777 shares in the name of Mr. Curtis as custodian for the benefit of Heather M. Curtis, Mr. Curtis' daughter; 652 shares in the name of Mr. Curtis as custodian for the benefit of Eric A. Curtis, Mr. Curtis' son; and 17,597 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (14) Including 14,956 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.
- (15) Including 159,681 shares which are not presently owned but deemed beneficially owned in accordance with Rule 13d-3(d)(1) under the Securities Exchange Act of 1934 because they could be acquired by the exercise of stock options.

ELECTION OF DIRECTORS

The Board of Directors of the Corporation presently consists of a non-executive chairman and ten other members. Each member, with the exception of Michael N. Vittorio who also serves as President and Chief Executive Officer (“CEO”) of the Corporation and the Bank, is independent as independence for directors is defined in Nasdaq Rule 4200(a)(15).

The Board is divided into two classes, Class I with six members and Class II with five members. The table that follows sets forth the present composition of the Board.

Name	Class	Expiration of Term
Allen E. Busching	II	2010
Paul T. Canarick	II	2010
Alexander L. Cover	II	2010
William H. J. Hoefling	II	2010
Howard Thomas Hogan Jr.	I	2009
John T. Lane	I	2009
J. Douglas Maxwell Jr.	I	2009
Stephen V. Murphy	II	2010
Milbrey Rennie Taylor	I	2009
Walter C. Teagle III	I	2009
Michael N. Vittorio	I	2009

For the election of directors, each share is entitled to as many votes as there are directors to be elected, and such votes may be cumulated and voted for one nominee or divided equally among as many different nominees as is desired. If authority to vote for any nominee or nominees is withheld on any proxy, the votes will then be spread equally among the remaining nominees. If there is no designation on any proxy as to how the shares represented should be voted, the proxy will be voted for the election of all nominated directors.

The nominees for election at this meeting will be the Class I directors. It is intended that shares represented by properly executed proxies will be voted at the meeting in accordance with the marking indicated thereon and, in the absence of contrary indication, for the re-election of Messrs. Hogan, Lane, Maxwell, Teagle and Vittorio and Ms. Taylor. Each of the Class I directors will hold office until the 2011 Annual Meeting of Stockholders, or until his or her successor is elected and qualified. If at the time of the 2009 Annual Meeting any of the nominees named above is unavailable or chooses not to serve as a director (an event which management does not now anticipate), the proxies will be voted for the election as director of such other person or persons as the Board of Directors may designate.

The Board of Directors recommends a vote FOR all named nominees.

Information about the nominees and directors continuing in office follows. The year set forth for each director is the year in which the person named became a director of the Corporation and The First National Bank of Long Island, a wholly-owned subsidiary of the Corporation, with the exception of Mr. Hogan who became a director of the Corporation upon its formation in 1984.

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Name	Principal Occupations for Last 5 Years and Other Directorships	Director Since
Allen E. Busching (Age 77)	Principal, B&B Capital (Consulting and Private Investment); Trustee, North Shore-Long Island Jewish Health Systems, Inc.	1999
Paul T. Canarick (Age 52)	President and Principal, Paul Todd, Inc. (Construction Company)	1992
Alexander L. Cover (Age 65)	Management Consultant, Private Practice	2003
William H. J. Hoefling (Age 58)	Managing Partner, Crystal Pond Capital Partners, LLC (Private Equity Group); (formerly, Executive Vice President, JPMorgan Chase; Chairman, Brown & Co, discount brokerage firm) Trustee, Georgetown University, McDonough School of Business;	2006
Howard Thomas Hogan Jr., Esq. (Age 64)	Hogan & Hogan (Attorney, Private Practice); President, Cold Spring Harbor Business Improvement District; Director, Society for The Preservation of Long Island Antiquities	1978
John T. Lane (Age 66)	Private Investor and Consultant; (formerly: Managing Director, JPMorgan & Co.; Chairman, J.P. Morgan Florida; Director, J.P. Morgan California, Morgan Shareholder Services, and Morgan Futures); Director, Winthrop University Hospital, Health Care Trustees of New York State, The Cathedral of St. John the Divine, and ROTOCARE	2007
J. Douglas Maxwell Jr. (Age 67)	Chief Financial Officer NIR _x Medical Technologies LLC (Medical Technology)	1987

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Name	Principal Occupations for Last 5 Years and Other Directorships	Director Since
Stephen V. Murphy (Age 63)	President, S.V. Murphy & Co., Inc. (Investment Banking); Director, Bowne & Co., Inc., Excelsior Venture Partners III, Excelsior Venture Investors III, Excelsior Directional Hedge Fund of Funds, Inc.	2005
Milbrey Rennie Taylor (Age 62)	Media Consultant; (formerly: Executive Producer, CBS News); Director, USTA Foundation and Asia Foundation; Advisory Committee, Vassar College and International Rescue Committee	2008
Walter C. Teagle III (Age 59)	Non-executive Chairman of the Board, The First of Long Island Corporation and The First National Bank of Long Island; President, Teagle Management, Inc. (Private Investment Firm); (formerly Managing Director, Groton Partners LLC; Officer and Managing Director, Groton Asset Management LLC); Director, Teagle Management, Inc. and Teagle Foundation, Inc.	1996
Michael N. Vittorio (Age 56)	President and Chief Executive Officer, The First of Long Island Corporation and The First National Bank of Long Island; (formerly Senior Vice President, JPMorgan Chase); Director, New York Bankers Association; Chairman, New York Bankers Association Long Island Chapter; Trustee, New York Bankers Association Retirement System and New York Law School	2003

NON-EXECUTIVE CHAIRMAN OF THE BOARD OF DIRECTORS

The Board of Directors has determined that the Chairman of the Board will be an independent director. This decision was made in the belief that shareholder interests are best served by having a Chairman of the Board who is independent of management and whose exclusive responsibility is the long-term best interest of the Corporation's shareholders.

Walter C. Teagle III has served as Non-executive Chairman of the Board of Directors since May 2005. As Non-executive Chairman, Mr. Teagle organizes the work of the Board and ensures that the Board has access to sufficient information to enable it to carry out its functions, including monitoring the Corporation's performance and the performance of management. The role of the Non-executive Chairman includes: (1) presiding over all meetings of the Board of Directors and shareholders, including regular executive sessions of the Board in which the CEO, a management director, and other members of management do not participate; (2) establishing the annual agenda of the Board and agendas of each meeting in consultation with the CEO; (3) advising with respect to the work of each Committee and reviewing (with the Governance and Nominating Committee) changes in Board membership and the membership and chair of each Committee; (4) coordinating periodic reviews of management's strategic plan for the Corporation; (5) leading the Board's review of the succession plan for the CEO; and (6) coordinating with the Compensation Committee of the Board of Directors (the "Compensation Committee") the annual performance review of the CEO.

MEETINGS OF THE BOARD OF DIRECTORS

All of the members of the Board of Directors of the Corporation also serve on the Board of Directors of the Bank. The Board of Directors of the Corporation held eleven regular meetings and one special meeting during 2008. Each director attended at least 75% of the aggregate number of Board meetings and meetings of the committees on which such director served. The Board of Directors of the Bank currently holds 10 regular meetings a year and such special meetings as deemed advisable to review significant matters.

BOARD COMMITTEES AND MEETINGS

The Board of Directors of the Corporation has three standing committees: the Governance and Nominating Committee, the Audit Committee, and the Compensation Committee. The Board of Directors of the Bank has two standing committees: the Loan Committee and the Asset/Liability Committee.

Governance and Nominating Committee

The Corporation has a separately-designated standing governance and nominating committee. All the members of the Corporation's Governance and Nominating Committee are independent as independence for directors is defined in Nasdaq Rule 4200(a)(15). The members of the Governance and Nominating Committee are Allen E. Busching, Paul T. Canarick, Alexander L. Cover, John T. Lane, J. Douglas Maxwell Jr., Milbrey Rennie Taylor and Walter C. Teagle III. The Committee met seven times during 2008.

The Corporation's Board of Directors has adopted a formal written charter for the Governance and Nominating Committee. A current copy of the charter and the Corporation's Corporate Governance Guidelines are available to security holders on the Corporation's website by going to www.FNBLL.com and clicking on "Investor Relations", then clicking on "Committee Charters", and then clicking on "Governance and Nominating Committee Charter" or "Corporate Governance Guidelines."

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The Governance and Nominating Committee is currently responsible for: (1) identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of stockholders; (2) recommending to the Board written corporate governance guidelines and monitoring compliance with said guidelines; (3) leading the Board in an annual Board self assessment and reporting to the Board on its own self assessment and the self assessments performed by the other Board committees; and (4) recommending to the Board director candidates for each committee.

The Governance and Nominating Committee believes that certain minimum qualifications must be met by a Committee-recommended nominee for a position on the Board of Directors. Specifically, the nominee should understand that the principal duty of a director is to represent the stockholders of the Corporation. The nominee should also possess the highest level of professional and personal ethics and values, be free of any conflict of interest with respect to board service, have broad experience at the policy-making level, have the ability to provide insight and practical wisdom based on experience and expertise, be able to understand and relate to the culture of the Corporation, have sufficient time to properly discharge the duties associated with serving as a director, have experience and knowledge that will enhance or maintain a diversity of business background among board members and, for non-employee directors, be independent as defined in Nasdaq Rule 4200(a)(15).

In addition, the Governance and Nominating Committee believes that certain specific qualities or skills are necessary for one or more of the Corporation's directors to possess. These include, among others, experience with publicly held companies, an understanding and background in corporate management, experience in delegation of duties, accounting experience, financial experience, legal experience, marketing experience, and background and experience necessary to qualify as an "audit committee financial expert" as defined in Regulation S-K of the Securities and Exchange Commission. It is also deemed desirable for directors to live or work in a geographic area where the Corporation's bank subsidiary has branches or is expected to have branches.

Although the Corporation has a long history of being able to attract and maintain a cohesive Board with the variety of skills necessary to properly oversee the affairs of the Corporation, the Governance and Nominating Committee will consider director candidates recommended by shareholders. Submission of candidates may be made in writing at any time. However, to be considered by the Governance and Nominating Committee for nomination at the 2010 annual meeting, such submissions should be made no later than November 17, 2009 to the Chairman of the Governance and Nominating Committee at the Corporation's address set forth in this proxy statement.

In addition, nominations for the election of directors may be made by any shareholder entitled to vote for the election of directors provided that such nominations are made in accordance with the provisions of the Corporation's bylaws establishing the information and notice requirements for such nominations. In addition to interviews, the Governance and Nominating Committee evaluates potential nominees by reviewing resumes, checking business and/or personal references, and performing background checks as deemed appropriate. The Corporation has not paid a fee to any third party or parties to identify or evaluate or assist in identifying or evaluating potential nominees.

All of the Class I nominees approved by the Governance and Nominating Committee for inclusion on the Corporation's proxy card for the annual meeting of stockholders to be held April 20, 2009 are directors standing for reelection.

Audit Committee

The Corporation has a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members of the Audit Committee are Allen E. Busching, Alexander L. Cover, John T. Lane, J. Douglas Maxwell Jr. and Walter C. Teagle III. The Committee met eleven times during 2008.

The Corporation's Board of Directors has adopted a formal written charter for the Audit Committee. A current copy of the charter is available to security holders on the Corporation's website by going to www.FNBLL.com and clicking on "Investor Relations", then clicking on "Committee Charters", and then clicking on "Audit Committee Charter."

The Board has determined that all members of the Audit Committee are independent as independence for audit committee members is defined in Nasdaq Rules 4200(a)(15) and 4350(d)(2). The Board of Directors has also determined that Alexander L. Cover is an audit committee financial expert as that term is defined in paragraph (d)(5)(ii) of Item 407 of Regulation S-K of the Securities and Exchange Commission.

The Audit Committee is responsible for: (1) selecting, retaining and dismissing, if necessary, the independent auditors and approving audit fees and engagement terms and all non-audit services provided by the independent auditors; (2) reviewing and discussing with management and the independent auditors the Corporation's audited consolidated financial statements and internal control over financial reporting; (3) meeting with the Corporation's independent auditors and reviewing with them the results of their annual audit of the Corporation's consolidated financial statements, including any recommendations the auditors may have with respect to internal controls or other business matters; (4) reviewing the plan, scope and results of internal audits performed by both the Bank's in-house audit staff and independent external firms; (5) reviewing the results of examinations performed by regulatory authorities; (6) insuring that the Corporation fulfills the annual internal control reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and related implementing regulations; (7) insuring that the Bank fulfills the annual audit and management reporting requirements of Section 112 of the Federal Deposit Insurance Corporation Improvement Act of 1991; and (8) reviewing the Bank's performance of its obligations under the various laws and regulations affecting consumers, including the Federal Community Reinvestment Act. The Audit Committee Report is included in a separate section of this proxy statement.

Compensation Committee

The Corporation has a separately-designated standing compensation committee. All the members of the Corporation's Compensation Committee are independent as independence for directors is defined in Nasdaq Rule 4200(a)(15). The members of the Compensation Committee are Allen E. Busching, William H. J. Hoefling, Howard Thomas Hogan Jr., Stephen V. Murphy and Walter C. Teagle III. The Committee met seven times during 2008.

The Corporation's Board of Directors has adopted a formal written charter for the Compensation Committee. A current copy of the charter is available to security holders on the Corporation's website by going to www.FNBLL.com and clicking on "Investor Relations", then clicking on "Committee Charters", and then clicking on "Compensation Committee Charter."

The Compensation Committee is responsible for: (1) conducting a periodic review of the Corporation's compensation policies, strategies and plans for the CEO, other executive officers and non-employee directors and reporting and making recommendations to the Board with respect thereto; (2) recommending

to the Board for approval employment contracts for the CEO and other executive officers; (3) evaluating the performance of the CEO and, subject to any existing employment contract and consistent with market practice, determining and recommending to the Board the base compensation level for the CEO; (4) reviewing, at its discretion, the CEO's performance evaluation of the other executive officers of the Corporation and recommending, subject to any existing employment contracts and consistent with market practice, the base compensation level of each such officer; (5) recommending to the Board for approval cash compensation for non-employee directors; (6) setting corporate goals used to determine cash bonuses paid to the CEO and other executive officers and stock-based compensation awarded to the CEO, other executive officers and non-employee directors; (7) recommending to the Board for approval cash bonuses to the Corporation's CEO and other executive officers pursuant to the Corporation's Incentive Compensation Plan or otherwise; (8) administration of the Corporation's stock compensation plans, including recommending to the Board for approval awards of stock-based compensation to the CEO, other executive officers and non-employee directors pursuant to the Corporation's Incentive Compensation Plan or otherwise; (9) conducting, or causing to be conducted, at its discretion, a periodic review of the Corporation's pension, 401(k), supplemental executive retirement and health and welfare plans; and (10) reviewing the compensation disclosures included in the Corporation's annual proxy statement and preparing or causing to be prepared an annual report of the Committee on executive compensation to be included therein. Administration of the Corporation's stock compensation plans includes selecting directors and officers to whom awards are to be made and determining the timing, duration, amount and type of each award. Members of the Compensation Committee as well as all other non-employee directors of the Corporation have been eligible for awards of stock-based compensation in the past and it is currently anticipated that they will be eligible for future awards.

In determining an appropriate level of compensation for executive officers and non-employee directors, the Compensation Committee has periodically used compensation consulting firms to gather and help analyze the information necessary to make such determinations. As further described in the "Compensation Discussion and Analysis" included herein, in 2006 the Compensation Committee engaged Buck Consultants, LLC ("Buck Consultants"), an international compensation consulting firm, to review the Corporation's executive compensation program versus that of its peers and to make recommendations regarding the program. In addition, Buck Consultants was engaged in 2007 to provide an update on the competitiveness of the compensation paid to the Corporation's CEO when compared to the amounts paid to CEOs of the Corporation's peer banks. In 2008 the Compensation Committee performed its own update using publicly available information to determine the competitiveness of the compensation paid to the Corporation's CEO and other executive officers when compared to the amounts paid to CEOs and executive officers of the Corporation's peer banks.

In 2005, the Compensation Committee engaged Clarke Consulting to review the Corporation's director compensation program versus that of its peers and to make recommendations regarding the program. In engaging Buck and Clark Consulting, the Compensation Committee worked with the consultants to arrive at a peer group of publicly held banks similar in size and scope to the Bank located in the Bank's general geographic area.

From time to time certain executive officers have served as a resource to the Compensation Committee in gathering the information necessary to make compensation determinations. However, such executive officers do not have a significant policy making role with respect to determining the amount or form of executive or director compensation.

Loan Committee of the Bank

The Bank has a separately-designated standing loan committee. With the exception of Mr. Vittorio, all the members of the Bank's Loan Committee are independent as independence for directors is defined in Nasdaq Rule 4200(a)(15). The members of the Loan Committee are Paul T. Canarick, William H. J. Hoefling, Howard Thomas Hogan Jr., John T. Lane, J. Douglas Maxwell Jr., Stephen V. Murphy, Walter C. Teagle III and Michael N. Vittorio. The Committee held four meetings in 2008. Generally, loans in excess of \$400,000 up to and including \$5,000,000 require the approval of the Management Loan Committee. Loans in excess of \$5,000,000 up to and including \$8,000,000 also require the approval of two non-management members of the Board Loan Committee. Loans in excess of \$8,000,000 require the recommendation of the Management Loan Committee and the approval of a majority of the Board of Directors. The entire committee meets on a quarterly basis to review the overall portfolio.

Asset/Liability Committee of the Bank

The Bank has a separately-designated standing Asset/Liability Committee. With the exception of Mr. Vittorio, all the members of the Bank's Asset/Liability Committee are independent as independence for directors is defined in Nasdaq Rule 4200(a)(15). The members of the Asset/Liability Committee are Paul T. Canarick, Alexander L. Cover, William H. J. Hoefling, John T. Lane, Stephen V. Murphy, Walter C. Teagle III and Michael N. Vittorio. The Committee, which was formed in November 2008, met once in 2008.

The Asset/Liability Committee is responsible for: (1) providing oversight with respect to the Bank's achievement of its overall objective of maximizing return while minimizing risk regarding assets, liabilities, equity and off-balance sheet activities; (2) overseeing investment risk and approving the investment policy limits and operating guidelines set forth in the Bank's Investment Policy; (3) overseeing interest rate risk and approving the risk limits and operating guidelines set forth in the Bank's Interest Rate Risk Policy; and (4) overseeing liquidity risk and approving the risk limits and operating guidelines set forth in the Bank's Liquidity Policy and Liquidity Contingency Plan.

COMPENSATION OF DIRECTORS

Cash Compensation

The non-executive Chairman of the Board of Directors of the Corporation and the Bank receives a quarterly retainer of \$20,000 for service on both boards. The Chairman does not receive per meeting fees or committee retainers. Other non-employee directors are paid a quarterly retainer of \$3,500 for service on the Corporation's board and \$1,200 for each regularly scheduled monthly meeting of the Bank's board, provided they attend at least eight of the ten meetings. If a director attends fewer than eight meetings, the director is paid \$1,200 for each meeting attended. In addition, directors of the Corporation and the Bank are generally paid \$1,200 for each special Board meeting and \$500 for each telephone Board meeting. In addition to cash compensation, the non-executive Chairman of the Board as well as other non-employee directors receive stock-based compensation as described hereinafter.

The Chairman of the Corporation's Governance and Nominating Committee receives an annual retainer of \$4,000, and other committee members receive annual retainers of \$2,000. The Chairman of the

Corporation's Audit Committee receives an annual retainer of \$10,000, and other committee members receive annual retainers of \$4,000. The Chairman of the Corporation's Compensation Committee receives an annual retainer of \$4,000, and other committee members receive annual retainers of \$2,000.

The Chairman of the Bank's Loan Committee receives an annual retainer of \$4,000, and other committee members receive annual retainers of \$2,000. In addition, the Chairman and all other members of the Bank's Loan Committee receive \$500 per meeting with the Management Loan Committee. The Chairman of the Bank's Asset/Liability Committee receives an annual retainer of \$4,000, and other committee members receive annual retainers of \$2,000. Mr. Vittorio does not receive director fees or committee fees from the Corporation or the Bank.

Stock-based Compensation

The Corporation's 2006 Stock Compensation Plan allows for the granting of equity awards to non-employee directors of the Corporation. In January 2008, based on 2007 board service, the non-executive Chairman was granted 3,956 nonqualified stock options ("NQSOs") with a value of \$26,581 and a target number of restricted stock units ("RSUs") with a value of \$22,172. Each other nonemployee director received a grant of 1,978 NQSOs with a value of \$13,290 and a target number of RSUs with a value of \$11,095. The number of RSUs granted to the Chairman and each nonemployee director is in accordance with a methodology recommended by the Compensation Committee and adopted by the Board of Directors on January 22, 2008. Pursuant to this methodology, each nonemployee director received a 2008 equity grant with a value 13% greater than the grant they received in 2007. On a going forward basis, the percentage increase or decrease in the total value of equity granted to each director in any given year will generally be equivalent to the percentage increase or decrease in the total value of equity granted to the Chief Executive Officer for that year. The NQSOs granted to directors in 2008 have an exercise price of \$18.50 which was the fair market value of one share of the Corporation's stock on the date of grant. Twenty percent (20%) of the NQSOs granted in 2008 become exercisable on each of the first five anniversaries of the date of grant, except for the immediate vesting of all outstanding NQSOs which occurs upon retirement, death or total and permanent disability. The RSUs granted in 2008 may be convertible into shares of common stock after three years except for the ability to immediately convert all outstanding RSUs upon retirement, death or total and permanent disability. The ability to convert RSUs into shares of common stock after three years and the related conversion ratio will be determined in the same manner as for executive officers described in the "Compensation Discussion and Analysis" appearing elsewhere in this proxy statement.

The following table sets forth information concerning the compensation of directors for 2008. The values shown for 2008 in the "Compensation Cost of Stock Awards" and "Compensation Cost of Option Awards" columns of the table (columns (c) and (d)) represent the compensation cost of RSUs and NQSOs, before reflecting forfeitures, recognized for financial statement reporting purposes pursuant to Statement of Financial Accounting Standards No. 123 (revised 2004) "Share-Based Payment" ("SFAS No. 123(R)"). Under SFAS No. 123(R), RSUs and NQSOs granted to non-employee directors after January 1, 2006 are expensed over their three and five year vesting periods, respectively, or the period to retirement age, whichever is shorter.

**DIRECTOR COMPENSATION
YEAR ENDED DECEMBER 31, 2008**

Name (a)	Fees Earned or Paid in Cash (\$) (b)	Compen- sation Cost Of Stock Awards (1) (\$) (c)	Compen- sation Cost Of Option Awards (1) (\$) (d)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (2) (\$) (e)	Total (\$) (f)	Option Awards Out- standing at Fiscal Year End (#) (g)	Stock Awards Out- standing at Fiscal Year End (3) (#) (h)
Allen E. Busching	\$39,650	\$11,095	\$13,288	\$546	\$64,579	10,184	1,704
Paul T. Canarick	\$33,400	\$8,118	\$5,147	\$776	\$47,441	6,144	1,704
Alexander L. Cover	\$42,150	\$8,118	\$3,854		\$54,122	5,730	1,704
Beverly Ann Gehlmeyer (4)	\$10,725	\$11,095	\$13,288	\$1,113	\$36,221	8,480	
William H. J. Hoefling	\$34,150	\$8,118	\$3,854		\$46,122	2,970	1,704
Howard Thomas Hogan Jr., Esq..	\$34,650	\$8,118	\$3,854	\$2,462	\$49,084	9,096	1,704
John T. Lane	\$36,733	\$3,496	\$2,654		\$42,883	1,978	660
J. Douglas Maxwell Jr	\$42,275	\$8,118	\$3,854	\$3,016	\$57,263	10,774	1,704
Stephen V. Murphy	\$37,150	\$8,118	\$5,335		\$50,603	4,034	1,704
Milbrey Rennie Taylor	\$30,900				\$30,900		
Walter C. Teagle III	\$80,000	\$16,566	\$7,715	\$781	\$105,062	13,716	3,403

- (1) The values shown represent the compensation cost of stock and option awards, before reflecting forfeitures, recognized for financial statement reporting purposes pursuant to SFAS No. 123(R). For the assumptions made in determining the compensation cost of stock and option awards please see Note J “Stock-Based Compensation” to the Corporation’s 2008 Consolidated Financial Statements. Because directors Busching and Gehlmeyer had already reached retirement age, the full value of the stock and option awards to them in 2008 were expensed on the date of grant. Other than 348 RSUs forfeited by Ms. Gehlmeyer, there were no forfeitures for directors in 2008. The RSUs forfeited by Ms. Gehlmeyer represent the excess of the maximum over the target number of shares of common stock into which the RSUs granted to her in 2007 could potentially have been converted.
- (2) The change in pension value represents interest on the benefit frozen as of December 31, 2000 (for additional details see “Retirement Plan For Directors” appearing elsewhere in this proxy statement).
- (3) Represents the maximum number of shares of common stock into which the stock awards in the form of RSUs can be converted if certain performance criteria are met in 2009 and 2010. The target and threshold number of shares is 2,708 and 1,355, respectively, for the Non-executive Chairman and 1,356 and 678, respectively, for each nonemployee director other than Mr. Lane. For Mr. Lane, the target and threshold number of shares is 660 and 330, respectively.
- (4) On April 21, 2008, Beverly Ann Gehlmeyer’s term as a Class II director expired and she retired from the Board of Directors.

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The following table sets forth information regarding the grant of plan based awards during 2008 to nonemployee directors. The awards were granted by the Board on January 22, 2008 based on a recommendation by the Compensation Committee. The awards included RSUs which are reflected in columns (c) and (d) and NQSOs which are reflected in column (e). With respect to RSUs, column (g) reflects the grant date fair value of the maximum future payout. The threshold payout is 50% of the maximum.

**GRANT OF PLAN BASED AWARDS
YEAR ENDED DECEMBER 31, 2008**

Name (a)	Grant Date (b)	Estimated Future Payout Under Equity Incentive Plan Awards		All Other Option Awards: Number of Securities Under- lying Options (#) (e)	Exercise or Base Price of Option Awards (\$/Sh) (f)	Grant Date Fair Value of Stock and Option Awards (g)
		Threshold (#) (c)	Maximum (#) (d)			
Allen E. Busching	1/22/08			1,978	\$ 18.50	\$ 13,290
Allen E. Busching	1/22/08	330	660			\$ 16,643
Paul T. Canarick	1/22/08			1,978	\$ 18.50	\$ 13,290
Paul T. Canarick	1/22/08	330	660			\$ 16,643
Alexander L. Cover	1/22/08			1,978	\$ 18.50	\$ 13,290
Alexander L. Cover	1/22/08	330	660			\$ 16,643
Beverly Ann Gehlmeyer	1/22/08			1,978	\$ 18.50	\$ 13,290
Beverly Ann Gehlmeyer	1/22/08	330	660			\$ 16,643
William H. J. Hoefling	1/22/08			1,978	\$ 18.50	\$ 13,290
William H. J. Hoefling	1/22/08	330	660			\$ 16,643
Howard Thomas Hogan Jr., Esq	1/22/08			1,978	\$ 18.50	\$ 13,290
Howard Thomas Hogan Jr., Esq	1/22/08	330	660			\$ 16,643
John T. Lane	1/22/08			1,978	\$ 18.50	\$ 13,290
John T. Lane	1/22/08	330	660			\$ 16,643
J. Douglas Maxwell Jr	1/22/08			1,978	\$ 18.50	\$ 13,290
J. Douglas Maxwell Jr	1/22/08	330	660			\$ 16,643
Stephen V. Murphy	1/22/08			1,978	\$ 18.50	\$ 13,290
Stephen V. Murphy	1/22/08	330	660			\$ 16,643
Milbrey Rennie Taylor						
Milbrey Rennie Taylor						
Walter C. Teagle III	1/22/08			3,956	\$ 18.50	\$ 26,581
Walter C. Teagle III	1/22/08	660	1,319			\$ 33,261

MANAGEMENT

The following tables contain information about the executive officers of the Corporation and the Bank.

Executive Officers of the Corporation	Age	Present Capacity	Term of Office	Officer Since
Michael N. Vittorio	56	Director, President and Chief Executive Officer	3 yrs.	2002
Sallyanne K. Ballweg	53	Senior Vice President	1.5 yrs.	2007
Mark D. Curtis	54	Senior Vice President and Treasurer	1.5 yrs.	1997
John Grasso	50	Senior Vice President	1 yr.	2007
Brian J. Keeney	60	Senior Vice President	1.5 yrs.	2000
Richard Kick	51	Senior Vice President	1.5 yrs.	1991
Donald L. Manfredonia	57	Senior Vice President	1.5 yrs.	1987

Executive Officers of the Bank	Age	Present Capacity	Term of Office	Officer Since
Michael N. Vittorio	56	Director, President and Chief Executive Officer	1 yr.	2002
Sallyanne K. Ballweg	53	Senior Executive Vice President	1 yr.	2007
Mark D. Curtis	54	Executive Vice President, Chief Financial Officer and Cashier	1 yr.	1997
John Grasso	50	Executive Vice President	1 yr.	2007
Brian J. Keeney	60	Executive Vice President	1 yr.	2000
Richard Kick	51	Executive Vice President	1 yr.	1991
Donald L. Manfredonia	57	Executive Vice President	1 yr.	1982

Ms. Ballweg joined the Corporation and the Bank on December 31, 2007 as Senior Vice President of the Corporation and Senior Executive Vice President of the Bank. From 1978 through August 2007, Ms. Ballweg was employed at JPMorgan Chase, most recently as Senior Vice President responsible for managing Chase's middle market business in Queens County, New York. Previously, Ms. Ballweg was a Vice President and Team Leader responsible for Chase's middle market business on Long Island.

Mr. Grasso joined the Corporation and the Bank on January 22, 2007 as Senior Vice President of the Corporation and Executive Vice President of the Bank. From 1999 through 2006, Mr. Grasso was employed at HSBC Bank USA as Senior Vice President/District Executive responsible for managing consumer, commercial and investment business for twenty-two branches in Nassau County, Long Island. Previously he held various positions at Chase Manhattan Bank, Dime Savings Bank of New York and Ridgewood Savings Bank.

COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management the Compensation Discussion and Analysis included herein and provided pursuant to Item 402(b) of Regulation S-K.

Based on this review and discussion, we recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement.

Allen E. Busching
William H. J. Hoefling
Howard Thomas Hogan Jr.
Stephen V. Murphy
Walter C. Teagle III

COMPENSATION DISCUSSION AND ANALYSIS

The following is a discussion of the compensation awarded to, earned by, or paid to the named executive officers. The discussion explains all the material elements of the Corporation's compensation of the named executive officers. It should be read in conjunction with the other executive compensation disclosures that appear elsewhere in this proxy statement.

Objectives Of The Executive Compensation Program

The Corporation's executive compensation program is designed to enable the Corporation to attract and retain the talent necessary to successfully operate and grow the Bank.

What The Executive Compensation Program Is Designed To Reward

Certain elements of the executive compensation program are intended to reward current performance while others are intended to provide an incentive for continued employment and future performance.

Elements Of Executive Compensation

The executive compensation program consists of three basic components: (1) cash; (2) equity awards currently in the form of NQSOs and RSUs; and (3) other noncash compensation.

Cash Compensation. The cash components of the executive compensation program are base salary and short-term incentive compensation awarded in the form of cash bonuses. Cash bonuses are generally paid to executive officers in the early part of the year based on performance for the year just past. The CEO's annual bonus is based on the Corporation's financial performance for the past year as measured by net income, ROA, and the loan to deposit ratio. Net income is assigned a 50% weight, while ROA and the loan to deposit ratio are currently assigned weights of 20% and 30%, respectively. Annual bonuses for the other executive officers are based on a combination of corporate financial performance, personal performance and the discretion of the CEO and the Compensation Committee. For all but the Executive Trust Officer, corporate financial performance is assigned a weight of 80%, while personal performance and the discretion of the CEO and the Compensation Committee are assigned a weight of 20%. For the Executive Trust Officer, the weight assigned to corporate financial performance is 50% and the remaining 50% is assigned to personal performance and the discretion of the CEO and the Compensation Committee.

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Beginning in 2009, the cash bonuses for the Senior Executive Vice President and the Chief Financial Officer, like the cash bonus for the CEO, will be based solely on corporate financial performance rather than a combination of corporate financial performance and personal performance.

For cash bonuses to be awarded on account of corporate financial performance, such performance must fall within a predetermined range selected by the Compensation Committee. 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. The target level of performance for net income, ROA and the loan to deposit ratio in any given year is equal to the level for each such metric set forth for the corresponding year in the Corporation's strategic plan. The difference between the target level of performance and the threshold level of performance is roughly equivalent to the difference between the performance of banks in the 50th percentile and the 25th percentile of the Corporation's peer group, while the difference between the target level of performance and the maximum level of performance is roughly equivalent to the difference between the performance of banks in the 50th percentile and the 75th percentile of the Corporation's peer group. For cash bonuses to be awarded on account of personal performance, the executive officer must successfully achieve personal goals, such as growth in demand deposit balances or the successful introduction and implementation of a new product. Such goals are designed to drive, either directly or indirectly, the Corporation's current and/or future performance.

If the Corporation achieves the target levels for net income, ROA and the loan to deposit ratio set forth in its strategic plan, the CEO receives a cash bonus equal to 35% of his base salary and the CFO and other executive officers receive cash bonuses equal to 30% of their base salaries. However, the receipt of the full 30% by the CFO and other executive officers is contingent upon the achievement of all personal goals and is subject to the discretion of the CEO and the Compensation Committee. The CEO can earn a cash bonus of up to 52.5% of his base salary and the other executive officers can earn bonuses of up to 45% of their base salaries for a maximum level of performance in terms of net income, ROA and the loan to deposit ratio. Conversely, if net income, ROA and the loan to deposit ratio just hit threshold levels of performance, the cash bonus for the CEO will be 17.5% of his base salary and the cash bonuses for the CFO and other executive officers will be 15% of their base salaries. In the event that the maximum or threshold level of financial performance is achieved, the receipt of the full corresponding bonus of 45% or 15% of base salary as the case may be by the CFO and other executive officers is contingent on the achievement of all personal goals and is subject to the discretion of the CEO and the Compensation Committee. Performance greater than the threshold level but less than the maximum level will result bonuses based on corporate financial performance proportionately greater than the minimum bonuses but less than the maximum bonuses. If less than the threshold level of net income, ROA and the loan to deposit ratio are achieved, neither the CEO nor the CFO or other executive officers will receive cash bonuses on account of corporate financial performance. For the 2008 cash bonuses reflected in column (d) of the Summary Compensation Table, the threshold level of net income, ROA and loan to deposit ratio was \$8.8 million, .83%, and 52.09%, respectively, the target level of net income, ROA and loan to deposit ratio was \$11.8 million, 1.10%, and 54.83%, respectively, and the maximum level of net income, ROA and loan to deposit ratio was \$20.6 million, 1.65%, and 65.80%, respectively. The actual levels achieved for 2008 were net income of \$13.0 million, ROA of 1.10% and a year-end loan to deposit ratio of 73.10%.

Cash bonuses for the CEO and other executive officers can be reduced at the discretion of the Compensation Committee in any year in which the Bank's regulatory rating declines. In addition, in the

future the Compensation Committee may use different metrics to measure corporate performance such as earnings per share, return on average stockholders' equity ("ROE") and the CAMELS rating assigned by the Bank's primary federal regulator.

2008 Equity Awards. The equity components of executive compensation are NQSOs and RSUs. Equity awards are generally made to executive officers in the early part of the year based on performance for the year just past. Corporate financial performance for purposes of determining both NQSO and RSU awards will be assessed by comparing the Corporation's actual net income and ROA for the year to the level for each set forth for the corresponding year in the Bank's strategic plan. In assessing overall financial performance, net income and ROA will each be assigned a weight of 50%.

If the Corporation achieves the levels of net income and ROA set forth in its strategic plan, the CEO and other executive officers will each receive NQSOs with a grant date fair value equal to 20% of their base salaries and RSUs with a grant date fair value equal to 20% of their base salaries. For this purpose, the grant date fair value of RSUs is equal to the Corporation's closing stock price on the date of grant and the grant date fair value for NQSOs is equal to one third (1/3) of the closing stock price. The CEO and other executive officers can receive NQSOs and RSUs each with a grant date fair value up to 30% of their base salaries for maximum levels of net income and ROA. Conversely, if net income and ROA just hit threshold levels of performance, the CEO and other executive offices will receive NQSOs and RSUs each with a grant date fair value equal to 10% of their base salaries. If less than the threshold level of net income and ROA are achieved, neither the CEO nor the other executive officers will receive awards of NQSOs or RSUs. Performance greater than the threshold level but less than the maximum level will result in NQSO and RSU awards proportionately greater than the minimum awards but less than the maximum awards. The 2008 equity awards reflected in columns (c) through (e) of the Grant of Plan Based Awards Table were based on actual net income and ROA for 2007 of \$11.8 million and 1.14%, respectively. The threshold level of net income and ROA for 2007 was \$8.2 million and .82%, respectively, the target level of net income and ROA was \$10.9 million and 1.09%, respectively, and the maximum level of net income and ROA was \$19.1 million and 1.64%, respectively.

NQSOs will generally vest ratably over five (5) years and RSUs may be convertible into shares of common stock after three years. Vesting of both NQSOs and RSUs may be subject to acceleration in the event of death, total and permanent disability or retirement. The ability to convert RSUs into shares of common stock and the related conversion ratio will be dependent on the Corporation's performance in the third year of the three calendar year period beginning in the year in which the RSUs were awarded. Corporate performance for purposes of converting RSUs will be assessed using the same financial performance metrics used for the awarding of NQSOs and RSUs. For the RSUs granted in 2007, the threshold level of performance will result in a conversion ratio of one RSU for one-half (1/2) share of common stock, the target level of performance will result a conversion ratio of one RSU for one share of common stock, and performance equal to or better than the maximum level of performance will result in a conversion ratio of one RSU for one and one-half (1 1/2) shares of common stock. For the RSUs granted in 2007, performance greater than the threshold level but less than the maximum level will result in a conversion ratio proportionately greater than one RSU for one-half (1/2) share of common stock but less than one RSU for one and one-half (1 1/2) shares of common stock. Beginning with RSUs granted in 2008, the threshold level of performance will result in a conversion ratio of one RSU for one-half (1/2) share of common stock and performance equal to or better than target level will result in a conversion ratio of one RSU for one share of common stock. For the RSUs granted in 2008, performance greater than the threshold level but less than the target level will result in a conversion ratio proportionately greater than one

RSU for one-half (1/2) share of common stock but less than one RSU for one share of common stock. For all RSUs, if net income and ROA fall below the threshold level, the RSUs will expire and not be convertible into shares of the Corporation's common stock. Threshold, target and maximum levels of performance are determined in the same way as for short-term incentive compensation. For the RSUs granted in 2007, management currently believes that it is probable that the Corporation's performance will be at or about the target levels.

The Corporation does not have equity or other security ownership requirements for its executive officers.

Other Noncash Compensation. Other noncash compensation consists of: (1) retirement benefits paid under the Bank's defined benefit pension plan (the "Pension Plan") and 401(k) plan; (2) supplemental executive retirement benefits paid under the Bank's Supplemental Executive Retirement Plan ("SERP"); and (3) fringe benefits not available to the general employee population of the Bank.

The only participant in the SERP, which is described in detail elsewhere in this proxy statement, is the CEO. Noncash fringe benefits, other than those available to the general employee population at the Bank, include the personal use of business automobiles and country clubs. As of December 31, 2008, all of the Bank's executive officers have use of a company automobile and four of the Bank's executive officers, including the CEO, have country club memberships.

The Compensation Committee periodically evaluates the competitiveness of the Corporation's retirement benefits for executive officers and all other employees on the basis of the percentage of employment income replaced by such benefits in retirement versus the percentage replaced by the programs of its peers. Gains from prior stock option awards have not been specifically considered in setting retirement benefits.

Why We Choose To Pay Each Element of Executive Compensation

The Compensation Committee believes that base salary for an executive officer should compensate the officer for the skills and effort required to perform the officer's day-to-day responsibilities, taking into account the size and complexity of the Corporation. The Compensation Committee has included incentive compensation awarded in the form of annual bonuses in the executive compensation program as a means to incent executive officers to maximize corporate performance through, among other things, the achievement of corporate goals set forth in the Corporation's strategic plan and personal goals set for the officer at the beginning of each fiscal year. Longer-term components of compensation, which include awards under the Corporation's stock-based compensation program and retirement benefits provided by the Corporation's Pension, 401(k), and SERP plans are provided to encourage executive officers to maintain their employment with the Corporation and maximize long-term corporate performance. The purpose of the SERP is to provide executive officers selected by the Compensation Committee with the additional pension and 401(k) benefits, if any, that they would receive in the absence of Internal Revenue Code provisions which limit the amount of compensation that can be considered in determining retirement benefits to be paid under the Bank's tax qualified retirement plans. Country club memberships are provided to certain executive officers to aid them in achieving their business development and business retention goals. Business automobiles are generally provided to executive officers as an alternative to reimbursing such officers for mileage driven on account of business conducted on behalf of the Bank.

How We Determine The Amount To Pay For Each Element of Executive Compensation

The total compensation paid by the Corporation to its executive officers is based on an overall assessment of the Corporation's financial performance, both current and projected, as well as comparisons of total compensation to the like amounts paid by peer banks to their executive officers. Such comparative studies are performed and updated on a periodic basis by independent compensation consulting firms working under the direction of the Corporation's Compensation Committee or by the Compensation Committee itself. The most recent study by an independent compensation consulting firm was performed and completed in 2006 by Buck Consultants. In addition, Buck Consultants was engaged in 2007 to provide an update on the competitiveness of the compensation paid to the Corporation's CEO when compared to the amounts paid to CEOs of the Corporation's peer banks. The peer group, which was determined by the Compensation Committee in consultation with Buck Consultants, included fifteen (15) publicly held banks located in New York, New Jersey, and Pennsylvania, the Bank's general geographic area. These banks were similar in size and scope to the Bank, with total assets ranging from approximately \$500 million to \$2 billion, or from one-half to twice the size of the Bank. The peer banks included State Bancorp, Inc., Suffolk Bancorp, Smithtown Bancorp, Inc., Bridge Bancorp, Inc., Hudson Valley Holding Corp., Sterling Bancorp, Royal Bancshares of Pennsylvania, Inc., Peapack-Gladstone Financial Corporation, Center Bancorp, Inc., Greater Community Bancorp, Republic First Bancorp, Inc., First Chester County Corporation, Bryn Mawr Bank Corporation, PSB Bancorp, Inc., and Central Jersey Bancorp. The Compensation Committee currently believes that total compensation for executive officers should be at or about the 75th percentile of the peer group.

Termination and Change in Control Payments

Each of the named executive officers has an employment agreement with the Corporation that provides for severance compensation in the event of an involuntary termination of employment or resignation of employment following a change in control. These provisions are designed to insure that the executive officers of the Bank are not significantly harmed or unduly enriched and are thereby indifferent to the consummation of a transaction, such as a sale or merger of the Bank, that may be in the best interests of the Corporation's shareholders. In determining the severance arrangement for the CEO and each of the other executive officers, the Compensation Committee considered the severance arrangements offered by peer banks to their CEOs and other executive officers.

Impact of Accounting and Tax Treatment of Certain Elements of Compensation

Effective January 1, 2006, the date the Corporation adopted SFAS No. 123(R), the Compensation Committee began granting nonqualified stock options as opposed to incentive stock options as had been granted in the past. Nonqualified stock options are advantageous from the Corporation's standpoint because, unlike incentive stock options, the Corporation can record a book tax benefit for the compensation cost recognized for financial statement reporting purposes under SFAS No. 123(R) and receives a tax benefit upon the exercise of in-the-money options.

Role of Executive Officers In Determining Executive Compensation

The proposed compensation of executive officers is determined by the Compensation Committee, periodically working in conjunction with compensation consultants, and then recommended to the Board. From time to time certain executive officers have served as a resource to the Compensation Committee in gathering the information necessary to make such compensation determinations. However, these officers

do not have a significant policy-making role with respect to determining the amount or form of executive compensation.

COMPENSATION OF EXECUTIVE OFFICERS

Included in the Summary Compensation Table that follows is information with respect to the aggregate compensation paid or accrued during each of the three years in the period ended December 31, 2008 to the CEO, CFO and each of the additional three most highly compensated executive officers of the Bank who received total compensation, excluding that reported in column (g) of the Summary Compensation Table, of more than \$100,000 for services rendered to the Corporation or the Bank (the "named executive officers"). All compensation information is provided pursuant to the Securities and Exchange Commission executive compensation disclosure rules for proxy statements. All of the listed officers are also officers of the Corporation but received salaries only from the Bank. No compensation for their employment other than stock options and RSUs was received from the Corporation.

**SUMMARY COMPENSATION TABLE
YEARS ENDED DECEMBER 31, 2008, 2007 AND 2006**

Name and Principal Position (a)	Year (b)	Base Salary (\$) (c)	Bonus (\$) (d)	Stock Awards (1) (\$) (e)	Option Awards (1) (\$) (f)	Change in Pension Value (\$) (g)	All Other Compensation (2) (\$) (h)	Total (\$) (i)
Michael N. Vittorio	2008	\$ 390,000	\$ 161,460	\$ 45,605	\$ 23,906	\$ 104,197	\$ 57,696	\$ 782,864
President, Chief Executive Officer and Director	2007	\$ 371,000	\$ 149,179	\$ 22,695	\$ 45,748	\$ 51,972	\$ 56,777	\$ 697,371
	2006	\$ 349,500	\$ 125,915	—	\$ 4,330	\$ 42,589	\$ 16,235	\$ 538,569
Sallyanne K. Ballweg	2008	\$ 217,500	\$ 75,000	—	\$ 1,344	—	\$ 1,006	\$ 294,850
Senior Vice President								
Mark D. Curtis	2008	\$ 206,000	\$ 80,815	\$ 24,884	\$ 21,394	\$ 59,570	\$ 9,268	\$ 401,931
Senior Vice President and Treasurer	2007	\$ 199,500	\$ 68,558	\$ 12,534	\$ 12,006	\$ 41,819	\$ 9,795	\$ 344,212
	2006	\$ 194,500	\$ 67,708	—	\$ 2,460	\$ 28,658	\$ 18,053	\$ 311,379
Donald L. Manfredonia	2008	\$ 215,000	\$ 72,262	\$ 26,498	\$ 12,611	\$ 116,520	\$ 10,668	\$ 453,559
Senior Vice President	2007	\$ 210,000	\$ 70,497	\$ 13,549	\$ 27,084	\$ 70,828	\$ 10,407	\$ 402,365
	2006	\$ 210,000	\$ 75,159	—	\$ 9,496	\$ 59,014	\$ 19,230	\$ 372,899
Richard Kick	2008	\$ 204,000	\$ 77,574	\$ 24,347	\$ 16,641	\$ 61,340	\$ 9,876	\$ 393,778
Senior Vice President	2007	\$ 197,500	\$ 77,703	\$ 12,194	\$ 7,875	\$ 46,903	\$ 9,685	\$ 351,860
	2006	\$ 192,500	\$ 68,079	—	\$ 7,492	\$ 38,372	\$ 17,490	\$ 323,933

⁽¹⁾ The values shown represent the compensation cost of stock and option awards, before reflecting forfeitures, recognized for financial statement reporting purposes pursuant to SFAS No. 123(R). For the assumptions made in determining the compensation cost of stock and option awards please see

Note J “Stock-Based Compensation” to the Corporation’s 2008 Consolidated Financial Statements. There were no forfeitures for the named executive officers in 2008, 2007 or 2006, respectively.

- (2) All other compensation for 2008 (column (h) of the “Summary Compensation Table”) includes the amounts shown in the following table that were either paid, accrued or contributed on behalf of the named executive officers. The 401(k) contributions shown in the table do not include amounts paid under the SERP. Such amounts are reported in the “Nonqualified Deferred Compensation Table” appearing elsewhere in this proxy statement. All other compensation does not include the incremental cost to the Corporation of providing the named executive officers with group life and health insurance benefits, because such benefits do not discriminate in scope, terms or operation in favor of the named executive officers and are available generally to all employees.

**ALL OTHER COMPENSATION TABLE
YEAR ENDED DECEMBER 31, 2008**

Name	Perquisites and Other Personal Benefits		Tax Gross Up on SERP Contributions and Tax Reimbursements	401(k) Matching Contributions	Total All Other Compensation
	Personal Use of Business Auto	Personal Use of Country Club			
Michael N. Vittorio	\$ 1,080	\$205	\$49,511	\$ 6,900	\$ 57,696
Sallyanne K. Ballweg	\$ 1,006				\$ 1,006
Mark D. Curtis	\$ 3,089			\$ 6,179	\$ 9,268
Donald L. Manfredonia	\$ 3,493	\$728		\$ 6,447	\$ 10,668
Richard Kick	\$ 3,760			\$ 6,116	\$ 9,876

As further described in the “Employment Contracts” section of this proxy statement, each of the named executive officers has an employment contract with the Corporation. Mr. Vittorio’s contract has a three year (3) term beginning January 1, 2009, and the other named executive officers have contracts with eighteen (18) month terms beginning January 1, 2009.

The Compensation Committee recognizes that currently paid out compensation, consisting primarily of salary and bonus, comprises the most significant portion of each executive officer’s total compensation. Under the 2007 Incentive Plan, equity awards became a more significant piece of each executive officer’s total compensation. The target annual equity award for each executive officer is equity with a value equal to 40% of base salary and the maximum annual equity award will be equity with a value equal to 60% of base salary.

COMPENSATION PURSUANT TO PLANS

Pension Plan

The Bank is a participant in the New York State Bankers Retirement System Pension Plan and maintains the related SERP described below. For each of the named executive officers, the following table

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sets forth the present value of accumulated benefits under the Pension Plan as of December 31, 2008 and the SERP as of September 30, 2008 and the number of years of credited service through December 31, 2008.

PENSION BENEFITS

Name (a)	Plan Name (b)	Number of Years of Credited Service (#) (c)	Present Value of Accumulated Benefit (1) (\$) (d)
Michael N. Vittorio	a) Tax Qualified Defined Benefit Pension Plan	5.42	\$ 119,946
	b) Supplemental Executive Retirement Plan	5.42	\$ 133,165
Sallyanne K. Ballweg	Tax Qualified Defined Benefit Pension Plan	—	—
Mark D. Curtis	Tax Qualified Defined Benefit Pension Plan	11.00	\$ 282,556
Donald M. Manfredonia	Tax Qualified Defined Benefit Pension Plan	25.08	\$ 751,529
Richard Kick	Tax Qualified Defined Benefit Pension Plan	16.75	\$ 350,574

⁽¹⁾ The significant actuarial assumptions used in determining the present value of the accumulated benefit for each named executive officer under the Pension Plan are set forth in Note K to the Corporation's 2008 consolidated financial statements. With respect to the SERP, a discount rate of 4.27% was used to determine the present value of the accumulated benefit. This discount rate is equivalent to the average yield of the thirty (30) year U.S. Treasury Bond for the month preceding the valuation date and is believed to be a reasonable estimate of the rate implicit in a single life annuity that could be purchased from an insurance company to settle the Corporation's obligation upon retirement under the SERP.

The Pension Plan covers employees who are over the age of 21 years and have been employed for over one year. The normal retirement age is 65 and early retirement with reduced benefits is available at age 55. However, an unreduced benefit is available at age 62 or above to a participant with at least 10 years of vesting service whose employment terminates after age 55 and who begins receiving benefits after attaining age 62. Upon retirement, each participant with a spouse is paid a benefit in the form of a joint and survivor annuity. Participants without a spouse are paid a benefit in the form of a single life annuity guaranteed for sixty (60) months. All participants, whether with or without a spouse, may elect optional forms of benefit payments. For all participants, the annuity benefit is computed by (i) multiplying the participant's Average Compensation by the product of 1.75 percent and the participant's credited years of service (to a maximum of 35 years), (ii) adding 1.25 percent of Average Compensation multiplied by the participant's credited years of service in excess of 35 years (up to five such years), and (iii) subtracting the product of .49 percent of the participant's Final Average Compensation, limited to Covered Compensation, and the participant's Benefit Service up to 35 years. The .49 percent represents the minimum Social Security offset to the pension benefit. Average Compensation, Final Average Compensation, Covered Compensation and Benefit Service are all as defined in the Pension Plan.

The Bank makes annual payments to a trust fund, computed on an actuarial basis, to fund benefits under the Pension Plan. Contributions of \$2,427,063 and \$1,000,000 were made for the plan years ending September 30, 2008 and 2007, respectively. Employees also make contributions of 2 percent of their

compensation. An employee becomes fully vested after 5 years of service with the Bank and 4 years of participation in the Pension Plan (no vesting occurs during that 5-year period) or upon attainment of age 55.

The elements of compensation used to determine benefits paid under both the Pension Plan and SERP include base salary, commissions, bonuses, taxable fringe benefits, reimbursements and expense allowances, but exclude employer contributions to the 401(k) plan, amounts realized from the exercise of nonqualified stock options and amounts realized from the sale, exchange or other disposition of stock. Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended, limit the annual benefits which may be paid from a tax-qualified retirement plan. For SERP participants, any benefits which may be above the limits under these sections would be payable under the SERP.

Messrs. Keeney, Manfredonia, and Vittorio have each attained age 55 and are therefore eligible for early retirement under the Pension Plan. Since Mr. Manfredonia has more than ten (10) years of vesting service, if he were to elect early retirement his accrued pension benefit under the Pension Plan would be reduced by three percent (3%) for each year that he elects to have his pension benefit commence before the attainment of age 62. Since Messrs. Keeney and Vittorio each have less than ten (10) years of vesting service, if they were to elect early retirement their accrued pension benefit under the Pension Plan would be reduced by three percent (3%) for each year that they elect to have their pension benefit commence before the attainment of age 65.

Supplemental Executive Retirement Plan

On August 3, 1995, the Corporation adopted The First National Bank of Long Island Supplemental Executive Retirement Plan. The SERP provides the additional benefits, if any, that would have been provided under the Pension Plan and 401(k) plan in the absence of Internal Revenue Code limitations for qualified plans. The benefits are provided for employees designated by the Compensation Committee of the Board of Directors. Mr. Vittorio is the only participant in the SERP as of December 31, 2008.

Supplemental pension and 401(k) plan contributions, if any, under the SERP are made to a "secular trust" for the benefit of the participant(s). Amounts contributed to the secular trust are not subject to the claims of creditors of the Bank. Accordingly, the contributions are taxable to the participant(s) and deductible by the Bank when made. Supplemental retirement plan contributions for the participant(s) are made in an amount estimated to be sufficient to fund future benefits after withholding taxes on the contribution amount. Trust income is also taxable to the participant(s). The Bank pays the participant(s) an amount that, after taxes on this amount are withheld, will be sufficient for the participant(s) to pay taxes on the trust income.

The following Nonqualified Deferred Compensation Table sets forth information as of and for the year ended December 31, 2008 for Mr. Vittorio with respect to the 401(k) SERP. The other named executive officers are not participants in the SERP. The amount reported in the "Registrant Contributions" and "Aggregate Earnings" columns of the table (columns (b) and (c)) are not included in compensation for the last completed fiscal year in the "Summary Compensation Table" appearing elsewhere in this proxy statement. Except for \$4,380 and \$9,195 reported in the nonqualified deferred compensation tables of the proxy statements dated March 17, 2008 and March 16, 2007, respectively, the amount reported in the "Aggregate Balance" column of the Nonqualified Deferred Compensation Table (column (d)) has been previously reported as compensation for Mr. Vittorio in the Summary Compensation Tables appearing in proxy statements for prior years.

**NONQUALIFIED DEFERRED COMPENSATION
YEAR ENDED DECEMBER 31, 2008**

Name (a)	Registrant Contributions in Last Fiscal Year (\$) (b)	Aggregate Earnings in Last Fiscal Year (\$) (c)	Aggregate Balance at Last Fiscal Year End (\$) (d)
Michael N. Vittorio	\$4,950	\$890	\$24,589

401(k) Plan

The Bank has a 401(k) plan. Employees are eligible to participate provided they are at least 21 years of age and have completed one year of service in which they worked 1,000 hours if full-time or 700 hours if part-time. Participants may elect to contribute, on a tax-deferred basis, up to 25% of gross compensation, as defined, subject to the limitations of Section 401(k) of the Internal Revenue Code. The Bank may, at its sole discretion, make matching contributions to each participant's account based on the amount of the participant's tax deferred contributions. Participants are fully vested in their elective contributions and, after five years of participation in the 401(k) plan, are fully vested (20% vesting per year) in the matching contributions, if any, made by the Bank. Matching contributions were \$291,334, \$279,316, and \$179,000 for 2008, 2007, and 2006, respectively.

Participants in the 401(k) plan will receive benefits generally upon attainment of age 65. However, the 401(k) plan contains provisions allowing pre-termination withdrawals and loans under certain circumstances. The amount of a participant's Normal Retirement Benefit will depend upon the accumulation of contributions and forfeitures and the investment performance of the Plan. The 401(k) matching contributions for 2008 made to the account of each named executive officer is set forth in the "All Other Compensation Table" appearing elsewhere in this proxy statement.

Retirement Plan For Directors

On June 18, 1991, the Board of Directors of the Bank adopted The First National Bank of Long Island Retirement Plan for Directors (the "Retirement Plan"). Effective December 31, 2000, the Retirement Plan was terminated. Upon termination, the benefits earned by directors for services rendered through December 31, 2000 were frozen and the ability of directors to earn additional benefits under the Retirement Plan was discontinued. Upon retirement after attaining the age of sixty (60) years, each of the current directors who was a director prior to 2001 will receive a credit (the "Credit Percentage") of ten percent (10%) multiplied by the number of years of service on the Board through December 31, 2000, to a maximum of one hundred percent (100%). The annual benefit (the "Annual Benefit") under the Retirement Plan is equal to the monthly Board of Directors attendance fee in effect as of December 31, 2000 of \$1,000, multiplied by twelve (12) and then multiplied by the Credit Percentage. The Annual Benefit is payable for a period of seven (7) years from the date of retirement (the "Payment Period"), in quarterly installments. In the event of the death of a director or a retired director, the surviving spouse of such director shall be entitled to receive an annual payment equal to seventy-five percent (75%) of the Annual Benefit, calculated as set forth above, and payable over the remainder of the applicable Payment Period.

Stock Compensation Plans

The Corporation has two share-based compensation plans. The 1996 Stock Option and Appreciation Rights Plan (the "1996 Plan"), which expired on January 15, 2006, permitted the granting of stock options, with or without stock appreciation rights attached, and stand alone stock appreciation rights to employees and non-employee directors for up to 1,080,000 shares of common stock. The number of stock options and stock appreciation rights that could have been granted under the 1996 Plan to any one person in any one fiscal year was limited to 50,000. Each option granted under the 1996 Plan was granted at a price equal to the fair market value of one share of the Corporation's stock on the date of grant. Options granted under the 1996 Plan on or before December 31, 2000 became exercisable in whole or in part commencing six months from the date of grant and ending ten years after the date of grant. Options granted under the 1996 Plan in January 2005 became exercisable in whole or in part commencing ninety days from the date of grant and ending ten years after the date of grant. By the terms of their grant, all other options under the 1996 Plan were granted with a three year vesting period and a ten year expiration date. However, vesting is subject to acceleration in the event of a change in control, retirement, death, disability, and certain other limited circumstances.

The 2006 Stock Compensation Plan (the "2006 Plan") was approved by the Corporation's shareholders on April 18, 2006 as a successor to the 1996 Plan. All capitalized terms in the discussion that follows are defined in the 2006 Plan.

The 2006 Plan is intended to provide a method whereby certain Key Employees and Directors of the Corporation and its Subsidiaries who are largely responsible for the management, growth and protection of the business, may acquire the Corporation's common stock, \$.10 par value (the "Common Stock"), thereby increasing their proprietary interest in the business, providing them with greater incentive for continued employment, and promoting the interests of the Corporation and its stockholders. The Plan is further intended to provide flexibility to the Corporation in its ability to attract, motivate, and retain the services of such Key Employees and Directors.

The maximum number of shares of Common Stock of the Corporation which are subject to Awards under the 2006 Plan is 600,000. No grantee may, during any fiscal year of the Corporation, receive awards under the 2006 Plan which, in the aggregate, exceed 70,000 shares. If any outstanding Award under the 2006 Plan for any reason expires or is terminated, the shares allocable to the unexercised portion of such Award, including Shares of Restricted Stock and Restricted Stock Units which did not vest in the Grantee, may again be made subject to an Award under the Plan.

The 2006 Plan is administered by the Compensation Committee of the Board of Directors. Subject to review by the Board of Directors, the Committee is vested with full authority to interpret the provisions of the 2006 Plan and adopt such rules, regulations and guidelines as it deems necessary or desirable to administer the 2006 Plan. The Corporation may grant to Directors and Key Employees from time to time during the term of the 2006 Plan one or more of the following: Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock and Restricted Stock Units. No consideration will be received by the Corporation or the Bank for the granting of Awards under the 2006 Plan. Each Award granted by the Compensation Committee shall be evidenced by an Award Agreement. Subject to the applicable provisions of the Code, the terms, provisions, and conditions of the Plan, and review by the Corporation's Board of Directors, the Committee shall have exclusive jurisdiction to determine: (i) the individuals to whom Awards shall be granted and the type of each such Award (it being understood that more than one Award may be granted to the same person); (ii) the number of shares subject to each Award; (iii) the date or dates when the Awards will be

granted; (iv) the exercise price of the shares subject to each Option or Stock Appreciation Right; (v) the time periods during which each Option or Stock Appreciation Right may be exercised including, but not limited to the time periods applicable in the event of the death, Retirement or Total and Permanent Disability of a Grantee; (vi) whether or not an Option constitutes an Incentive Stock Option; and (vii) the Period of Restriction applicable to an Award. Generally, the Compensation Committee may also modify, extend, or renew outstanding Options and Stock Appreciation Rights granted under the 2006 Plan or accept the surrender of outstanding Options and Stock Appreciation Rights (to the extent not theretofore exercised) and authorize the granting of new Options and Stock Appreciation Rights in substitution therefor.

Generally, the Board may at any time terminate, amend, modify, or suspend the Plan, provided that, without the approval of the stockholders of the Corporation, no amendment or modification shall be made by the Board which: (a) increases the maximum number of shares as to which Awards may be granted under the Plan; (b) alters the method by which the Option price or Appreciation Right value is determined; (c) extends any Option or Appreciation Right for a period longer than ten (10) years after the date of the grant; (d) materially modifies the requirements as to eligibility for participation in the Plan; or (e) enables the Board to take any action described in clauses (a), (b), (c) or (d) without shareholder approval.

Subject to Section 422 of the Code, the Committee may designate all or a portion of any Option as either an Incentive Stock Option or a Nonqualified Stock Option. Both Options and Stock Appreciation Rights shall have an exercise price that is not less than one hundred per cent of the fair market value of one share of the Corporation's Common Stock on the Grant Date. Each Option or Stock Appreciation Right granted under the 2006 Plan shall terminate on the date determined by the Committee and specified in the Award Agreement. A Grantee or permitted transferee of an Option or Stock Appreciation Right shall have no rights as a stockholder with respect to any Shares covered by such Option or Stock Appreciation Right until the exercise of the Option or, if settled in stock, the Stock Appreciation Right. Generally, Options and Stock Appreciation Rights may be exercised only during the continuance of the Grantee's employment or service as a Director. A Grantee may pay the exercise price of an Option either in cash or common stock of the Corporation or any combination thereof. Stock Appreciation Rights may be settled in cash or stock of the Corporation as determined by the Committee and set forth in the applicable Award Agreement. A Grantee may generally elect to exercise Options or Stock Appreciation Rights in any order without regard to the dates on which such options or stock appreciation rights were granted. The amount to which a Grantee shall be entitled upon the exercise of each Stock Appreciation Right granted pursuant to the Plan shall be equal to one hundred per cent (100%) of the amount, if any, by which the fair market value of a Share of Common Stock on the exercise date exceeds the fair market value of a Share of Common Stock on the Grant Date. Stock Appreciation Rights may not be exercised during any period in which trading in the Common Stock is prohibited by the terms of the insider trading policy of the Corporation, as set forth in its Code of Conduct, as the same may be amended from time to time. The ability, if any, to exercise Options or Stock Appreciation Rights after death, total and permanent disability, retirement, termination or resignation and the accelerated vesting, if any, of Awards upon the occurrence of any such event shall be governed by rules adopted by the Compensation Committee. No Award granted under the Plan shall be assignable or transferable by the Grantee other than by will or the laws of descent and distribution and during the lifetime of a Grantee the Award shall inure to the benefit of and be exercisable only by such Grantee.

In addition to awards of Options and Stock Appreciation Rights, the Compensation Committee may also grant Shares of Restricted Stock and Restricted Stock Units. An award of Restricted Stock Units shall be similar to an award of Restricted Stock, except that no Shares shall actually be awarded to a Grantee of Restricted Stock Units on the Grant Date. Generally, shares of Restricted Stock shall become freely

transferable by the Grantee after all conditions and restrictions applicable to such shares, as set forth in the applicable Award Agreement, shall have been satisfied or lapsed, and Restricted Stock Units shall be paid in cash, Shares, or a combination of cash and Shares as determined by the Committee and set forth in the Award Agreement. To the extent permitted by law, a Grantee holding shares of Restricted Stock shall have the right to exercise full voting rights with respect to such Shares during the applicable Period of Restriction. Grantees of Restricted Stock Units shall have no voting rights with respect thereto. During the Period of Restriction, a Grantee holding Shares of Restricted Stock or Restricted Stock Units will, if required by law or determined by the Compensation Committee, be credited with dividends paid with respect to Restricted Stock or dividend equivalents with respect to Restricted Stock Units while they are so held, in a manner determined by the Compensation Committee and set forth in the applicable Award Agreement. Subject to applicable law, the Compensation Committee may apply any restrictions to the dividends or dividend equivalents that the Committee deems appropriate.

Under present federal tax laws, the grant of an Incentive Stock Option, a Nonqualified Stock Option or a Stock Appreciation Right will create no tax consequences for either the optionee or the Corporation. Upon exercise of an Incentive Stock Option, there will be no taxable income to the optionee (except that the alternative minimum tax may apply), and the Corporation will receive no deduction when an Incentive Stock Option is exercised. Upon the disqualification of an Incentive Stock Option, or the exercise of a Nonqualified Stock Option or Stock Appreciation Right the optionee recognizes ordinary income to the extent the fair market value of the Common Stock on the date of exercise exceeds the exercise price. For awards of Restricted Stock or Restricted Stock Units, unless vested or, in the case of Restricted Stock, the participant elects to be taxed at the time of grant, the participant will not have taxable income upon grant, but upon vesting will recognize ordinary income equal to the fair market value of the Restricted Stock or the Restricted Stock Units at the time of vesting less the amount paid, if any, for such stock or units. Generally the Corpo