

Childers Kim M  
Form 4  
December 19, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

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

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Childers Kim M

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
3475 PIEDMONT ROAD, NE,  
SUITE 550

3. Date of Earliest Transaction  
(Month/Day/Year)  
12/08/2006

\_\_\_\_ Director  
 Officer (give title below)  
\_\_\_\_ 10% Owner  
\_\_\_\_ Other (specify below)  
Exc VP & Chief Credit Officer

(Street)

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

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

ATLANTA, GA 30305

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  |                                | (A) or (D) Price  |   |  |                                   |
| Common Stock                    | 12/08/2006                           |  | D                              | 142,254   | D 0   | D  |                                   |
| Common Stock                    | 12/08/2006                           |  | D                              | 200   | D 0   | I  | By Spouse                         |

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

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

SEC 1474  
(9-02)

Edgar Filing: Childers Kim M - Form 4

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Stock Option (right to buy)                | \$ 12.9  | 12/08/2006                           |  | D                              | 4,000   | <u>(2)</u> 02/04/2014                                    | Common Stock  | 4,000                         |
| Stock Option (right to buy)                | \$ 14.93   | 12/08/2006                           |  | D                              | 5,000   | <u>(3)</u> 01/12/2008                                    | Common Stock  | 5,000                         |
| Stock Option (right to buy)                | \$ 16.36   | 12/08/2006                           |  | D                              | 15,182  | <u>(4)</u> 12/28/2015                                    | Common Stock  | 15,182                        |
| Stock Option (right to buy)                | \$ 16.36   | 12/08/2006                           |  | D                              | 4,818   | <u>(5)</u> 12/28/2015                                    | Common Stock  | 4,818                         |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                                     |       |
|--|---------------|-----------|-------------------------------------|-------|
|  | Director      | 10% Owner | Officer                             | Other |
| Childers Kim M<br>3475 PIEDMONT ROAD, NE, SUITE 550<br>ATLANTA, GA 30305 |               |           | Exc VP &<br>Chief Credit<br>Officer |       |

## Signatures

/s/ Kim M.  
Childers

12/19/2006

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Disposed of pursuant to a merger agreement between issuer and RBC Centura Banks, Inc. in exchange for cash in the amount of \$25.50 per share.
- (2) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$50,400, representing the difference between the exercise price of the option and \$25.50.
- (3) This option, which provides for vesting in three years from the grant date, was canceled in the merger in exchange for a cash payment of \$52,850, representing the difference between the exercise price of the option and \$25.50.
- (4) This option, which provides for vesting in three equal annual increments beginning December 28, 2006, was canceled in the merger in exchange for a cash payment of \$138,763, representing the difference between the exercise price of the option and \$25.50.
- (5) This option, which was fully vested on the grant date, was canceled in the merger in exchange for a cash payment of \$44,036, representing the difference between the exercise price of the option and \$25.50.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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