



FORM 8-K

ALLIANCE FINANCIAL CORP /NY/ - ALNC

Filed: December 10, 2008 (period: December 09, 2008)

Report of unscheduled material events or corporate changes.

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): December 9, 2008

ALLIANCE FINANCIAL CORPORATION

(Exact name of Registrant as specified in its charter)

New York
(State or other jurisdiction
of incorporation)

000-15366
(Commission File Number)

16-1276885
(I.R.S. Employer
Identification No.)

120 Madison Street, Syracuse, New York
(Address of principal executive offices)

13202
(Zip Code)

(315) 475-4478
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01 OTHER EVENTS

Alliance Financial Corporation (the "Company") (NASDAQ: ALNC), the holding company for Alliance Bank, N.A., announced that it received preliminary approval from the U.S. Department of the Treasury ("UST") to participate in its Capital Purchase Program. A copy of the press release is filed as Exhibit 99.1 to this report.

With approximately \$1.3 billion in assets, Alliance Financial Corporation is an independent financial holding company with Alliance Bank, N.A. as its principal subsidiary that provides retail and commercial banking, and trust and investment services through 29 offices in Cortland, Madison, Oneida, Onondaga and Oswego counties. Alliance also operates an investment management administration center in Buffalo, N.Y., an equipment lease financing company, Alliance Leasing, Inc., and a multi-line insurance agency, Ladd's Agency, Inc.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

- (a) Not applicable
- (b) Not applicable
- (c) Not applicable
- (d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Alliance Financial Corporation dated December 9, 2008

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ALLIANCE FINANCIAL CORPORATION

Date: December 10, 2008

By: /s/ J. Daniel Mohr
J. Daniel Mohr
Treasurer and CFO

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Alliance Financial Corporation dated December 9, 2008

NEWS RELEASE

FOR IMMEDIATE RELEASE

Alliance Financial Announces Preliminary Approval to Participate in CPP

Syracuse, NY, December 9, 2008 - Alliance Financial Corporation (Nasdaq:[ALNC](#)) (“Alliance”) announced today that it received preliminary approval from the U.S. Department of the Treasury (“UST”) to participate in its Capital Purchase Program. As a participant in the program, Alliance could issue up to \$26.9 million in senior preferred stock and related warrants to the UST. Receipt of the funding is subject to Alliance’s acceptance of the terms of the agreements and a formal closing.

Jack H. Webb, President and Chief Executive Officer of Alliance, said, “The preliminary approval to participate in this voluntary program, which is designed to stimulate lending and strengthen the country’s financial system, further affirms Alliance’s financial strength and our successful business model. This additional capital would bolster our already strong capital levels, enhancing our flexibility to expand prudent lending in Central New York and pursue strategic opportunities as they arise.”

The preferred stock would have a 5% dividend rate for five years and 9% thereafter if not sooner redeemed. In addition, the preferred stock would carry warrants to purchase shares of Alliance common stock; the warrants would expire in 10 years. Additional details of the CPP securities are available at the UST’s website: www.treasury.gov/initiatives/eesa

Alliance’s total risk-based capital ratio of 11.71% at September 30, 2008 is well above regulatory requirements for a well-capitalized financial institution. The addition of the new capital would raise Alliance’s total risk-based capital ratio to over 14.0%.

Alliance Financial Corporation is an independent financial holding company with Alliance Bank, N.A. as its principal subsidiary providing retail and commercial banking, and trust and investment services through 29 offices in Cortland, Madison, Oneida, Onondaga and Oswego counties. Alliance also operates an investment management administration center in Buffalo, N.Y., an equipment lease financing company, Alliance Leasing, Inc., and a multi-line insurance agency, Ladd’s Agency, Inc.

Contact: Alliance Financial Corporation
J. Daniel Mohr, Treasurer and CFO (315) 475-4478

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