

Section 1 - Registrant's Business and Operations

Item 1.01 Entry into a Material Definitive Agreement

On April 27, 2007, Summit Financial Group, Inc. ("Summit"), entered into an Agreement and Plan of Reorganization (the "Agreement") with Kelly Insurance Agency, Inc. and Kelly Property and Casualty Inc. (collectively, the "Kelly Agencies") headquartered in Leesburg, Virginia.

Under the terms of the Agreement, Summit will pay \$6.2 million for the outstanding common stock of the Kelly Agencies, subject to adjustment based on the Kelly Agencies' working capital as of the closing date. If, at closing, the Kelly Agencies' working capital, determined in accordance with the terms of the Agreement, is less than \$135,000, then the deal's aggregate consideration will be decreased dollar-for-dollar. If the Kelly Agencies' working capital at closing exceeds \$135,000, then the deal's aggregate consideration will be increased dollar-for-dollar.

The final transaction consideration will be paid 100% in the form of Summit common stock. The exchange ratio for determining the number of shares of Summit common stock to be issued for each share of Kelly Agencies' common stock will be based on the average closing price of Summit's common stock for the five trading days before the closing date of the transaction ("Summit's Average Closing Stock Price"). The Kelly Insurance Agencies' shareholders will receive shares of Summit's common stock based on an exchange ratio equal to the final per share transaction consideration divided by Summit's Average Closing Stock Price.

Consummation of the Agreement is subject to approval of the shareholders of the Kelly Agencies and the receipt of all required regulatory approvals, as well as other customary conditions. The Agreement is attached hereto as Exhibit 2.1, which is incorporated herein by reference.

Item 8.01 Other Events

On April 27, 2007, Summit issued a press release announcing the acquisition of the Kelly Agencies. A copy of the press release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

On April 27, 2007, Summit Financial Group, Inc.'s ("Summit") Board of Directors declared the first half 2007 dividend. As a result, Summit issued on April 30, 2007 a News Release announcing the dividend. This News Release is furnished as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

2.1	Agreement and Plan of Reorganization dated as of April 27, 2007, by and among Summit Financial Group, Inc. and Kelly Insurance Agency, Inc. and Kelly Property and Casualty, Inc.
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- 99.1 Press Release, dated April 27, 2007,
issued by Summit Financial Group,
Inc.
- 99.2 Press Release, dated April 30, 2007,
issued by Summit Financial Group,
Inc.

SIGNATURES

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

SUMMIT FINANCIAL GROUP, INC.

Date: April 30, 2007

By: /s/ Julie R. Cook

Julie R. Cook
Vice President &
Chief Accounting Officer