

TRUSTCO BANK CORP N Y
Form DEF 14A
March 26, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

TrustCo Bank Corp NY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- (1) Amount Previously Paid: N/A
- (2) Form, Schedule or Registration Statement No.: N/A
- (3) Filing Party: N/A
- (4) Date Filed: N/A



5 Sarnowski Drive, Glenville, New York 12302

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Shareholders of TrustCo Bank Corp NY:

Notice is hereby given that the Annual Meeting of Shareholders of TrustCo Bank Corp NY, a New York corporation, will be held at Mallozzi's Restaurant and Banquet House, 1930 Curry Road, Rotterdam, New York 12303, on May 20, 2010, at 4:00 pm local time, for the purpose of considering and voting upon the following matters:

1. Election of directors.
2. Ratification of the appointment of Crowe Horwath LLP as TrustCo's independent auditors for 2010.
3. Any other business that properly may be brought before the meeting or any adjournment thereof.

By Order of the Board of Directors,

/s/ Robert M. Leonard

Robert M. Leonard
Secretary

March 24, 2010

YOUR VOTE IS IMPORTANT
TO US

EVEN IF YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN AND RETURN THE ENCLOSED CARD AS PROMPTLY AS POSSIBLE. YOU MAY ALSO VOTE USING THE INTERNET OR TELEPHONE. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO THE EXERCISE OF THE PROXY.

Important Notice Regarding the Internet Availability of Proxy Materials for the Shareholder Meeting to be Held on
May 20, 2010:

This Notice, the Proxy Statement attached to this Notice and our Annual Report to shareholders for the year ended December 31, 2009 are available free of charge at www.trustcobank.com/proxy.

TRUSTCO BANK CORP NY

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
May 20, 2010

This proxy statement is furnished in connection with the solicitation by the board of directors of TrustCo Bank Corp NY (also referred to as “TrustCo” or the “Company”) of proxies to be voted at TrustCo’s Annual Meeting of Shareholders. The Annual Meeting will be held at 4:00 pm local time on Thursday, May 20, 2010, at Mallozzi’s Restaurant and Banquet House, 1930 Curry Road, Rotterdam, New York 12303. This proxy statement and the form of proxy were first mailed to shareholders on or about March 24, 2010.

The record date for the Annual Meeting is March 22, 2010. Only shareholders of record at the close of business on March 22, 2010 are entitled to notice of and to vote at the Annual Meeting. Shareholders of record on that date are entitled to one vote for each share of TrustCo common stock they hold. Each share of TrustCo’s common stock has one vote, and, as of March 1, 2010, there were 76,761,238 shares of common stock outstanding.

The Annual Meeting will be held if a majority of the outstanding shares of TrustCo’s common stock, constituting a quorum, is represented at the meeting. If shareholders return a properly executed proxy card, their shares will be counted for purposes of determining a quorum at the meeting, even if they abstain from voting. Abstentions and broker non-votes count as shares present at the Annual Meeting for purposes of determining a quorum. If a shareholder owns shares through a bank or broker in street name, the shareholder may instruct his or her bank or broker how to vote the shares. A “broker non-vote” occurs when a shareholder who owns shares through a bank or broker fails to provide the bank or broker with voting instructions and either the bank or broker does not have the discretionary authority to vote the shares on a particular proposal or the bank or broker otherwise fails to vote the shares. Under the rules of the New York Stock Exchange, also adopted by NASDAQ, brokers do not have discretionary authority to vote shares on proposals that are not “routine.”

Proposal 1 (Election of Directors) would not be considered a routine matter under the current New York Stock Exchange rules, so banks or brokers do not have discretionary authority to vote shares held in street name on that item. If a shareholder wishes for his or her shares to be voted in the election of directors, the shareholder must provide his or her broker with voting instructions. Proposal 2 (ratification of the appointment of Crowe Horwath LLP as TrustCo’s independent auditors) is considered a routine matter, so a bank or broker will have discretionary authority to vote shares held in street name on that item.

All shares of TrustCo’s common stock represented at the Annual Meeting by properly executed proxies will be voted according to the instructions indicated on the proxy card. If shareholders return a signed proxy card but fail to instruct how the shares registered in their names must be voted, the shares will be voted as recommended by TrustCo’s board of directors. The board of directors recommends that shareholders vote:

- “For” each of the nominees for director, and
- “For” ratification of the appointment of Crowe Horwath LLP as TrustCo’s independent auditors.

If any matter not described in this proxy statement is properly presented at the Annual Meeting, the persons named in the proxy card will use their judgment to determine how to vote the shares for which they have voting authority. TrustCo does not know of any other matters to be presented at the Annual Meeting.

Any shareholder executing a proxy solicited under this proxy statement has the power to revoke it by giving written notice to the Secretary of TrustCo at its main office address at any time prior to the exercise of the proxy.

TrustCo will solicit proxies primarily by mail, although proxies also may be solicited by directors, officers, and employees of TrustCo or our wholly owned subsidiary, Trustco Bank. These persons may solicit proxies personally or by telephone, and they will receive no additional compensation for such services. TrustCo also has retained Regan & Associates, Inc. to aid in the solicitation of proxies for a solicitation fee of \$7,750 plus expenses and a delivery fee of \$2,250. The entire cost of this solicitation will be paid by TrustCo.

THE ANNUAL MEETING

A description of the items to be considered at the Annual Meeting, as well as other information concerning TrustCo and the meeting, is set forth below.

Item 1. Election of Directors

The first item to be acted upon at the Annual Meeting is the election of three directors to serve on the TrustCo board of directors. The nominees for election as directors for three-year terms expiring at TrustCo’s 2013 Annual Meeting are Dennis A. DeGennaro, Joseph A. Lucarelli and Robert A. McCormick. Each of the nominees is an incumbent director and was approved by TrustCo’s board of directors.

TrustCo’s Certificate of Incorporation provides that TrustCo’s board of directors will consist of not less than five nor more than fifteen members, with, under TrustCo’s Bylaws, the total number of directors to be fixed by resolution of the board or the shareholders. Currently, the number of directors is fixed at eight.

TrustCo’s Certificate of Incorporation and Bylaws require TrustCo’s board to be divided into three classes, as nearly equal in number as possible, with one class to be elected each year for a term of three years.

The pages that follow set forth information regarding TrustCo’s nominees, as well as information regarding the remaining members of TrustCo’s board. Proxies will be voted in accordance with the specific instructions contained in the proxy card; properly executed proxies that do not contain voting instructions will be voted “For” the election of TrustCo’s nominees. If any such nominee becomes unavailable to serve, the shares represented by all valid proxies will be voted for the election of such other person as TrustCo’s board may recommend. Each of TrustCo’s nominees has consented to being named in this proxy statement and to serve if elected. The board of directors has no reason to believe that any nominee will decline or be unable to serve if elected.

Information with regard to the business experience of each director and nominee and the ownership of common stock on December 31, 2009 has been furnished by each director and nominee or has been obtained from TrustCo's records. TrustCo's common stock is the only class of its equity securities outstanding.

INFORMATION ON TRUSTCO DIRECTORS AND NOMINEES
 NOMINEES FOR ELECTION AS TRUSTCO DIRECTORS(1) FOR
 THREE-YEAR TERM TO EXPIRE IN 2013

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Dennis A. DeGennaro, Age 65, President and Chief Executive Officer, Camelot Associates, Corp. (commercial and residential home builder and developer). Director of TrustCo and Trustco Bank since 2009. Mr. DeGennaro is highly knowledgeable about commercial and residential real estate in the Capitol Region of New York and contributes his organization skills and experience from operating a successful business enterprise.	52,754	*
Joseph A. Lucarelli, Age 69, President, Traditional Builders (residential home builder and developer). Former President, Bellevue Builders Supply, Inc. Director of TrustCo and Trustco Bank since 1999. Mr. Lucarelli is highly knowledgeable about commercial and residential real estate in the Capitol Region of New York and contributes his organization skills and experience from operating a successful business enterprise.	190,713	*

See footnotes on page 6.

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Robert A. McCormick, Age 73, Chairman of TrustCo and Trustco Bank 2001-2008. President & Chief Executive Officer of TrustCo & Trustco Bank 1984-2002. Director of TrustCo and Trustco Bank since 1980. Mr. McCormick retired as an executive officer of TrustCo and Trustco Bank as of November 1, 2002. Mr. McCormick has been associated with TrustCo for more than 25 years and has vast experience with all aspects of its operations. Robert A. McCormick is the father of Robert J. McCormick.	2,306,319	3.02

OTHER TRUSTCO DIRECTORS(1)

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Thomas O. Maggs, Age 65, President, Maggs & Associates, The Business Insurance Brokers, Inc. (insurance broker). Director of TrustCo and Trustco Bank since 2005. Mr. Maggs contributes his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	15,740	*
Anthony J. Marinello, M.D., Ph.D., Age 54, Physician. Director of TrustCo and Trustco Bank since 1999. Dr. Marinello contributes his experience as an entrepreneur operating a successful medical practice and his skills for developing and evaluating business strategies.	63,211	*

See footnotes on page 6.

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Robert J. McCormick, Age 46, Chairman since January 1, 2009, President and Chief Executive Officer of TrustCo since January 2004, executive officer of TrustCo since 2001 and President and Chief Executive Officer of Trustco Bank since November 2002. Director of TrustCo and Trustco Bank since 2005. Joined Trustco Bank in 1995. Mr. McCormick contributes his skills and knowledge obtained from being the chief executive officer of the Company and Trustco Bank. Robert J. McCormick is the son of Robert A. McCormick.	1,267,472	1.66
William D. Powers, Age 68, Partner, Powers & Company, LLC (consultants). Director of TrustCo and Trustco Bank since 1995. Mr. Powers contributes his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	157,151	*
William J. Purdy, Age 75, President, Welbourne & Purdy Realty, Inc. Director of TrustCo and Trustco Bank since 1991. Mr. Purdy contributes his knowledge regarding commercial and residential real estate in the Capitol Region of New York, his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	65,042	*

INFORMATION ON TRUSTCO EXECUTIVE OFFICERS

Name and Principal Occupation	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Robert T. Cushing, Age 54, Executive Vice President and Chief Financial Officer of TrustCo since January 2004, President, Chief Executive Officer and Chief Financial Officer of TrustCo from November 2002-December 2003. Executive officer of TrustCo and Trustco Bank since 1994. Joined TrustCo and Trustco Bank in 1994.	740,833	*

See footnotes on page 6.

Name and Principal Occupation	Shares of TrustCo Common Stock Beneficially Owned	
	No. of Shares (3)	Percent of Class
Scot R. Salvador, Age 43, Executive Vice President and Chief Banking Officer of TrustCo and Trustco Bank since January 2004. Executive officer of TrustCo and Trustco Bank since 2004. Joined Trustco Bank in 1995.	428,338	*
Robert M. Leonard, Age 47, Secretary of TrustCo and Trustco Bank 2003-2006 and 2009. Assistant Secretary of TrustCo and Trustco Bank 2006-2009. Administrative Vice President of TrustCo and Trustco Bank since 2004. Executive officer of TrustCo and Trustco Bank since 2003. Joined Trustco Bank in 1986.	89,402	*
Sharon J. Parvis, Age 59, Assistant Secretary of TrustCo and Trustco Bank since 2005, Vice President of Trustco Bank since 1996. Executive officer of TrustCo and Trustco Bank since 2005. Joined Trustco Bank in 1987.	47,775	*
Thomas M. Poitras, Age 47, Assistant Secretary of TrustCo and Trustco Bank 2003-2006 and 2009. Secretary of TrustCo and Trustco Bank 2006-2009, Vice President of Trustco Bank since 2001. Executive officer of TrustCo and Trustco Bank since 2005. Joined Trustco Bank in 1986.	73,522	*

*Less than 1%

TRUSTCO DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS AS A GROUP (13 INDIVIDUALS) BENEFICIALLY OWN 5,498,272 SHARES OF COMMON STOCK, WHICH REPRESENTS 6.95% OF THE OUTSTANDING SHARES.

Footnotes:

- (1) Directors of TrustCo Bank Corp NY are also directors of Trustco Bank.
- (2) Each of the directors has held, or retired from, the same position or another executive position with the same employer during the past five years.
- (3) Each director and executive officer named herein has sole voting and investment power with respect to the shares listed above except as noted below. Voting or investment power is shared by the spouse or other immediate family members with respect to the number of shares indicated for the following directors or executive officers: Dr. Anthony J. Marinello, 29,075 shares; William D. Powers, 149,151 shares; Robert J. McCormick, 146,726 shares; and Robert M. Leonard, 11,870 shares. Voting or investment power is held by the spouse or other immediate family members with respect to the number of shares indicated for the following directors or executive officers, each of whom disclaims beneficial ownership of such securities: Robert T. Cushing, 485,832 shares; Joseph A. Lucarelli, 23,805 shares; Dr. Anthony J. Marinello, 14,896 shares; Robert A. McCormick, 68,994 shares; Robert J. McCormick, 6,440 shares; Robert M. Leonard, 3,308 shares; and Thomas M. Poitras, 1,839 shares. Included for Robert J. McCormick are 130,078 shares in trust at Trustco Bank for which Robert J. McCormick is co-trustee, and 95,443 shares that are held by Trustco Bank as a co-trustee of trusts for the benefit of Robert J. McCormick or his

family. The number of shares owned by each of the directors and executive officers includes options to acquire the following number of shares: Robert T. Cushing, 255,000 shares; Robert M. Leonard, 50,500 shares; Joseph A. Lucarelli, 16,040 shares; Thomas O. Maggs, 4,000 shares; Dr. Anthony J. Marinello, 16,040 shares; Robert A. McCormick, 797,000 shares; Robert J. McCormick, 610,000 shares; William D. Powers, 8,000 shares; William J. Purdy, 16,040 shares; Scot R. Salvador, 375,000 shares; Sharon J. Parvis, 42,870 shares; and Thomas M. Poitras, 44,500 shares.

Board Meetings and Committees

TrustCo's full board held nine meetings during 2009. All of the directors, except for Robert A. McCormick and Robert J. McCormick, would be considered to be "independent directors" under the listing qualifications rules for companies such as TrustCo, whose shares are traded on The NASDAQ Stock Market. TrustCo's independent directors met in executive session twice during 2009.

TrustCo maintains a Nominating and Corporate Governance Committee, an Audit Committee and a Compensation Committee. The charters of each of the committees may be found on TrustCo's website (www.trustcobank.com) under the "Investors Relations" tab.

The Nominating and Corporate Governance Committee held three meetings in 2009. The directors currently serving on the Nominating and Corporate Governance Committee are Joseph A. Lucarelli (Chairman), Dennis A. DeGennaro, Thomas O. Maggs, Dr. Anthony J. Marinello, William D. Powers, and William J. Purdy. The function of the Nominating and Corporate Governance Committee is to assist the board by recommending and reviewing individuals for consideration as directors and develop and annually review governance guidelines applicable to the Company.

TrustCo's Audit Committee held five meetings in 2009. The directors currently serving on the Audit Committee are William D. Powers (Chairman), Dennis A. DeGennaro, Joseph A. Lucarelli, Dr. Anthony J. Marinello, Thomas O. Maggs, and William J. Purdy. The function of the Audit Committee includes the review of TrustCo's and Trustco Bank's internal audit procedures and also the review of the adequacy of internal accounting controls for TrustCo and Trustco Bank. In addition, the Audit Committee annually recommends the use of external audit firms by TrustCo and Trustco Bank in the coming year, after reviewing performance of the existing vendors and available audit resources. Please refer to the discussion under "Audit Committee" for a more detailed description of the Audit Committee's activities.

TrustCo's Compensation Committee held three meetings in 2009. The directors currently serving on the Compensation Committee are Joseph A. Lucarelli (Chairman), Dennis A. DeGennaro, Thomas O. Maggs, Dr. Anthony J. Marinello, William D. Powers, and William J. Purdy. The function of the Compensation Committee is to determine the total compensation of the chief executive officer and to review general compensation practices of TrustCo and Trustco Bank including the executive officers. Please refer to the discussion under "Compensation Committee" for a more detailed description of the Compensation Committee's activities.

TrustCo provides an informal process for shareholders to send communications to the board. Shareholders who wish to contact the board or any of its members may do so in writing to TrustCo Bank Corp NY, Attention: Corporate Secretary, P.O. Box 1082, Schenectady, New York 12301-1082.

Although TrustCo does not have a policy with regard to board members' attendance at the Annual Meeting of Shareholders, all of the directors are encouraged to attend such meetings, and all of the directors attended the 2009 Annual Meeting.

Director Nominations

Each of the nominees slated for election at the Annual Meeting was considered and selected by the Nominating and Corporate Governance Committee and unanimously approved by TrustCo's independent directors. The committee has determined that all of TrustCo's directors, except for Robert A. McCormick and Robert J. McCormick, are independent under the NASDAQ Stock Market's listing qualifications rules.

The Nominating and Corporate Governance Committee is appointed by the board of directors in part to review and identify individuals qualified to become board members and to recommend to the board the director nominees for the Annual Meeting of Shareholders.

As a general matter, the board believes that a candidate for board membership should have high personal and professional ethics, integrity, and values; an inquiring and independent mind, practical wisdom, and mature judgment; broad policy-making experience in business, government, or community organizations; expertise useful to TrustCo and complementary to the background and experience of other board members; willingness to devote the time necessary to carrying out the duties and responsibilities of board membership; commitment to serve on the board over a period of several years to develop knowledge about TrustCo, its strategy, and its principal operations; and willingness to represent the best interests of all of TrustCo's constituencies. Although neither the committee nor the full board of directors has a formal policy with respect to diversity, the committee and the board have a general objective of having a board that encompasses a broad range of talents and expertise and reflects a diversity of background, experience, and viewpoints.

After a potential candidate is identified, the committee will investigate and assess the qualifications, experience, and skills of the candidate. The investigation process may, but need not, include one or more meetings with the candidate by a member or members of the committee. From time to time, but at least once each year, the committee meets to evaluate the needs of the board and to discuss the candidates for nomination to the board. Such candidates may be presented to the shareholders for election or appointed to fill vacancies. All nominees must be approved by the committee and by a majority of the members of the board who are independent as defined in the NASDAQ Stock Market rules.

The committee will consider written recommendations by shareholders for nominees for election to the board. The persons identified in such recommendations will be evaluated under the same criteria and procedures used for other board candidates. Under TrustCo's Bylaws, written nominations of persons for election to the board of directors must be delivered or mailed to the board not less than 14 and not more than 50 days prior to any meeting of shareholders called for the purpose of the election of directors, or not later than 7 days prior to the meeting if less than 21 days' notice of the meeting is provided.

Compensation Committee

The Compensation Committee is responsible for determining the compensation of the chief executive officer and reviewing the compensation of TrustCo's and Trustco Bank's executive officers. Under the supervision and direction of the Compensation Committee, TrustCo and Trustco Bank have developed compensation policies, plans, and programs that seek to enhance the profitability of TrustCo and Trustco Bank, and ultimately enhance shareholder value, by aligning closely the financial interests of TrustCo's senior management with those of its shareholders.

Compensation Committee Report. The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with the management of TrustCo and Trustco Bank. Based on this review and discussion, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

COMPENSATION COMMITTEE:

Joseph A. Lucarelli, Chairman

Dennis A. DeGennaro

Dr. Anthony J. Marinello

Thomas O. Maggs

William D. Powers

William J. Purdy

Audit Committee

The Audit Committee of TrustCo's board is responsible for providing independent, objective oversight of TrustCo's accounting functions, internal controls, and financial reporting process. The Audit Committee is composed of six directors, each of whom is independent under listing standards of The NASDAQ Stock Market, and each member of the Audit Committee satisfies the "financial sophistication" requirement also set forth in those listing standards. In addition, to assist in the performance of its duties, the Audit Committee retained Marvin and Company, PC, an independent accounting firm, as a consultant to the committee.

The Audit Committee operates under a written charter approved by the board of directors. Each year, the Audit Committee reviews the adequacy of the charter and recommends any changes or revisions that the committee considers necessary or appropriate.

The following table presents fees for professional audit services rendered by Crowe Horwath LLP ("Crowe Horwath"), TrustCo's independent accounting firm for 2009 and KPMG LLP ("KPMG"), TrustCo's former independent accounting firm. The services included audits of TrustCo's annual consolidated financial statements for the years ended December 31, 2009 and 2008 and the effectiveness of internal controls over financial reporting, and fees billed for other services provided by Crowe Horwath and KPMG during those years.

	2009	2008
Audit fees	\$ 313,500	\$ 384,500
Audit related fees(1)	94,000	0
Tax fees(2)	0	195,655
All other fees(3)	0	111,595
Total fees	\$ 407,500	\$ 691,750

(1)For 2009, audit related fees consisted of audits of prior year financial statements (2008 and 2007).

(2)For 2008, tax fees consisted of tax return preparation services, tax advice and tax planning services, such as assistance with tax audits.

(3)For 2008, all other fees consisted of reviewing SEC matters and accounting research.

In 2008, KPMG provided both audit and tax related services, and the fees paid to KPMG for these services are reflected in the above chart. For 2009, Crowe Horwath provided audit related services, and KPMG provided tax related services. As such, for 2009, the above chart only reflects the fees paid to Crowe Horwath as the Company's principal accountant.

The KPMG opinion on the 2008 and 2007 consolidated financial statements is not included in the Company's 2009 Annual Report on Form 10-K because Crowe Horwath's opinion included in that report covers the prior periods as part of their 2009 engagement.

It is the Audit Committee's policy to preapprove all audit and nonaudit services provided by the Company's independent accountants. In certain circumstances, the Audit Committee's policies and procedures provide the committee's chairman with the authority to preapprove services from the Company's independent accountants, which such approval is then reviewed and approved at the next Audit Committee meeting. Accordingly, all of the services described above were approved by the Audit Committee.

Audit Committee Report. The Audit Committee's responsibility is to monitor and oversee TrustCo's financial reporting and audit processes and to otherwise conduct its activities as provided for in its charter. Management is responsible for TrustCo's internal controls and financial reporting process. TrustCo's independent accountant for 2009, Crowe Horwath, was responsible for performing an independent audit of TrustCo's consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and issuing a report thereon. TrustCo's Internal Audit Department is responsible for monitoring compliance with internal policies and procedures. In performing its oversight, the Audit Committee reviews the performance of Crowe Horwath and TrustCo's internal auditors.

In connection with these responsibilities, the Audit Committee met with management and Crowe Horwath to review and discuss TrustCo's December 31, 2009 and 2008 consolidated financial statements. The Audit Committee also discussed with Crowe Horwath the matters required to be communicated to audit committees in accordance with professional standards and received the written disclosures and a letter from Crowe Horwath required by relevant regulatory and professional standards regarding auditor communications with audit committees concerning independence.

The Audit Committee discussed Crowe Horwath's independence with Crowe Horwath and has considered whether the nonaudit services provided by Crowe Horwath during the fiscal year ended December 31, 2009 were compatible with maintaining Crowe Horwath's independence. The committee has concluded since no nonaudit services were provided there is no impairment of the independence of Crowe Horwath.

Based upon the Audit Committee's discussions with management and the independent accountants, and its review of the information described in the preceding paragraphs, the Audit Committee has recommended that the board of directors include the audited consolidated financial statements in TrustCo's Annual Report on Form 10-K for the year ended December 31, 2009, to be filed with the Securities and Exchange Commission.

AUDIT COMMITTEE:

William D. Powers, Chairman

Dennis A. DeGennaro

Joseph A. Lucarelli

Dr. Anthony J. Marinello

Thomas O. Maggs

William J. Purdy

Board Leadership Structure and Role in Risk Oversight

Currently, TrustCo's chief executive officer also serves as chairman of the board of directors. The Audit, Nominating and Corporate Governance, and Compensation Committees are chaired by independent directors. The board of directors believes that in utilizing this structure it is more effective and efficient to combine the roles of chairman and chief executive officer. Only one member of management serves on TrustCo's board of directors.

The board manages its role in risk oversight in several ways. The Audit Committee, whose members are independent, meets each quarter with the internal auditor and the Company's independent auditor to review all financial and public disclosures. The Compensation Committee has reviewed the Company's compensation policies and procedures and has concluded that the policies are not reasonably likely to have a material adverse affect on the Company.

The entire board reviews and approves, on an annual basis, all significant policies that address risk, including credit risk, interest rate risk, liquidity risk, and compliance risk. The board also monitors risk through reports received on a periodic basis. Annually, the board approves the Company's contingency plan as well as its insurance program.

Vote Required and Recommendation

The three nominees for election to the TrustCo board for three-year terms expiring at the 2013 Annual Meeting of Shareholders who receive the greatest number of votes will be elected to the board. Each nominee must, however, receive the affirmative vote of a majority of the outstanding shares of TrustCo common stock in order to be elected a director.

THE TRUSTCO BOARD RECOMMENDS A VOTE FOR THE ELECTION OF THE TRUSTCO DIRECTOR NOMINEES AS TRUSTCO DIRECTORS, WHICH IS ITEM 1 ON THE TRUSTCO PROXY CARD.

Item 2. Ratification of the Appointment of Independent Public Accounting Firm

The Audit Committee of TrustCo's board of directors has recommended, and the board of directors on February 16, 2010 reappointed, Crowe Horwath as TrustCo's independent accountant for the year ending December 31, 2010. At the Annual Meeting, stockholders will consider and vote on the ratification of the engagement of Crowe Horwath for the fiscal year ending December 31, 2010. Representatives of Crowe Horwath are expected to be present at the Annual Meeting to make a statement if they so desire and are also expected to be available to respond to appropriate questions that may be raised.

Crowe Horwath was appointed as TrustCo's independent accountant on March 3, 2009, by TrustCo's board of directors upon the recommendation of the Audit Committee. Also, on March 3, 2009, the Audit Committee notified KPMG, TrustCo's prior independent accountant, that it had been dismissed as TrustCo's independent registered public accounting firm effective as of that date.