TRUSTCO BANK CORP N Y
Form DEF 14A
April 03, 2009

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

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Check the appropriate box:

o Preliminary Proxy Statement
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x Definitive Proxy Statement
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TrustCo Bank Corp NY

(Name of Registrant as Specified In Its Charter)

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(3)	Filing Party:
(4)	Date Filed:

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 18, 2009, at 10:00 a.m. 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 2009.
3. Any other business that properly may be brought before the meeting or any adjournment thereof.

By Order of the Board of Directors,

Thomas M. Poitras
Secretary

April 6, 2009

PLEASE SIGN AND RETURN THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE, WHETHER YOU PLAN TO ATTEND THE MEETING OR NOT. YOU MAY REVOKE YOUR PROXY AT ANY TIME PRIOR TO THE EXERCISE OF THE PROXY.

TRUSTCO BANK CORP NY

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
May 18, 2009

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 10:00 a.m. local time on Monday, May 18, 2009, 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 April 6, 2009.

The record date for the Annual Meeting is March 27, 2009. Only shareholders of record at the close of business on March 27, 2009 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 2, 2009, there were 76,218,339 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. Shares not voted by brokers and other entities holding shares on behalf of beneficial owners will not be counted in determining a quorum.

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 $5,250 plus expenses and a delivery fee of $2,500. 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 2012 Annual Meeting are Thomas O. Maggs, Robert J. McCormick and William J. Purdy. 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 seven.

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, 2008 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 2012

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Thomas O. Maggs, Age 64, President, Maggs & Associates, The Business Brokers, Inc. (insurance broker). Director of TrustCo and Trustco Bank since 2005.	10,540	*
Robert J. McCormick, Age 45, Chairman effective 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. Robert J. McCormick is the son of Robert A. McCormick.	1,137,468	1.49
William J. Purdy, Age 74, President, Welbourne & Purdy Realty, Inc. Director of TrustCo and Trustco Bank since 1991.	65,303	*

OTHER TRUSTCO DIRECTORS(1)

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Joseph A. Lucarelli, Age 68, President, Traditional Builders (residential home builder and developer). Former President, Bellevue Builders Supply, Inc. Director of TrustCo and Trustco Bank since 1999.	162,023	*
Anthony J. Marinello, M.D., Ph.D., Age 53, Physician. Director of TrustCo and Trustco Bank since 1999.	66,150	*

See footnotes on page 5.

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Robert A. McCormick, Age 72, Chairman of TrustCo and Trustco Bank 2001-2008. Resigned as Chairman effective January 1, 2009. 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. Robert A. McCormick is the father of Robert J. McCormick.	2,472,904	3.24
William D. Powers, Age 67, Partner, Powers & Company, LLC (consultants). Director of TrustCo and Trustco Bank since 1995.	140,942	*

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 53, 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.	708,833	*
Scot R. Salvador, Age 42, 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.	378,877	*
Robert M. Leonard, Age 46, Assistant Secretary of TrustCo and Trustco Bank since 2006. Secretary of TrustCo and Trustco Bank 2003-2006, Administrative Vice President of TrustCo and Trustco Bank since 2004. Executive officer of TrustCo and Trustco Bank since 2003. Joined Trustco Bank in 1986.	84,120	*

See footnotes on page 5.

Name and Principal Occupation	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Sharon J. Parvis, Age 58, 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.	52,492	*
Thomas M. Poitras, Age 46, Secretary of TrustCo and Trustco Bank since 2006. Assistant Secretary of TrustCo and Trustco Bank since 2003, Vice President of Trustco Bank since 2001. Executive officer of TrustCo and Trustco Bank since 2005. Joined Trustco Bank in 1986.	67,452	*

*Less than 1%

TRUSTCO DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS AS A GROUP (12 INDIVIDUALS) BENEFICIALLY OWN 5,347,104 SHARES OF COMMON STOCK, WHICH REPRESENTS 6.84% 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, 29,397 shares; William D. Powers, 132,942 shares; Robert J. McCormick, 146,006 shares; and Robert M. Leonard, 11,293 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, 488,832 shares; Joseph A. Lucarelli, 23,805 shares; Dr. Anthony J. Marinello, 14,868 shares; Robert A. McCormick, 68,994 shares; Robert J. McCormick, 6,440 shares; and Robert M. Leonard, 3,162 shares. Included for Robert J. McCormick are 120,136 shares in trust at Trustco Bank for which Robert J. McCormick is co-trustee, and 85,501 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, 220,000 shares; Robert M. Leonard, 47,000 shares; Joseph A. Lucarelli, 16,040 shares; Thomas O. Maggs, 4,000 shares; Dr. Anthony J. Marinello, 18,685 shares; Robert A. McCormick, 1,061,500 shares; Robert J. McCormick, 540,000 shares; William D. Powers, 8,000 shares; William J. Purdy, 18,685 shares; Scot R. Salvador, 330,000 shares; Sharon J. Parvis, 47,805 shares; and Thomas M. Poitras, 41,500 shares.

Board Meetings and Committees

TrustCo's full board held nine meetings during 2008. 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 Global Select Market. TrustCo's independent directors met in executive session twice during 2008.

TrustCo maintains a Corporate Governance Committee of the board of directors whose purpose is to assist the board in reviewing governance guidelines applicable to the Company. The directors appointed to serve on the Corporate Governance Committee are Joseph A. Lucarelli (Chairman), Thomas O. Maggs, Dr. Anthony J. Marinello, Robert J. McCormick, William D. Powers, and William J. Purdy. The committee met twice during 2008.

TrustCo maintains a standing Audit Committee, which held five meetings in 2008. The directors currently serving on the Audit Committee are William D. Powers (Chairman), Joseph A. Lucarelli, Dr. Anthony J. Marinello, Thomas O. Maggs, and William J. Purdy. The function of the Audit Committee is described in the committee's charter, which is included as Appendix A to this proxy statement, and 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 the performance of 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 five meetings in 2008. The directors currently serving on the Compensation Committee are Joseph A. Lucarelli (Chairman), Thomas O. Maggs, Dr. Anthony J. Marinello, William D. Powers, and William J. Purdy. The function of the Compensation Committee is to review general compensation practices of TrustCo and Trustco Bank and to recommend to the board of directors the salary and benefits for 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 2008 Annual Meeting.

Director Nomination Policies

Each of the nominees slated for election at the Annual Meeting is an incumbent director and was considered and selected by the board of directors. The nominees were considered and approved unanimously by TrustCo's independent directors.

The board of directors believes it is appropriate for TrustCo not to have a standing nominating committee because a high proportion (five out of seven) of TrustCo's directors are independent directors under The NASDAQ Global Select Market's listing qualifications rules. Moreover, the board believes that all of its directors have significant expertise in the operations and needs of TrustCo and its board and have valuable insights to offer regarding the value that qualified directors can bring to TrustCo and whether at any given time there might be any needs that the board may have that are not being adequately served by the current board members. Consequently, the board believes TrustCo and its shareholders are best served by having all directors participate in the deliberative process of choosing nominees for directors of TrustCo.

To provide guidance to the board in its consideration of nominees for board membership, TrustCo's board of directors has adopted a Director Nominations Policy. The board believes that it is the responsibility of each member of the board to identify, and bring to the attention of the full board, persons who may be suitable for election to the board, and the board maintains an active file of potential suitable candidates for consideration as nominees.

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.

After a potential candidate is identified, the board 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 board. From time to time, but at least once each year, the full board 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 a majority of the independent members of the board.

The board 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 approving 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. The Compensation Committee does not have a charter.

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
Dr. Anthony J. Marinello
Thomas O. Maggs
William D. Powers
William J. Purdy

Compensation Committee Interlocks and Insider Participation. Thomas O. Maggs is the president and principal owner of Maggs & Associates, The Business Insurance Brokers, Inc., Schenectady, New York, an insurance brokerage. TrustCo has retained Maggs & Associates for assistance in obtaining commercial insurance coverage and paid Maggs & Associates commission premiums for such services of $96,315 in 2008 (see “Transactions with TrustCo and Trustco Bank Directors, Executive Officers and Associates”). There are no other interlocking relationships as defined by the rules adopted by the Securities and Exchange Commission, and no TrustCo or Trustco Bank officer or employee is a member of the Compensation Committee.

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 five directors, each of whom is independent under listing standards of The NASDAQ Global Select 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. A copy of TrustCo’s amended Audit Committee Charter, which was reviewed and approved by TrustCo’s board of directors on February 17, 2009, is attached to this proxy statement as Appendix A.

The following table presents fees for professional audit services rendered by KPMG LLP (“KPMG”), TrustCo’s former independent accounting firm, for the audits of TrustCo’s annual consolidated financial statements for the years ended December 31, 2008 and 2007 and the effectiveness of internal controls over financial reporting, and fees billed for other services provided by KPMG during those years.

	2008	2007
Audit fees	$ 339,500	$ 399,000
Audit related fees(1)	0	15,000
Tax fees(2)	195,655	255,290
All other fees(3)	111,595	68,800
Total fees	$ 646,750	$ 738,090

(1) For 2007, audit related fees consisted of audit and accounting related services with respect to various registration statements filed with the SEC.
(2) For 2008 and 2007, 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. For 2007, all other fees consisted of accounting research, consultation on emerging accounting standards and tax planning services.

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. As such, all of the services described above were approved by the Audit Committee.

Audit Committee Report. Management is responsible for TrustCo's internal controls and financial reporting process. TrustCo's independent accountant for the 2008 audit year, KPMG, 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. The Audit Committee's responsibility is to monitor and oversee the financial reporting and audit processes. In performing its oversight, the Audit Committee reviews the performance of KPMG and TrustCo's internal auditors.

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

The Audit Committee discussed KPMG's independence with KPMG and has considered whether the nonaudit services provided by KPMG during the fiscal year ended December 31, 2008 were compatible with maintaining KPMG's independence. The committee has concluded that the nonaudit services provided do not impair the independence of KPMG.

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, 2008 filed with the Securities and Exchange Commission.

AUDITCOMMITTEE:William D. Powers, Chairman

Joseph A. Lucarelli
Dr. Anthony J. Marinello
Thomas O. Maggs
William J. Purdy

Vote Required and Recommendation

The three nominees for election to the TrustCo board for three-year terms expiring at the 2012 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 March 3, 2009 appointed, Crowe Horwath LLP as TrustCo's independent accountant for the year ending December 31, 2009. At the Annual Meeting, stockholders will consider and vote on the ratification of the engagement of Crowe Horwath LLP for the fiscal year ending December 31, 2009. Representatives of Crowe Horwath LLP 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.

On March 3, 2009, the Audit Committee notified KPMG that it had been dismissed as TrustCo's independent registered public accounting firm effective as of that date. Representatives from KPMG 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.

The audit reports of KPMG on the consolidated financial statements of TrustCo Bank Corp NY as of the years ended December 31, 2008 and 2007 did not contain any adverse opinion or disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope or accounting principles, except that (i) the KPMG audit report on the 2008 consolidated financial statements did contain an explanatory paragraph noting that TrustCo Bank Corp NY adopted Statement of Financial Accounting Standards "SFAS" No. 159 "The Fair Value Option for Financial Assets and Financial Liabilities, including an amendment of FASB Statement No. 115" as of January 1, 2007 and (ii) the KPMG audit report on the 2007 consolidated financial statements did contain an explanatory paragraph noting that TrustCo Bank Corp NY adopted SFAS No. 159 and SFAS No. 158 "Employer's Accounting for Defined Benefit Pension and Other Postretirement Plans, an Amendment of FASB Statements No. 87, 88, 106 and 132(R)" as of December 31, 2006 and Staff Accounting Bulletin No. 108 "Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements" as of January 1, 2006.

The audit reports of KPMG on the effectiveness of internal controls over financial reporting as of December 31, 2008 and 2007 did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2008 and 2007 and the subsequent interim period through March 3, 2009, there were no disagreements with KPMG on any matter of accounting principle or practice, financial statement disclosure, auditing scope or procedure, whereby such disagreements, if not resolved to the satisfaction of KPMG, would have caused them to make reference thereto in their report on the financial statements for such years. Further, there have been no reportable events (as defined in Item 304(a)(1)(v) of the SEC’s Regulation S-K). TrustCo requested that KPMG furnish us with a letter addressed to the SEC, stating whether they agreed with the foregoing statements, and if not, stating the respects in which they do not agree. That letter from KPMG concurring with the above statements was filed as an exhibit to the Current Report on Form 8-K filed on March 6, 2009.

TrustCo had not consulted with Crowe Horwath LLP during 2008 or 2007 or the period from December 31, 2008 through March 3, 2009, on either the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion Crowe Horwath LLP might issue on TrustCo’s financial statements.

Vote Required and Recommendation

The affirmative vote of a majority of all of TrustCo's issued and outstanding shares of common stock is required to ratify the appointment of Crowe Horwath LLP as TrustCo’s independent accountants for the year ending December 31, 2009. Abstentions on properly executed proxy cards and shares not voted by brokers and other entities holding shares on behalf of beneficial owners will have the same effect as a vote “against” this proposal. Dissenters’ rights are not available to shareholders who object to the proposal.

THE TRUSTCO BOARD RECOMMENDS THAT TRUSTCO SHAREHOLDERS VOTE FOR THIS PROPOSAL, WHICH IS ITEM 2 ON THE TRUSTCO PROXY CARD.

Other Matters

TrustCo’s board of directors is not aware of any other matters that may come before the Annual Meeting. However, the proxies may be voted with discretionary authority with respect to any other matters that may properly come before the Annual Meeting.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The objectives of TrustCo’s compensation program are to attract, retain and motivate outstanding executive talent.

The Company seeks to offer a compensation structure that is designed to compare favorably with our competitive peer group while taking into account the experience and responsibilities of the particular executive officer and to provide compensation incentives that promote the enhancement of shareholder value. TrustCo combines both annual and long-term cash and stock incentives with its overall business plans and objectives. The total executive compensation opportunity is intended to create a compensation program that motivates executives to a high level of performance. It is the intention of the compensation program to reward executive officers for achieving the objectives of TrustCo through their dedication and best efforts of their time and attention to the affairs of the Company.

The Compensation Committee of the board of directors has the responsibility of establishing annual salaries and reviewing and implementing bonuses and long-term incentives for the Company’s senior executive officers (Messrs. McCormick, Cushing, and Salvador) and also assists the senior management of the Company, including the Chief Executive Officer, in making compensation decisions with respect to the Company’s other executive officers. It is the aim of the Compensation Committee to determine salary and benefit levels of executive compensation (including the compensation of the Chief Executive Officer) principally upon the basis of overall corporate performance. In making any such determination, the Compensation Committee will consider a number of factors including TrustCo’s and Trustco Bank’s return on equity, attainment of net income goals, how the Company performs against its peers in the banking environment, total asset targets, overall profitability from year to year, banking experience of individual officers, scope of responsibility with the overall organization, performance, and particular contributions to TrustCo and Trustco Bank during the course of the year. The Compensation Committee also considers other relevant factors, including involvement in the community that might better position the organization to serve the immediate needs of Trustco Bank’s market. The Commmitte uses discretion when determining compensation levels and considers all of the above criteria. It does not assign a specific weight to any of these factors.

For purposes of comparing the Company’s compensation system with others, the Compensation Committee utilizes an industry group comprised of all New York- and Florida-based banks and thrifts with assets of $2 billion to $10 billion (as of September 30, 2008). The resulting peer group contained 14 banks of which ten were based in New York and four were based in Florida. The committee felt that since the Company’s major market areas are in New York and Florida, these comparably sized companies were a reasonable representation of its peers. TrustCo also has branch offices in Vermont, Massachusetts and New Jersey, but those offices are extensions of its New York franchises. TrustCo had total assets as of September 30, 2008 of approximately $3.4 billion.

The members of the peer group are:

BankAtlantic Bancorp. (Florida)
BFC Financial Corporation (Florida)
Capital City Bank Group, Inc. (Florida)
Community Bank Systems, Inc. (New York)
Dime Community Bancshares, Inc. (New York)
First Niagara Financial Group, Inc. (New York)
Flushing Financial Corporation (New York)
Intervest Bancshares Corporation (New York)
NBT Bancorp Inc (New York)
Provident New York Bancorp (New York)
Seacoast Banking Corporation of Florida (Florida)
Signature Bank (New York)
Sterling Bancorp (New York)
Tompkins Financial Corporation (New York)

All peer data referenced in the Compensation Discussion and Analysis including performance measurements and salary information was obtained from SNL Financial, a financial information research firm.

While TrustCo is of similar size to the members of the peer group, the Compensation Committee also takes into consideration in determining the compensation of the Company's senior executives what the committee considers to be the unique size of TrustCo's executive group as compared to other financial institutions. TrustCo and Trustco Bank currently operate with three senior executive officers, all of whom have a very broad scope of responsibilities, whereas the Committee believes the other institutions in this peer group have a larger pool of such officers. Messrs. McCormick, Cushing, and Salvador have all of the Company's operating departments reporting to them including the departments headed by Mr. Leonard and Ms. Parvis. Further, utilizing recent performance data, the Compensation Committee concluded TrustCo's overall performance compared favorably with that of the peer group in 2008 (through September 30, 2008) TrustCo's annualized return on average equity was 15.06%[1] compared to 8.17%[1] for the peer group. For the same period, TrustCo's return on average assets and efficiency ratio was 1.05%[1] and 49.97%[1], respectively compared to 0.80%[1] and 61.98%[1] for the peer group. The compensation levels of the peer group are discussed as part of the description of the various elements of the Company's executive compensation program. In general, the Compensation Committee believes the compensation levels are appropriate when all factors are considered.

For 2008 there were three basic elements to TrustCo's compensation program, each of which has sub-elements: annual compensation (salary and bonus), long-term compensation (stock options and performance bonus programs), and retirement (defined benefit pension plan, profit sharing/401(k) plan, and supplemental retirement plan). In 2008, the Company made significant changes with respect to the annual compensation and retirement elements of its compensation program. As a general matter, compensation decisions with respect to each of the basic elements of the compensation program are made independently of the decisions made with respect to the other elements. The Compensation Committee does, however, consider the total compensation paid or payable to an officer when making compensation decisions.

Annual Compensation Components

For 2008, the annual compensation for TrustCo's executive officers was comprised of salary and annual bonus. As discussed in more detail below, during 2008 TrustCo adopted changes to its annual compensation program to freeze its Executive Officer Incentive Plan, which historically has been the major source of bonus compensation, and replace it with increased base salary.

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1 Percentages presented at annualized rate.

Salary. Annual salary is the base compensation for the Company's officers and is designed to reward officers for services rendered by them during the year. The salaries for TrustCo officers are established based upon the scope of their respective responsibilities, taking into account competitive market compensation paid by the peer group for similar positions along with the performance of these companies relative to the performance of the Company. Salaries are reviewed at least annually and are also reviewed upon the request of the board of directors. In June 2008, the Committee met to review the salaries of the executive officers. After a review, the Committee felt that the Bank was performing significantly above peer group averages and effective June 30, 2008, increased Robert J. McCormick's salary from an annual rate of $360,000 to an annual rate of $400,000, and Robert T. Cushing's salary from an annual rate of $300,000 to an annual rate of $310,000. Scot R. Salvador's salary remained at $225,000.

For 2009, based upon its review of the total annual compensation paid by members of the peer group, the Compensation Committee recommended that the base salaries for Robert J. McCormick, Robert T. Cushing, and Scot R. Salvador be set at $880,000, $610,000, and $460,000, respectively, taking into account, as discussed below, the freezing of the Company's Executive Officer Incentive Plan so that no bonus will be paid under this plan for 2009. While these amounts represent a substantial increase from their base salaries for 2008, the amounts reflect the Compensation Committee's conclusion that the Company's performance during 2008 and its expected performance for 2009 have been exemplary and are expected to continue. The increased base salaries therefore reflect the Compensation Committee's analysis of the executive officer's performance. By way of comparison, for 2007 (the last date for which such information was available at the time the Compensation Committee determining 2009 compensation) the average chief executive officer base salary for the peer group was $507,000 compared to $380,000 for Mr. McCormick in 2007 and $360,000 for 2008. The average base salary for other executive officers of the peer group for 2007 was $363,000 compared to $305,000 for Mr. Cushing in 2007 and $300,000 for 2008 and $225,000 for Mr. Salvador for both 2007 and 2008. In determining these salaries, TrustCo requires that these salaries be competitive within the peer group, along with comparing the level of responsibility of the peer group with the scope of responsibility of TrustCo executives.

The salaries for Robert M. Leonard and Sharon J. Parvis, and other executive officers of TrustCo are determined by Robert J. McCormick, the Chief Executive Officer, with the assistance of the Compensation Committee. In determining this compensation, Mr. McCormick takes into consideration the Company's overall financial performance along with the performance of the individual and the responsibilities each officer holds within the organization, each officer's experience, and the goals of each department for which the officer has responsibility. After Mr. McCormick's review, and discussion with the Compensation Committee, the salaries for Robert M. Leonard and Sharon J. Parvis were placed at $130,000 and $120,000 respectively.

Bonus. Through 2008, the bonus component of TrustCo executive officer's annual compensation was provided under the Executive Officer Incentive Plan pursuant to which annual bonuses were determined by the Company's return on equity (defined in the plan as net income divided by the sum of average total shareholders' equity exclusive of average accumulated other comprehensive income or loss minus any equity transaction directly in conjunction with a merger or acquisition). No bonus was payable if the return on equity was below 13%, and for returns of 13% and above, the bonus was determined by the application of the following formula:

Return on Equity	Bonus (As a Percentage of Salary)
13%	40%
14%	50%
15%	60%
16%	75%
17%	90%
18%	105%
19%	125%*

* The bonus percentage would be further increased by 15% for each percentage point the return on equity of TrustCo Bank Corp NY exceeds 19%.

Annually, the Compensation Committee reviews the operation of the Executive Officer Incentive Plan with respect to its objectives and decides whether or not the plan, including the performance measures and payout amounts, should be revised or amended. In evaluating the plan, the Committee utilizes performance data prepared by SNL Financial with respect to the above-described peer group. During this review in 2008, the Committee concluded that the Executive Officer Incentive Plan was too restrictive due to the changes that have occurred within the financial industry and did not provide for the Committee to consider other factors that would reflect management's performance. For instance, during the third quarter of 2008 the banking industry as a whole lost approximately $4.0 billion, the fourth loss in as many quarters. Also, for that quarter the industry's return on average assets fell to a negative 1.35% and its return on average equity fell to a negative 14.88%. Due to these extraordinary times, banks have been encouraged to increase equity and thus drive down a company's average return on equity. TrustCo itself has recently announced plans to retain additional capital by reducing the amount of the Company's dividend; this action would have the effect of reducing return on equity. The Committee felt that these conditions were not under the direct control of the executive team and therefore approved a secondary bonus to be paid to Messrs. McCormick, Cushing, and Salvador, each in such an amount that would result in an aggregate bonus inclusive of the bonus paid for 2008 under the Executive Officer Incentive Plan, of 90% of their 2008 base salary. The amounts of these bonuses were $342,000, $274,500, and $202,500 for Messrs. McCormick, Cushing and Salvador, respectively. As of September 30, 2008 (the most recent quarterly information available to the Compensation Committee when it was making its compensation decisions), TrustCo's return on average equity was approximately 1.84 times the peer group average, however, according to the current bonus plan the executive would be paid a bonus of 50% of base salary compared with a 90% bonus of base salary paid for 2007. The Committee concluded that the performance of the Company during 2008, with respect to not only the peer group but also the financial industry as a whole, merited bonuses to the senior executive officers that were in line with 2007 bonuses.

Also in 2008, the Compensation Committee decided that the Executive Officers Incentive Plan should be frozen following 2008 so that no additional payments would be made under the plan. This decision was based on the Committee's view that, in light of the current economic circumstances, the Compensation Committee should consider other factors than the return on equity criterion provided for in the Executive Officer Incentive Plan. Also, the Committee decided that executive officer base salaries should be increased to reflect the freezing of the Executive Officer Incentive Plan. This decision reflected the Committee's view that it was appropriate in this time of economic uncertainty for the executive's cash compensation to be less dependent on the achievement of performance standards and that the other, more long-term focused aspects of the Company's compensation program, such as option awards and the performance bonus plan, were sufficient to continue to motivate the executive officers.

The annual bonuses for the Company's other executive officers, including Ms. Parvis and Mr. Leonard, are paid pursuant to the Trustco Bank Senior Incentive Plan, which is designed to provide participants with the opportunity for annual incentive awards for achievement of objectives as established by the Chief Executive Officer, Mr. McCormick. The Compensation Committee annually reviews and approves the decisions made under the Senior Incentive Plan. A major component of the decision-making with respect to awards under the plan is Trustco Bank's performance under its profit plan. For each year, a profit plan is developed and submitted to the board of directors for approval. The profit plan establishes targeted levels for return on assets, total assets, total deposits, and net income. The amount, measured as a percentage of annual salary, of a participant's bonus is determined in the sole discretion of the Chief Executive Officer, with such determination to take into account Trustco Bank's performance in the year just ended with respect to the profit plan and the participant's contribution to such performance. The return on equity of the company and Trustco Bank are also taken into account. For 2008, Mr. McCormick determined, after reviewing Trustco Bank's performance, that the incentive award to be made to each of Ms. Parvis and Mr. Leonard should be 22% of base salary, which amounted to $26,400.

Employment Agreements

As discussed in more detail below, TrustCo and Trustco Bank have entered into employment agreements with Messrs. McCormick, Cushing, and Salvador that generally provide for their annual compensation. The agreements also provide for termination and severance benefits, change of control benefits, and various other personal benefits. The Compensation Committee reviews the terms and conditions of the employment agreements in connection with its annual consideration of the Company's compensation programs.

In December 2008, the Company and its senior executive officers agreed to amend and restate the employment agreements. The purpose of the amended agreements (which are substantially identical and which became effective as of January 1, 2008) were to reflect the changes described above with respect to annual salary and the Executive Officer Incentive Plan. The 2008 amendment also contained changes to the employment agreements to bring them into compliance with Section 409A of the Internal Revenue Code. Additionally, as discussed below, after discussion with the executive officers, the committee decided to freeze the TrustCo and Trustco Bank Supplemental Retirement Plan "SERP" as of December 31, 2008. The employment agreements now provide that the executive officers will receive an amount annually equal to the incremental amount that would have been credited for the year to the executive's supplemental account balance under the SERP as such plan was in effect on December 31, 2007, and had it not been amended to cease additional benefit accruals following December 31, 2008. The change would result in no additional benefit for the executive officers except they would receive an amount equal to the annual SERP contribution plus related interest directly instead of upon their retirement. The executives also may now participate in TrustCo's Profit Sharing/401(k) Plan. The amounts already accrued in the SERP will remain deferred until the executive officer retires.

Long-Term Incentive Program

In addition to annual compensation, TrustCo also has implemented a long-term incentive compensation program. TrustCo believes that motivation with respect to long-term goals is achieved through an ownership culture that encourages long-term performance by executive officers through the use of stock-based awards. TrustCo's long-term incentive program includes stock options and its Performance Bonus Plan.

Stock Options. TrustCo's Stock Option Plan has been established to advance the interests of TrustCo and its shareholders by providing to executive officers an opportunity to acquire equity ownership in the Company along with the incentive advantages inherent in that equity ownership.

It is the responsibility of the Compensation Committee to determine the time and amount of stock options awarded and the other terms and conditions of the option awards, including the exercise price, vesting schedule, and expiration dates. The Compensation Committee's actions are ultimately judgments based upon the Committee's ongoing assessment and understanding of TrustCo and its executive officers, the performance of its executive officers, and whether an award of stock options would provide an appropriate incentive to the executive officers' contribution to TrustCo's future performance. Stock option awards are designed to ensure each executive officer has a sense of ownership in the financial growth of the Company.

On June 2, 2008, the Compensation Committee approved the issuance of options to both the directors and designated employees. Additional information regarding the option awards is contained in the table captioned "Grant of Plan Based Awards – 2008." The options were issued under the 2004 TrustCo Bank Corp NY Stock Option Plan. The options will vest over five years and the option price is the June 2, 2008 closing stock price of TrustCo's common stock.

Historically, TrustCo has made periodic (generally but not always annual) grants of options to key employees and executive officers. The Compensation Committee's policy is to make option awards on a consistent date (typically the first business day of June) in order to provide a reasonable amount of certainty as to the timing of the awards and to avoid any possible concerns with respect o manipulation of the timing of the option award. Further, the Compensation Committee consults with outside financial and accounting advisers with respect to the amount and terms of the option awards. These grants are made to enhance the link between the creation of shareholder value and long-term executive compensation. The Compensation Committee approved management's recommendation for the total number of options to be issued. The number of options granted to each employee is based on their overall responsibility in reaching TrustCo's goals and are consistent with previously awarded grants. The awards vest in equal increments over five years, which is consistent with other years in which grants were awarded. The board felt there was no reason to divert from past practices.

Performance Bonus Plan. The second aspect of TrustCo's long-term incentive program is its Performance Bonus Plan, which generally provides compensation to the Company's senior executive officers (Messrs. McCormick, Cushing, and Salvador) in the event of a change in control of the Company. The Compensation Committee believes that regional banking institutions such as the Company are continually subject to being acquired by third parties. It is the belief of the Compensation Committee that following a "change of control" TrustCo's senior executive officers would not have the same level of responsibility as they currently have with TrustCo and that their compensation would thus be adversely affected by the control change. Because executives may perceive significant risks regarding acquisition transactions (such as the risk of reduced authority and compensation described above), TrustCo and Trustco Bank implemented a Performance Bonus Plan that, along with the change in control benefits available under the senior executives' employment agreements, is designed to encourage highly qualified executives to remain with the Company and to attract other executives as may be necessary. Through the Performance Bonus Plan, senior executive officers are encouraged to remain with TrustCo and Trustco Bank and seek to increase shareholder value.

Under the Performance Bonus Plan, the senior executive officers have been awarded units, the ultimate value of which is based upon the appreciation in value of TrustCo's common stock between the date of the award and the occurrence of a "change in control" as defined in the plan. The units so awarded vest fifteen days prior to the scheduled closing date of a change in control, upon the occurrence of an unannounced change in control, or upon a participant's termination of employment for reasons other than cause within one year prior to a change in control. Payment to a participant under the plan must be made within ten days after the change in control.

The Compensation Committee believes that the definition of change in control (which is substantially the same as the definition contained in the senior executives' employment agreements and is substantially the definition set forth in the U.S. Treasury Department regulations under Section 409A of the Internal Revenue Code) is customary within the banking industry and that the circumstances under which change in control payments would be made are reasonable. (The change in control definition is described below under "Executive Compensation Payments and Awards.") Each of the Company's senior executive officers has been awarded an equal number of Performance Bonus Units. The Company does not make annual awards of units under the Performance Bonus Plan; rather, the units were awarded at the plan's inception in 1997 and have subsequently been awarded only when a person first becomes a senior executive officer.

The Compensation Committee believes the Performance Bonus Plan continues to enhance the goal of an ownership culture through long-term incentives thereby advancing the interest of the Company and its shareholders. In December 2008, the Compensation Committee and the full board approved amendments to the Performance Bonus Plan in order to achieve plan compliance with Section 409A of the Internal Revenue Code.

Retirement Plans

The retirement plans available to TrustCo's officers and employees include the Retirement Plan of Trustco Bank, the Trustco Bank Profit Sharing/401(k) Plan, and the Company's Supplemental Retirement Plan.

Retirement Plan and Profit Sharing/401(k) Plan. The Trustco Bank Retirement Plan is a defined benefit pension plan pursuant to which annual retirement benefits are based on years of service to a maximum of 30 years and average annual earnings of the highest five consecutive years during the final ten years of service. The defined benefit retirement plan is fully funded by Trustco Bank contributions. The Retirement Plan was "frozen" in 2006, and there will be no new participants in the plan. Participants in the plan during 2006 are entitled to benefits accrued as of December 31, 2006. TrustCo and the Compensation Committee believe that, for companies nationwide, the primary vehicle for employee retirement benefits is the 401(k) savings plan. To meet increased employee expectations in this regard, TrustCo enhanced its Profit Sharing Plan in 2006 to include a 401(k) feature, thereby making this the primary retirement plan for TrustCo.

Each of the executive officers named in this proxy statement participates in the Retirement Plan, but, through 2008, the senior executive officers were not eligible to participate in the Profit Sharing/401(k) Plan in light of their participation in the Executive Officer Incentive Plan. Beginning January 1, 2009, TrustCo's senior executive officers became eligible to participate in the Profit Sharing/401(k) Plan following the changes to the Executive Officer Incentive Plan.

Supplemental Retirement Plan. The SERP is an unfunded, nonqualified, and non-contributory deferred compensation plan. The amounts of supplemental retirement benefits payable under the plan are actuarially calculated to achieve a benefit at normal retirement that approximates the difference between (i) the total retirement benefit the participant would have received under the Trustco Bank Retirement Plan without taking into account limitations on compensation, annual benefits, and years of service; and (ii) the retirement benefit the participant is projected to receive under the Trustco Bank Retirement Plan at normal retirement (up to a maximum of $7,000,000). Through 2008, the Company's annual contribution to the SERP was determined pursuant to a formula set forth in the plan. The Compensation Committee established the plan to provide supplemental benefits; however, neither annual contributions to the SERP nor the direct annual payments to be made to the senior executive officers beginning in 2009 in lieu of the SERP contributions are specifically evaluated by the Compensation Committee in determining annual compensation.

The Compensation Committee believes that the SERP together with the Retirement Plan and the Profit Sharing/401(k) Plan promote executive retention and allow the executive to focus on the long-term success of TrustCo. Participation in the SERP is limited to a select group of executives of TrustCo who are highly compensated employees, and an employee must be selected by the board of directors to participate in the Plan. As a result of the effect of Section 409A of the Internal Revenue Code in December 2008, TrustCo's senior executives made a recommendation to the Compensation Committee to freeze the SERP effective December 31, 2008, requesting that the amount of the Company's annual contribution to the SERP for each officer instead be paid directly to each officer. The Committee considered the request and decided to add a corresponding amendment to the SERP (in addition to the SERP amendments already under consideration by the Committee to achieve compliance with Section 409A). All assets currently accrued in the SERP will remain until the separation of service of the executive.

Executive Compensation Payments and Awards

The following table sets forth, for the fiscal year ended December 31, 2008, the compensation paid to or accrued on behalf of the most highly compensated executive officers of TrustCo. Each of the executive officers described in the following table (with the exception of Robert M. Leonard and Sharon J. Parvis) has an employment agreement and a supplemental retirement agreement.

Summary Compensation Table

(a)	Year (b)	Salary ($) (c)	(1) Bonus ($) (d)	Stock Awards ($) (e)	(2) Option Awards ($) (f)	Non-equity Incentive Plan Compensa-tion ($) (g)	(3) Change in Pension Value and Nonqualified Deferred Compensa-tion Earnings ($) (h)	(4) All Other Compensa-tion ($) (i)	Total ($) (j)
Robert J. McCormick	2008	380,000	342,000	- -	15,313	- -	11,018	230,598	978,929
	2007	360,000	324,000	- -	22,633	- -	6,847	240,693	954,173
President & Chief Executive Officer, TrustCo and Trustco Bank	2006	370,000	388,500	- -	- -	- -	21,534	242,247	1,022,281
Robert T. Cushing	2008	305,000	274,500	- -	19,141	- -	20,755	211,766	831,162
Executive Vice	2007	300,000	270,000	- -	18,861	- -	12,487	206,062	807,410
President & Chief Financial Officer, TrustCo and Trustco Bank	2006	302,500	317,625	- -	- -	- -	35,694	203,874	859,693
Scot R. Salvador	2008	225,000	202,500	- -	7,656	- -	7,312	145,458	587,926
Executive Vice	2007	225,000	202,500	- -	16,975	- -	4,613	169,180	618,268
President & Chief Banking Officer, TrustCo and Trustco Bank	2006	208,125	218,531	- -	- -	- -	21,297	159,997	607,950
Robert M. Leonard	2008	120,000	26,400	- -	1,021	- -	6,812	5,967	160,200
Assistant Secretary,	2007	120,000	26,400	- -	849	- -	4,178	6,005	157,432

TrustCo and Trustco Bank and Administrative Vice President, Trustco Bank	2006	115,000	25,300	- -	- -	- -	15,491	8,313	164,104
Sharon J. Parvis	2008	120,000	26,400	- -	6,563	- -	10,556	- -	163,519
Assistant Secretary,	2007	120,000	26,400	- -	7,275	- -	11,105	- -	164,780
TrustCo and Trustco Bank and Vice President, Trustco Bank	2006	115,000	25,300	- -	- -	- -	29,627	- -	169,927

Footnotes on next page.

Summary Compensation Table Footnotes:

(1) The bonus payments included in column (d) for Messrs. McCormick, Cushing, and Salvador are calculated in accordance with the Executive Officer Incentive Plan and the supplemental bonus approved by the board of directors. The bonus payments for Mr. Leonard and Ms. Parvis are based upon the Trustco Bank Senior Incentive Plan. The operation of these plans is discussed in the "Compensation Discussion and Analysis."

(2) Included in column (f) is the value, calculated in accordance with Statement of Financial Accounting Standards No. 123R (Share Base Payment) for the stock option awards in 2008 and 2007 (no option grants were made in 2006). Costs are spread over the vesting period of five years. The assumptions made in the valuation of the awards are described in the footnotes to TrustCo's consolidated financial statements for the years ended December 31, 2008 and 2007.

(3) The information contained in column (h) is derived from the increase in value of vested benefits accrued under the Trustco Retirement Plan. See the table "Pension Benefits" for more details on the methodology followed to perform these calculations and a discussion of TrustCo and Trustco Bank retirement benefits generally.

(4) Included in column (i) are all other compensation paid to the named executive officers including tax expenses of $27,000, $31,000 and $23,000 for Messrs. McCormick, Cushing and Salvador, respectively, for 2008 incurred on deferred retirement plans and other benefits, personal use of auto, health insurance, tax planning assistance, and personal use of clubs. Also included in this column is nonqualified deferred compensation in accordance with the TrustCo Supplemental Retirement Plan as described further under "Nonqualified Deferred Compensation." For 2008, the Company recognized under this plan $168,000, $140,000, and $93,000 of expense for Messrs. McCormick, Cushing, and Salvador, respectively.

TrustCo and Trustco Bank have entered into employment contracts with Messrs. McCormick, Cushing, and Salvador. Under these agreements, each officer's annual compensation will be his base salary (in 2009, $880,000, $610,000, and $460,000, respectively). In subsequent years, the annual base salary of each officer may not be less than his annual base salary for the preceding calendar year and each officer is entitled to participate fully in any disability, death benefit, retirement, executive incentive compensation, or pension plans maintained by TrustCo or Trustco Bank. Commencing in 2009, in addition to the annual compensation, each executive is to be paid an amount equal to the incremental amount plus interest that would have been credited for the year to the executive's supplemental account balance under the SERP as the SERP was in effect on December 31, 2007, and had it not been amended to cease additional benefit accruals following December 31, 2008.

Upon termination of the executive's employment due to retirement, disability, death, or termination of executive for any reason other than good cause (as defined in the employment agreements) within two years after a change in control (also as defined in the agreements), TrustCo must, for the longer of the life of the executive or the life of his spouse, reimburse the executive or his spouse for otherwise unreimbursed medical expenses and for medical and health benefits, including medical insurance premiums. These benefits are in addition to the general disability, death benefit, retirement, and pension plans maintained by TrustCo and Trustco Bank. The employment agreements generally define retirement as the earliest retirement date applicable to the executive in question under the Retirement Plan of Trustco Bank. The term "disability" is defined as a mental or physical condition (i) in the opinion of a physician mutually agreed upon by the board of directors of TrustCo and Trustco Bank and the executive officer that will prevent the executive officer from carrying out the material job responsibilities or duties to which he was assigned at the time the disability was incurred, and (ii) is expected to last for an indefinite duration or a duration of more than six months.

In the event the employment of Messrs. McCormick, Cushing or Salvador is terminated for any reason other than good cause or retirement at the mandatory retirement age within twelve months prior to a change in control, or a change in control occurs while the executive is employed by either or both of TrustCo or Trustco Bank, then the executive will receive an amount equal to 2.99 times his then-current annual compensation, to be paid in a single lump sum within 10 days of termination. The employment agreement also provides for a gross-up payment in the event that the amount payable upon an officer's termination under the employment agreement or any other agreement is subject to the excise tax imposed by Section 4999 of the Internal Revenue Code. In addition, each employment agreement provides for the payment in full of each officer's retirement, pension, and profit sharing plan compensation; the cost of any legal expenses incurred as a result of such termination; and, unless the termination was for good cause, the transfer of the executive officer's company car (at book value) and country club membership.

Under the employment agreements, "good cause" means the executive's commission of an act of fraud, embezzlement or theft constituting a felony against either of TrustCo or Trustco Bank as finally determined by a court of competent jurisdiction or an unequivocal admission by the executive.

Also under the employment agreements, a "change in control" means a change in the ownership of TrustCo, a change in the effective control of TrustCo or Trustco Bank, or a change in the ownership of a substantial portion of the assets of TrustCo or Trustco Bank (as provided in Section 409A of the Internal Revenue Code and any guidance or regulations under Section 409A). The Section 409A regulations provide the following:

- Subject to certain exceptions specified in the agreements, a change in the ownership of TrustCo or Trustco Bank occurs on the date that any one person, or more than one person acting as a group, acquires ownership of stock of TrustCo that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of TrustCo or Trustco Bank;
- A change in the effective control occurs only on the date that either: (i) any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of TrustCo or Trustco Bank possessing 30% or more of the total voting power of the stock of TrustCo or (ii) a majority of members of TrustCo's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of TrustCo's board of directors prior to the date of the appointment or election; or
- A change in the ownership of a substantial portion of TrustCo's or Trustco Bank's assets occurs on the date that any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from TrustCo or Trustco Bank that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of TrustCo immediately prior to such acquisition or acquisitions. For his purpose, gross fair market value means the value of the assets of TrustCo, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets:

Each of the employment agreements defines “termination” to include the unilateral election of the executive to terminate this agreement and his employment with TrustCo and Trustco Bank after a change of control or the executive otherwise experiences a “separation from service” with TrustCo and Trustco Bank as that term is defined under Section 409A of the Internal Revenue Code.

TrustCo and Trustco Bank must provide indemnification rights and benefits to each executive to the fullest extent permitted by law and the charter or bylaws of TrustCo and Trustco Bank. Any amendment or revision to such charter or bylaws that adversely affects the indemnification rights or benefits available to the executive under such charter or bylaws as of January 1, 2008 will not be effective against the executive unless the executive has consented in writing to such amendment or revision. Further, the indemnification provided under the agreements will not be exclusive of any other rights to which the executive may be entitled under the charter or bylaws of TrustCo and Trustco Bank or any statute, other agreement, vote of stockholders or disinterested directors, or otherwise

Awards Under Option Plans

The following tables set forth information relating to grants of plan-based awards to the named executive officers during 2008 and all options held at December 31, 2008 by those officers.

Grant of Plan Based Awards – 2008

Name	Grant Date	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards(1) ($/share)	Grant Date Fair Value of Option Awards(2) ($)
Robert J. McCormick	06/02/2008	150,000	8.29	132,000
Robert T. Cushing	06/02/2008	75,000	8.29	66,000
Scot R. Salvador	06/02/2008	75,000	8.29	66,000
Robert M. Leonard	06/02/2008	10,000	8.29	8,800
Sharon J. Parvis	06/02/2008	7,500	8.29	6,600

(1) Exercise price is the closing price of the Company stock on the grant date.

(2) Fair Value is calculated in accordance with Statement of Financial Accounting Standards No. 123 R (Share Base Payment). The assumptions made in the valuation of the awards are described in the footnotes to TrustCo’s consolidated financial statements for the years ended December 31, 2008 and 2007.

Outstanding Equity Awards at Fiscal Year-End 2008
Option Awards

Name	Number of Securities Underlying Unexercised Options Exercisable (#)	Number of Securities Underlying Unexercised Options Unexercisable(1) (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date(2)
Robert J. McCormick					