TRUSTCO BANK CORP N Y
Form DEF 14A
April 01, 2015

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 ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ 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)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

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 21, 2015, at 4:00 pm local time, for the purpose of considering and voting upon the following matters:

1. Election of Directors.
2. Approval of the Amended and Restated TrustCo Bank Corp NY 2010 Equity Incentive Plan.
3. Approval of a Nonbinding Advisory Resolution on the Compensation of TrustCo s Named Executive Officers.
4. Ratification of the Appointment of Crowe Horwath LLP as TrustCo s Independent Auditors for 2015.
5. Any other business that properly may be brought before the meeting or any adjournment thereof.

By Order of the Board of Directors,

Robert M. Leonard, Secretary

April 1, 2015

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 21, 2015:

This Notice, the Proxy Statement attached to this Notice and TrustCo s Annual Report to shareholders for the year ended December 31, 2014 are available free of charge at www.edocumentview.com/TRST.

Table of Contents

TRUSTCO BANK CORP NY

PROXY STATEMENT FOR

ANNUAL MEETING OF SHAREHOLDERS

May 21, 2015

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 21, 2015, at Mallozzi s Restaurant and Banquet House, 1930 Curry Road, Rotterdam, New York 12303. This proxy statement and the enclosed form of proxy were first mailed to shareholders on or about April 1, 2015.

The record date for the Annual Meeting is March 23, 2015. Only shareholders of record at the close of business on March 23, 2015 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. As of March 2, 2015, there were 94,955,593 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 in street name through a bank or broker, 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 NASDAQ Stock Market and the New York Stock Exchange, brokers do not have discretionary authority to vote shares on proposals that are not routine. Proposal 1 (Election of Directors), Proposal 2 (Approval of the Amended and Restated TrustCo Bank Corp NY 2010 Equity Incentive Plan, and Proposal 3 (Approval of a Nonbinding Advisory Resolution on the Compensation of TrustCo s Named Executive Officers) would not be considered routine matters under the NASDAQ Stock Market and New York Stock Exchange rules, so brokers do not have discretionary authority to vote shares held in street name on those proposals. If a shareholder wishes for his or her shares to be voted on these matters, the shareholder must provide his or her broker with voting instructions. Proposal 4 (Ratification of the Appointment of Crowe Horwath LLP as TrustCo s Independent Auditors) is considered a routine matter, so the bank or broker will have discretionary authority to vote shares held in street name on this 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

Table of Contents

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,

FOR approval of the Amended and Restated TrustCo Bank Corp NY 2010 Equity Incentive Plan,

FOR the approval of the nonbinding advisory resolution approving the compensation of TrustCo s named executive officers, 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 or at the meeting of shareholders 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 TrustCo s 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 $12,500 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.

Proposal 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 2018 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 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, 2014 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 TERMS TO EXPIRE IN 2018

	Shares of TrustCo Common Stock Beneficially Owned	
Name and Principal Occupation[(2)]	**No. of Shares [(3)]**	**Percent of Class**
Thomas O. Maggs, Age 70, President, Maggs & Associates, The Business Insurance Brokers, Inc. (insurance broker). Director of TrustCo and Trustco Bank from 2005-present. Chairman of the Board of Directors of TrustCo and Trustco Bank for 2015. Mr. Maggs contributes his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	79,827	*
Robert J. McCormick, Age 51, President and Chief Executive Officer of TrustCo since January 2004, Chairman 2009 and 2010, executive officer of TrustCo from 2001-present and Chief Executive Officer of Trustco Bank from November 2002-present. Director of TrustCo and Trustco Bank from 2005-present. 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.	2,440,632	2.57

* **Less than 1%**

3

See footnotes on page 7.

Table of Contents

Name and Principal Occupation[2]	Shares of TrustCo Common Stock Beneficially Owned No. of Shares [3]	Percent of Class
William J. Purdy, Age 80, President, Welbourne & Purdy Realty, Inc. Director of TrustCo and Trustco Bank from 1991-present. Chairman of the Board of Directors of TrustCo and Trustco Bank for 2011. Mr. Purdy contributes his knowledge regarding commercial and residential real estate, his experience as an entrepreneur operating a successful business enterprise, and his skills for developing and evaluating business strategies.	82,724	*

OTHER TRUSTCO DIRECTORS[1]

Name and Principal Occupation[2]	Shares of TrustCo Common Stock Beneficially Owned No. of Shares [3]	Percent of Class
Dennis A. De Gennaro, Age 70, President and Chief Executive Officer, Camelot Associates, Corp. (commercial and residential home builder and developer). Director of TrustCo and Trustco Bank from 2009-present. Mr. De Gennaro 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.	83,737	*
Joseph A. Lucarelli, Age 74, President, Traditional Builders (residential home builder and developer). Director of TrustCo and Trustco Bank from 1999-present. Chairman of the Board of Directors of TrustCo and Trustco Bank for 2014. 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.	302,695	*
Anthony J. Marinello, M.D., Ph.D., Age 59, Physician. Director of TrustCo and Trustco Bank from 1995-present. Chairman of the Board of Directors of TrustCo and Trustco Bank for 2013. Dr. Marinello contributes his experience as an entrepreneur operating a successful medical practice and his skills for developing and evaluating business strategies.	85,923	*

* **Less than 1%**

See footnotes on page 7.

Table of Contents

Name and Principal Occupation[2]	Shares of TrustCo Common Stock Beneficially Owned No. of Shares [3]	Percent of Class
Robert A. McCormick, Age 78, Chairman of TrustCo and Trustco Bank 2001-2008. Chairman, President & Chief Executive Officer of TrustCo and Trustco Bank 1984-2002. Director of TrustCo and Trustco Bank from 1980-present. 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 30 years and has vast experience with all aspects of its operations. Robert A. McCormick is the father of Robert J. McCormick.	784,076	*
William D. Powers, Age 73, Consultant, Chairman of the Board of Directors for TrustCo and Trustco Bank for 2012. Director of TrustCo and Trustco Bank from 1995-present. Mr. Powers contributes his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	133,641	*

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 59, Executive Vice President and Chief Operating Officer of TrustCo and Trustco Bank from December 16, 2014-present. Executive Vice President and Chief Financial Officer of TrustCo from January 2004-December 16, 2014, President, Chief Executive Officer and Chief Financial Officer of TrustCo from November 2002-December 2003. Executive officer of TrustCo and Trustco Bank from 1994-present. Joined TrustCo and Trustco Bank in 1994.	862,449	*

* **Less than 1%**

See footnotes on page 7.

Table of Contents

Name and Principal Occupation	Shares of TrustCo Common Stock Beneficially Owned No. of Shares [(3)]	Percent of Class
Robert M. Leonard, Age 52, Secretary of TrustCo and Trustco Bank 2003-2006 and 2009-present. Assistant Secretary of TrustCo and Trustco Bank 2006-2009. Executive Vice President of TrustCo and Trustco Bank from 2013-present. Senior Vice President of TrustCo and Trustco Bank from 2010-2013. Administrative Vice President of TrustCo and Trustco Bank 2004-2009. Executive officer of TrustCo and Trustco Bank from 2003-present. Joined Trustco Bank in 1986.	104,527	*
Michael M. Ozimek, Age 40, Senior Vice President and Chief Financial Officer of TrustCo and Trustco Bank from December 2014-present, Administrative Vice President of Trustco Bank from 2010-2014. Executive officer of TrustCo and Trustco Bank from 2014-present. Joined TrustCo and Trustco Bank in 2002.	38,771	*
Scot R. Salvador, Age 48, Executive Vice President and Chief Banking Officer of TrustCo and Trustco Bank from January 2004-present. Executive officer of TrustCo and Trustco Bank from 2004-present. Joined Trustco Bank in 1995.	517,221	*
Eric W. Schreck, Age 48, Senior Vice President and Florida Regional President Trustco Bank from 2009-present. Treasurer of TrustCo from 2010-present. Executive officer of TrustCo and Trustco Bank from 2010-present. Joined Trustco Bank in 1989.	107,827	*
Sharon J. Parvis, Age 64, Assistant Secretary of TrustCo and Trustco Bank from 2005-present, Vice President of Trustco Bank from 1996-present. Executive officer of TrustCo and Trustco Bank from 2005-present. Joined Trustco Bank in 1987.	31,285	*
Thomas M. Poitras, Age 52, Assistant Secretary of TrustCo and Trustco Bank 2003-2006 and 2009-present. Secretary of TrustCo and Trustco Bank 2006-2009, Vice President of Trustco Bank from 2001-present. Executive officer of TrustCo and Trustco Bank from 2005-present. Joined Trustco Bank in 1986.	74,830	*

* **Less than 1%**

See footnotes on page 7.

Table of Contents

TRUSTCO DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS AS A GROUP (15 INDIVIDUALS) BENEFICIALLY OWN 5,730,165 SHARES OF COMMON STOCK, WHICH REPRESENTS 6.0% 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: Dennis A. De Gennaro, 78,247 shares, Dr. Anthony J. Marinello, 35,815 shares; William D. Powers, 124,501 shares; Robert A. McCormick, 69,994 shares; Robert J. McCormick, 243,994 shares; and Thomas M. Poitras, 5,506 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: Joseph A. Lucarelli, 23,805 shares; Dr. Anthony J. Marinello, 6,606 shares; Robert M. Leonard, 18,923 shares; Eric W. Schreck, 713 shares; and Thomas M. Poitras, 2,278 shares. Included for Robert J. McCormick are 603,859 shares in trust at Trustco Bank for which Robert J. McCormick is co-trustee, and 379,217 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 described above as beneficially owned by each of the directors and executive officers includes options to acquire the following number of shares that are either currently exercisable or will become exercisable within 60 days of the date of this proxy statement: Robert T. Cushing, 345,400 shares; Dennis A. De Gennaro, 2,000 shares, Robert M. Leonard, 45,400 shares; Joseph A. Lucarelli, 8,000 shares; Thomas O. Maggs, 6,000 shares; Dr. Anthony J. Marinello, 8,000 shares; Robert A. McCormick, 8,000 shares; Robert J. McCormick, 690,600 shares; Michael O. Ozimek, 32,000 shares, William D. Powers, 8,000 shares; William J. Purdy, 8,000 shares; Scot R. Salvador, 395,400 shares; Sharon J. Parvis, 29,700 shares; Thomas M. Poitras, 32,000 shares, and Eric W. Schreck, 30,400 shares.

Board Meetings and Committees

TrustCo s full board held nine meetings during 2014. 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 2014. All directors fully attended all eight board meetings, and all independent directors fully attended both executive session meetings during 2014.

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

The Nominating and Corporate Governance Committee held seven meetings in 2014. The directors currently serving on the Nominating and Corporate Governance Committee are Joseph A. Lucarelli (Chairman), Dennis A. De Gennaro, Thomas O. Maggs, Dr. Anthony J. Marinello,

Table of Contents

William D. Powers, and William J. Purdy. All members fully attended all seven meetings during 2014. 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 four meetings in 2014. The directors currently serving on the Audit Committee are William D. Powers (Chairman), Dennis A. De Gennaro, Joseph A. Lucarelli, Dr. Anthony J. Marinello, Thomas O. Maggs, and William J. Purdy. All members fully attended all four meetings in 2014. The purpose of the Audit Committee is to oversee the Company s accounting and financial reporting processes and audits of the Company s financial statements; the committee s functions also include the review of TrustCo s and Trustco Bank s internal audit procedures and 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 six meetings in 2014. The directors currently serving on the Compensation Committee are Joseph A. Lucarelli (Chairman), Dennis A. De Gennaro, Thomas O. Maggs, Dr. Anthony J. Marinello, William D. Powers, and William J. Purdy. All members fully attended all six meetings during 2014. The function of the Compensation Committee is to generally oversee the employee compensation and benefit policies, plans and programs of TrustCo and Trustco Bank, including the establishment, annual review and approval of the compensation of the executive officers. In addition, the Compensation Committee is responsible for annually reviewing board compensation and making appropriate recommendations for changes thereto. Please refer to the discussion under Executive Compensation for a more detailed description of the Compensation Committee s activities relative to the named executive officers.

Board Leadership Structure and Role in Risk Oversight

The position of TrustCo s chairman of the board and the office of its president and chief executive officer are held by different persons. The chairman of the board, Thomas O. Maggs, is an independent director who has been a member of the board since 2005. Mr. Maggs became chairman in January 2015. The policy of TrustCo s board of directors is that the positions of chief executive officer and chairman of the board should be separated and that the position of chairman of the board should rotate among TrustCo s independent directors on an annual basis. Mr. Maggs is a member of the Nominating and Corporate Governance Committee, the Audit Committee, and the Compensation Committee.

The board of directors has determined that the separation of the roles of chairman of the board and chief executive officer will enhance board independence and oversight. More specifically, the board believes that separating the roles will allow the Company s president and chief executive officer, Robert J. McCormick, to better focus on developing and implementing corporate initiatives, enhancing shareholder value and strengthening our business and operations,

Table of Contents

while allowing the chairman of the board to lead the board in its fundamental role of providing advice to, and independent oversight of, management.

The board of directors as a whole is ultimately responsible for risk management oversight of TrustCo and its subsidiaries; in carrying out its responsibilities in this area, the board has delegated important duties to its committees. For example, the Audit Committee assists the full board with respect to the adequacy of TrustCo s internal controls and financial reporting process, the independence and performance of TrustCo s internal and external auditors, and compliance with legal and regulatory requirements. In addition, the Compensation Committee has the authority to conduct annual reviews of the Company s incentive compensation practices to assess the extent to which such arrangements and practices encourage risk-taking and whether the level of encouragement of such risk-taking is appropriate under the circumstances. The Compensation Committee has concluded that the compensation policies are not reasonably likely to have a material adverse effect on the Company.

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

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 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 independent members of the board.

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.

Audit Committee

The Audit Committee of TrustCo s board is responsible for providing 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 the 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. Each Audit Committee member also satisfies the additional independence requirements contained in the Securities Exchange Act of 1934 for members of public company audit committees. The board of directors has determined the Company does not have an Audit Committee financial expert serving on the Audit Committee. However, 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. As consultants to the Audit Committee, a Marvin and Company managing partner participates, fully in all Audit Committee meetings, reviews all materials presented to the Audit Committee, serves to respond to questions and inquiries from Audit Committee members and questions internal audit department personnel, representatives of the Company, independent accountants and management prior to, during and as follow up to Audit Committee meetings.

TrustCo s board believes that in order to fulfill all the functions of the board and the Audit Committee, each member of the board and the Audit Committee should meet all the criteria that have been established by the board for board membership and that it is not in the best interests of TrustCo to nominate as a director someone who does not have all the experience, attributes, and qualifications that TrustCo seeks. Further, the board believes that the present members of the Audit Committee have sufficient knowledge and experience in financial affairs to effectively perform their duties.

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 the Audit Committee s charter may be found on TrustCo s website (www.trustcobank.com) under the Investor Relations tab.

Table of Contents

The following table presents fees for professional audit services, as well as other professional or consulting services, rendered by Crowe Horwath LLP, TrustCo s independent accounting firm. The services included audits of TrustCo s annual consolidated financial statements for the years ended December 31, 2014 and 2013 and of the effectiveness of internal controls over financial reporting, tax return preparation services, and other services provided by Crowe Horwath LLP during 2014 and 2013.

	2014	2013
Audit fees	$ 393,500	$ 362,000
Audit related fees[(1)]	15,000	2,750
Tax fees[(2)]	170,074	191,140
All other fees[(3)]	--	27,000
Total Fees	$ 578,574	$ 582,890

(1) For 2014, audit related fees consisted of consent procedures for S-3 registration statements filed with the SEC. For 2013, audit related fees consisted of accounting research.

(2) For 2014 and 2013, tax fees consisted of tax return preparation services and assistance with tax audits.

(3) For 2013, all other fees consisted of services provided for the XBRL structure and content reviews of TrustCo s annual report to be filed with the SEC.

It is the Audit Committee s policy to preapprove all audit and nonaudit services provided by the Company s independent accountants. In considering nonaudit services, the Audit Committee will consider various factors including, but not limited to, whether it would be beneficial to have the service provided by the independent accountants and whether the service could compromise the independence of the 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 accountants for 2014, Crowe Horwath LLP, were responsible for performing an independent audit of TrustCo s consolidated financial statements and the effectiveness of TrustCo s internal controls over financial reporting in accordance with the Standards of the Public Company Accounting Oversight Board (United States) 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 LLP and TrustCo s internal auditors.

In connection with these responsibilities, the Audit Committee met with management and Crowe Horwath LLP to review and discuss TrustCo s December 31, 2014 and 2013 consolidated financial statements. The Audit Committee also discussed with Crowe Horwath LLP the matters required to be communicated to audit committees in accordance with professional standards and

Table of Contents

received the written disclosures and a letter from Crowe Horwath LLP required by relevant regulatory and professional standards regarding auditor communications with audit committees concerning independence.

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 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, 2014, filed with the Securities and Exchange Commission.

AUDIT COMMITTEE:	William D. Powers, Chairman
	Dennis A. De Gennaro
	Joseph A. Lucarelli
	Dr. Anthony J. Marinello
	Thomas O. Maggs
	William J. Purdy

Shareholder Communications with Board and Board Attendance at Annual Meeting of Shareholders

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, the directors are encouraged to attend such meetings, and all of the directors attended the 2014 Annual Meeting.

Vote Required and Recommendation

The three nominees for election to the TrustCo board for three-year terms expiring at the 2018 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.

Proposal 2 - Approval of the Amended and Restated TrustCo Bank Corp NY 2010 Equity Incentive Plan

General

TrustCo is seeking shareholder approval of the TrustCo Bank Corp NY Amended and Restated 2010 Equity Incentive Plan (the Equity Incentive Plan). The Equity Incentive Plan was adopted by the TrustCo board in December 2010 on the recommendation of the Compensation

Table of Contents

Committee and was approved by shareholders at the 2011 Annual Meeting of Shareholders. The board approved an amendment, for which shareholder approval was not required, to the Equity Incentive Plan in March 2012, and, on March 17, 2015, on the recommendation of the Compensation Committee, the board amended and restated the Equity Incentive Plan and directed that the Equity Incentive Plan be submitted to the shareholders at the Annual Meeting.

The principal change contained in the Equity Incentive Plan as presented in this proxy statement is the increase in the number of shares or share equivalents available for award. As of December 31, 2014, there were 667,750 shares remaining that may be issued pursuant to awards of options or restricted stock and the equivalent of 99,600 shares are remaining available for issuance as stock appreciation rights (SARs), restricted stock units, performance units, or performance shares. TrustCo is therefore seeking approval of the Equity Incentive Plan in order to make an additional 332,250 shares of our common stock available for issuance pursuant to awards of options or restricted stock and the equivalent of an additional 900,400 shares available for issuance as SARs, restricted stock units, performance units, or performance shares. The result of authorizing additional shares and share equivalents under the Equity Incentive Plan is that, if shareholders approve the Equity Incentive Plan, there will be an aggregate of 2,332,250 shares authorized for issuance as options or restricted stock under the Equity Incentive Plan, with 1,000,000 of such shares being available for future awards, and the equivalent of, in the aggregate, 1,400,400 share equivalents authorized to be issued as SARs, restricted stock unis, performance units, or performance shares, with 1,000,000 of such share equivalents being available for future awards Shareholder approval of the Equity Incentive Plan at the Annual Meeting will also constitute approval of the performance measures identified below under Performance-Based Awards, for purposes of the shareholder approval requirements of Section 162(m) of the U.S. Internal Revenue Code (also referred as the Code). Under Section 162(m), the material terms of the performance goals outlined within the Equity Incentive Plan must be disclosed to and reapproved by the stockholders at least every five years; TrustCo shareholders last approved the performance measures under the Equity Incentive Plan in 2011.

If shareholders fail to approve the Equity Incentive Plan, TrustCo will continue to operate under the Equity Incentive Plan as currently in effect, but without the increased number of shares or share equivalents described above and without the approval of the performance measures for purposes of Section 162(m) of the Code.

The principal features of the Equity Incentive Plan are summarized in this proxy statement. You should read the Equity Incentive Plan for a full statement of its legal terms and conditions. Appendix I to this proxy statement contains the full text of the Equity Incentive Plan as proposed to be approved by the shareholders.

Purposes of the Equity Incentive Plan

The purpose of the Equity Incentive Plan is to advance the interests of TrustCo and its stockholders by providing key employees with additional incentives and motivation toward superior performance through the opportunity to acquire equity ownership in TrustCo, and by enabling TrustCo and its subsidiaries to attract and retain the services of talented employees. At the

Table of Contents

same time, the board and the Compensation Committee work together to ensure that the plan, in conjunction with TrustCo s other compensation policies and practices, does not create risks that are reasonably likely to have a material adverse effect on TrustCo.

Under the Equity Incentive Plan, TrustCo may grant or award stock options, SARs, restricted stock, restricted stock units, performance units, and performance shares to persons eligible to participate in the plan, who, in general, are any executive, key managerial employee or other employee of the Company or its subsidiaries who is a regular, full-time, salaried employee. The Equity Incentive Plan will remain in effect, subject to the board s right to terminate the plan earlier, until all awards made under it have been exercised or expired. However, no award may be granted under the plan on or after December 21, 2020.

Administration

The Compensation Committee administers the Equity Incentive Plan and has the authority to determine the type or types of awards to be made under the plan and to designate the employees who will receive such awards. The Compensation Committee is authorized to interpret the Equity Incentive Plan, to adopt rules for the plan and to make all other determinations necessary for the administration of the plan.

The Compensation Committee may authorize TrustCo s Chief Executive Officer and other senior officers to recommend recipients of awards under the plan, to determine the terms and conditions of any such awards, and to take such other actions that the Compensation Committee may take under the plan. The Compensation Committee may not, however, delegate authority to grant awards to, or take other action with respect to, participants who are subject to Section 16 of the Exchange Act or are covered employees as defined in Section I62(m) of the Internal Revenue Code. TrustCo s Compensation Committee is comprised of independent members of TrustCo s board of directors. Currently, the members of the Compensation Committee are Joseph A. Lucarelli (Chairman), Dennis A. De Gennaro, Thomas O. Maggs, Dr. Anthony J. Marinello, William D. Powers, and William J. Purdy.

Shares Subject to the Equity Incentive Plan

The total number of shares of common stock that may be issued pursuant to awards of options or restricted stock under the Equity Incentive Plan may not exceed 2,332,250, with 1,000,000 of such shares remaining available for future awards as of December 31, 2014, and the total number of awards of SARs, restricted stock units, performance units or performance shares may not exceed the equivalent of 1,400,400 shares, also with 1,000,000 of such share equivalents remaining available for future awards as of December 31, 2014. (TrustCo will not issue shares of common stock upon the issuance or exercise of SARs, restricted stock units, performance units or performance shares.) Such number of shares will be adjusted proportionately if there is a change in outstanding shares due to a stock dividend or split, recapitalization, merger, or other similar corporate change. The shares of common stock to be issued under the Equity Incentive Plan may consist of authorized but unissued stock or treasury stock.

Table of Contents

Shares of TrustCo s common stock subject to an option that have not become outstanding will not be available for re-issuance under the Equity Incentive Plan if the option expires or terminates without having been exercised in full (including, without limitation, cancellation and re-grant), or if an option is exercised or settled in a manner such that some or all of the shares of stock related to the option are not issued. If any awards under the Equity Incentive Plan are forfeited for any reason, or settled in cash in lieu of stock or in a manner such that some or all of the shares of stock related to the award are not issued (including as a result of the use of shares for tax withholding), such shares will not be available for issuance under the Equity Incentive Plan.

Participation

Historically, approximately 20 of TrustCo s eligible employees receive awards under TrustCo s equity-based incentive plans in any given year.

Awards under the Equity Incentive Plan are subject to the following limits:

- no participant may be granted during any calendar year awards consisting of options or restricted stock that are exercisable for or relate to more than 500,000 shares of common stock (subject to adjustments for stock dividends, stock splits and similar events) and

- no participant may be granted during any calendar year awards consisting of units denominated in shares of common stock (other than awards consisting of options or restricted stock) covering or relating to more than 500,000 shares of common stock (subject to adjustments for stock dividends, stock splits and similar events).

Plan Benefits

Awards under the Equity Incentive Plan are subject to the discretion of the Compensation Committee. As a result, it is not possible to determine the specific amounts and types of awards that may be granted in the future under the Equity Incentive Plan because the grant of awards under the Equity Incentive Plan is within the discretion of the Compensation Committee.

During 2014, the Compensation Committee and the full board of directors approved awards of incentive stock options, restricted stock units and performance shares to eligible employees, including TrustCo s named executive officers, under the Equity Incentive Plan. The exercise price of all options granted was $7.22, the closing price of TrustCo s common stock on November 18, 2014. The options awarded to employees and officers of TrustCo vest in equal amounts over a five year period, with all options being fully vested as of November 18, 2019 and expiring on November 18, 2024. The awards of performance shares under the Equity Incentive Plan are subject to both a time-based vesting condition and a performance goals condition. The periods of restriction applicable to the restricted stock unit awards will lapse as to all units awarded under Equity Incentive Plan on November 18, 2017. These grants are not contingent upon ratification and approval of the Equity Incentive Plan by shareholders at the Annual Meeting. If the shareholders do not ratify and approve the Equity Incentive Plan at the Annual Meeting, these grants will remain outstanding.

Table of Contents

The following table sets forth information with respect to awards under the Equity Incentive Plan on made in 2014.

Name and Position or Group	Number of Options	Number of Restricted Stock Units	Number of Performance Shares
Robert J. McCormick, President & Chief Executive Officer	50,000	16,250	23,250
Michael M. Ozimek, Senior Vice President and Chief Financial Officer	3,750	1,100	1,500
Robert T. Cushing, Executive Vice President and Chief Operating Officer	28,000	8,250	12,250
Scot R. Salvador, Executive Vice President and Chief Banking Officer	28,000	8,250	12,250
Robert M. Leonard, Executive Vice President and Secretary	28,000	8,250	12,250
Eric W. Schreck, Treasurer	7,250	2,250	3,000
Executive group	145,000	44,350	64,500
Non-executive officer employee group	33,250	13,800	18,500

Please refer to the discussion under Executive Compensation Compensation Discussion and Analysis and Grants of Plan-Based Awards for 2014 for additional information with respect to awards made in 2014 under the Equity Incentive Plan.

Additional Equity Compensation Plan Information

The table below shows information regarding awards outstanding and common shares available for issuance (as of December 31, 2014) under the Equity Incentive Plan and the TrustCo Bank Corp NY Amended and Restated 2010 Directors Equity Incentive Plan, discussed below, which are our only compensation plans under which we may issue additional shares of our stock:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,693,050	$ 8.27	896,750

Equity compensation plans not approved by security holders	--		N/A	--
Total	2,693,050	$	8.27	896,750

Table of Contents

Stock Options

A stock option is the right to purchase a specified number of shares of common stock in the future at a specified exercise price and subject to the other terms and conditions specified in the option agreement and the Equity Incentive Plan. The Compensation Committee has complete discretion in determining the number of options granted to a participant and may grant any type of option to purchase common stock that is permitted by law at the time of grant.

Stock options granted under the Equity Incentive Plan may be either incentive stock options, (ISO) which may be eligible for special tax treatment under the Internal Revenue Code, or options other than incentive stock options (referred to as nonstatutory or nonqualified stock options), as determined by the Compensation Committee and stated in the option agreement relating to the option grant. The exercise price of each option is set by the Compensation Committee but cannot be less than 100% of the fair market value of TrustCo s common stock at the time of grant (or, in the case of an incentive stock option granted to a 10% or more shareholder, 110% of that fair market value). The fair market value of TrustCo common stock is generally determined as the closing price of the stock as reported on the Nasdaq Global Select Market on the option grant date. The exercise price of any stock options granted under the Equity Incentive Plan may be paid in cash, by tendering previously-acquired shares having an aggregate fair market value at the time of exercise equal to the total option price, by any other means that the Compensation Committee determines to be consistent with the Equity Incentive Plan s purpose and applicable law or by a combination of the foregoing. TrustCo may not, under the Equity Incentive Plan, sponsor, or assist in any material way, any cashless exercise program pursuant to which payment for options to be exercised is made by surrendering other options, although this prohibition would not apply to third-party, broker-assisted cashless exercise programs.

Options awarded under the Equity Incentive Plan may be exercisable at such times and subject to such restrictions and conditions as the Compensation Committee may approve. The Compensation Committee determines the period of time during which an option may be exercised, although no option may be exercisable after ten years from the date of grant (five years in the case of an ISO granted to an employee who is a ten-percent shareholder on the date of grant).

If a participant s employment with TrustCo is terminated by reason of his or her death, disability, or retirement, the participant s outstanding options will vest 100% and be deemed exercisable in full upon such termination, and the options may be exercised at any time prior to their expiration date or within three years after such date of termination, whichever period is the shorter. If the participant s employment terminates for any reason other than death, disability or retirement, or other than involuntarily for cause, the rights under any then-outstanding option granted under the Equity Incentive Plan will terminate upon the expiration date of the option or one month after the termination date, whichever first occurs. If, however, such termination occurs after a change-in-control (as defined in the Equity Incentive Plan), the rights under any then-outstanding option will terminate upon the expiration date of the option or three years after such date of termination of employment, whichever first occurs. Where a participant s termination of employment is involuntarily for cause, his or her rights under all options, whether or not such options are vested, will terminate immediately.

Table of Contents

Stock Appreciation Rights

A stock appreciation right or SAR is the right to receive a payment from TrustCo equal to the excess of the fair market value of a share of TrustCo common stock at the date of exercise over a specified price fixed by the Compensation Committee on the date of grant, which such price may not be less than 100% of the fair market value of the stock on the date of grant. SARs may be exercised upon whatever terms and conditions the Compensation Committee, in its sole discretion, imposes upon the SARs.

Upon exercise of the SAR, the holder will be entitled to receive a cash payment of an amount determined by multiplying the difference between the fair market value of a share of common stock at the date of exercise over the price fixed by the Compensation Committee at the date of grant by the number of shares with respect to which the Stock Appreciation Right is exercised. Payment for SARs will be made in cash; at the time of grant, the Compensation Committee may establish a maximum amount per share that would be payable upon exercise of any SAR. SARs granted under the Equity Incentive Plan will expire no later than ten years after the date of grant. In the event the employment of a participant is terminated, any SARs outstanding will terminate in the same manner as described above for options.

Restricted Stock

Restricted stock awards are shares of TrustCo common stock that are awarded to a participant subject to the satisfaction of the terms and conditions established by the Compensation Committee. Subject to the terms and conditions of the Equity Incentive Plan and the applicable award agreement, upon delivery of shares of restricted stock to a participant, or creation of a book entry evidencing a participant s ownership of such shares, the participant will have all of the rights of a shareholder with respect to such restricted shares.

Shares of restricted stock, however, may not be sold, pledged or otherwise transferred for such period of time as may be determined by the Compensation Committee and specified in the applicable award agreement or until the earlier satisfaction of other conditions (which may include the attainment of performance goals as described below). If a participant experiences a separation from service (as defined under the Equity Incentive Plan) because of his or her death or disability during the restricted period, such period will automatically terminate, and upon a separation from service for any other reason, then any shares of restricted stock still subject to the restriction period automatically will be forfeited and returned to TrustCo.

Restricted Stock Units

A restricted stock unit is a right to receive a payment equal to the value of a share of TrustCo common stock that is awarded to a participant subject to the satisfaction of the terms and conditions established by the Compensation Committee. Restricted stock units are similar to restricted stock, except no shares are actually awarded to a participant, and the participant will have no rights of a shareholder with respect to the restricted stock units. All restricted stock units will be settled by a cash payment determined by reference to the then-current fair market value of TrustCo common stock.

Table of Contents

The award agreement for the grant of the restricted stock units will specify the time period and other conditions (including the performance goals described below) following which TrustCo will make payment with respect to restricted stock units. Upon a separation from service of a participant because of his or her death or disability during the restricted period, such period will automatically terminate and the participant (or his or her beneficiary or successor) will be entitled to payment with respect to the restricted stock unit. Upon a separation from service for any other reason, any restricted stock units will be forfeited and returned to TrustCo.

Performance Units and Performance Shares

Performance units and performance shares granted to a participant are amounts credited to a bookkeeping account established for the participant. Each performance unit will have an initial value of $100.00, and each performance share initially will represent one share of TrustCo common stock. The Compensation Committee will set performance goals that, depending on the extent to which they are met, will determine the ultimate value to the participant of the performance unit or performance share. The time period during which the performance goals must be met also is to be determined by the Compensation Committee. The performance goals and time period will be set forth in the award agreement relating to the performance units or performance shares.

After the applicable performance period has ended, a holder of a performance unit or performance share will be entitled to receive the value of the award as determined by the extent to which performance goals applicable to the award have been met. Any such payment will be in cash and may be in a lump sum or installments as prescribed by the Compensation Committee and the applicable award agreement. Holders of performance units or performance shares will have no voting rights and no rights to dividends or other distributions with respect to such units or shares.

Upon a participant s separation from service because of death, disability or retirement during a performance period, the participant will receive a pro rata payment based on the number of months service during the performance period but taking into account the achievement of performance goals during the entire performance period. Payment will be made as specified in the applicable award agreement after completion of the applicable performance period at the time payments are made to participants who did not have a separation from service during the performance period. If a participant experiences a separation from service for any reason other than death, disability, or retirement during the performance period, all performance units will be forfeited.

Performance Goals

Awards under the Equity Incentive Plan of restricted stock, restricted stock units, performance units, and performance shares may be subject to criteria and objectives determined by the Compensation Committee that must be satisfied or met during a specified time period as a condition to the participant s receipt, in the case of a grant of the restricted stock, of the shares of TrustCo common stock subject to such grant, or in the case of restricted stock units, performance units, or performance shares, of payment with respect to such awards.

Table of Contents

In the case of an award intended to qualify for the exemption from the limitation on deductibility imposed by Section 162(m) of the Internal Revenue Code, the performance goals must be based on the attainment of objectively determinable performance goals based on one or more of the performance measures listed below:

- basic earnings per share,
- basic cash earnings per share,
- diluted earnings per share,
- diluted cash earnings per share,
- net income,
- cash earnings,
- net interest income,
- non-interest income,
- general and administrative expense to average assets ratio,
- cash general and administrative expense to average assets ratio,
- efficiency ratio,
- cash efficiency ratio,
- return on average assets,
- cash return on average assets,

return on average shareholders equity,

cash return on average shareholders equity,

return on average tangible shareholders equity,

cash return on average tangible shareholders equity,

core earnings,

operating income,

operating efficiency ratio,

net interest rate spread,

growth in fees and service charges income,

loan production volume,

growth in loan originations and loan origination fees,

non-performing loans,

loan charge offs (or net charge offs),

Table of Contents

- allowance for loan losses,
- cash flow,
- regulatory capital ratios,
- deposit levels,
- tangible assets,
- improvement in or attainment of working capital levels,
- maintenance of asset quality,
- strategic business objectives consisting of one or more objectives based upon meeting specified cost targets, business expansion goals, and goals relating to acquisitions or divestitures,
- goals relating to capital raising and capital management,
- pre-tax pre-provision core operating earnings,
- any other performance criteria established by the Compensation Committee, and
- any combination of the foregoing.

If an award is intended to qualify for the exemption from the limitation on deductibility imposed by Section 162(m) of the Code, the performance goals must be set by the Compensation Committee within a prescribed time period (generally, prior to the 90th day of the applicable performance period). Performance goals may be particular to an award recipient or to the department, branch, affiliate, or division in which the recipient works, or may be based on the performance of TrustCo, one or more affiliates, (including Trustco Bank) TrustCo and one or more affiliates (including Trustco Bank), or a particular line of business. Performance goals may, but need not be, based upon a change or an increase or positive result and must cover such period as the Compensation Committee may specify. Performance goals may include or exclude extraordinary charges, losses from discontinued operations, restatements and accounting changes, and other unplanned special charges such as restructuring expenses, acquisitions, acquisition expenses, including expenses related to goodwill and other intangible assets, stock offerings, stock repurchases, and loan loss provisions. However, in the case of an award intended to qualify for the Section 162(m) exemption from the limitation on deductibility, such inclusion or exclusion will be made in compliance with Section 162(m).

Upon completion of the applicable restriction or performance period, the Compensation Committee will certify the level of the performance goals attained and the amount of the award payable as a result thereof.

Transferability of Awards

Options, SARs, unvested restricted stock, and other awards under the Equity Incentive Plan generally may not be sold or otherwise transferred except by will or the laws of descent and distribution, subject to certain limited exceptions generally relating to transfers to immediate family members and for estate planning purposes.

Table of Contents

Change of Control

Except as expressly provided otherwise in an award agreement, in the event of a change-in- control of TrustCo (as change-in-control is defined in the plan), all awards under the Equity Incentive Plan will vest 100%. As a result, all options will become exercisable in full, the restrictions applicable to restricted stock will terminate, and performance units and performance shares will be paid out based upon the extent to which performance goals during the performance period have been met up to the date of the change-in-control, or at target, whichever is higher. All other awards, including SARs and restricted stock units, will be paid out based on the terms thereof. Depending on the nature of the change of control transaction, payment of certain awards may be delayed to comply with Section 409A of the Internal Revenue Code.

For purposes of the Equity Incentive Plan, a change-in-control will mean any one or more of the following:

- any individual, corporation (other than TrustCo or Trustco Bank) or other entity or group of persons acting in concert becomes the beneficial owner of securities of TrustCo or Trustco Bank possessing 20% or more of the voting power for the election of directors of either of those Companies,

- a consolidation, merger or other business combination is consummated that involves either TrustCo or Trustco Bank (or their securities) in which holders of voting securities immediately prior to such consummation own, as a group, immediately after such consummation, voting securities of either TrustCo or Trustco Bank (or voting securities of the entity or entities surviving such transaction) having 60% or less of the total voting power in an election of directors of either of TrustCo or Trustco Bank (or such other surviving entity or entities),

- during any period of two consecutive years, individuals who at the beginning of such period constituted the directors of either TrustCo or Trustco Bank cease to constitute at least a majority thereof unless the election, or nomination for election by either TrustCo or Trustco Bank shareholders, of each new director was approved by a vote of at least two-thirds of the directors of either TrustCo or Trustco Bank then still in office who were directors of either at the beginning of any such period,

- removal by the stockholders of all or any of the incumbent directors of either TrustCo or Trustco Bank other than a removal for cause, or

- the completion of a sale, lease, exchange or other transfer is completed (in one transaction or a series of related transactions) of all, or substantially all, of the assets of either TrustCo or Trustco Bank to a party that is not controlled by or under common control with either TrustCo or Trustco Bank.

The Equity Incentive Plan as originally adopted contained an additional circumstance that would be considered a change-in-control, specifically, the announcement of any of the events described above as constituting a change-in-control. The Equity Incentive Plan as amended and restated no longer includes this circumstance within the definition.

22

Table of Contents

Amendment and Termination

The board of directors may amend, suspend, or terminate the Equity Incentive Plan. Under this authority, the board has approved amendments to prohibit the reissuance of shares subject to expired or forfeited awards and to change the definition of change-in-control as described above. The Compensation Committee also may, to the extent permitted by the Equity Incentive Plan, amend the terms of any award granted under the plan, including any Award Agreement. Subject to certain exceptions, no such change, however, may be made without first obtaining the approval of TrustCo shareholders if the amendment would:

- increase the maximum number of shares that may be sold or awarded under the plan or increase the maximum award limitations set forth in the plan,
- decrease the minimum option price or grant price requirements applicable to options and SARs,
- change the class of persons eligible to receive awards,
- change performance goals,
- extend the duration of the plan or the period during which options or SARs may be exercised, or
- otherwise require shareholder approval to comply with any applicable law, regulation or rule.

In addition, no change to the plan or any award under the plan may be made that would materially impair the previously accrued rights of a participant without the written consent of that participant, unless the board of directors or the Compensation Committee determines that the amendment is necessary or advisable to comply with laws, regulations, rules or accounting standards.

The board or the Compensation Committee may adjust the terms and conditions of, and the criteria included in, awards in recognition of unusual or nonrecurring events or of changes in applicable laws, regulations, or accounting principles in order to prevent unintended dilution or enlargement of the benefits or potential benefits intended to be made available under the Equity Incentive Plan. Neither the board nor the Compensation Committee may make any adjustment that would cause an award that is otherwise exempt from Code Section 409A to become subject to Code Section 409A, or that would cause an award that is subject to Code Section 409A to fail to satisfy the requirements of Code Section 409A.

Changes in Capital

In the event of any corporate event or transaction, such as a stock dividend, stock split, recapitalization, reorganization, merger or consolidation, or spin-off, in order to prevent dilution or enlargement of participants rights under the Equity Incentive Plan, the Compensation Committee will adjust the number, class, and kind of securities that can be delivered under the plan and outstanding awards, the plan s limits on the number of shares that can be subject to awards granted to a single participant during a single fiscal year, and the price, as applicable, of securities subject to awards outstanding under the plan.

Table of Contents

Incentive-Based Compensation Recovery

Any award granted under the Equity Incentive Plan and any shares of common stock, cash, or other compensation received by an employee under the plan that constitutes incentive-based compensation may be subject to recovery by TrustCo under any compensation recovery, recoupment, or clawback policy that TrustCo may in the future adopt, including any policy that TrustCo may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, Securities and Exchange Commission rules, or the requirements of any national securities exchange on which TrustCo stock may be listed. Each such employee must promptly return any such incentive-based compensation that TrustCo determines it is required to recover from such employee under any such policy.

Repricing

Neither the TrustCo board nor the Compensation Committee may authorize the repricing of an award without the prior approval of shareholders. For this purpose, the term repricing means any of the following or any other action that has the same effect:

- to lower the exercise price or price per share of an award after it is granted,
- to purchase for cash or shares an outstanding award at a time when its exercise price or price per share exceeds the fair market value of TrustCo common stock,
- to take any other action that is treated as a repricing under generally accepted accounting principles, or
- to cancel an award at a time when its exercise price or price per share exceeds the fair market value of TrustCo common stock in exchange for another award or TrustCo equity.

Tax Withholding Obligations

The Equity Incentive Plan authorizes TrustCo and TrustCo affiliates to withhold all applicable taxes from any award or payment under the Equity Incentive Plan and to take other actions necessary or appropriate to satisfy those tax obligations. Upon the exercise of options or the lapse of the period of restriction for restricted stock issued under the Equity Incentive Plan, participants may also satisfy withholding requirements, in whole or in part, by having TrustCo withhold shares of common stock having a fair market value equal to the minimum withholding amount.

Certain Federal Income Tax Consequences

The following is a brief summary of certain significant United States Federal income tax consequences, under the Internal Revenue Code, regulations promulgated thereunder and judicial or ruling authorities, as in effect on the date of this summary, applicable to us and participants in connection with awards under the Equity Incentive Plan. Such authorities are subject to change, which change may be retroactive. This summary assumes that all awards will be exempt from, or comply with, the rules under Section 409A of the Internal Revenue Code regarding nonqualified

24

deferred compensation. If an award constitutes nonqualified deferred compensation and fails to comply with Section 409A of the Code, the award will be subject to immediate taxation and a penalty tax in the year the award vests. This summary is not intended to be exhaustive, and, among other things, does not describe state, local, or non-United States tax consequences, or the effect of gift, estate or inheritance taxes.

The grant of options under the Equity Incentive Plan will not result in taxable income to the recipient of the option or an income tax deduction for TrustCo. However, the transfer of TrustCo common stock to an option holder upon exercise of his or her option may or may not give rise to taxable income to the option holder and a tax deduction for TrustCo depending upon whether such option is a nonqualified stock option or an incentive stock option.

The exercise of a nonqualified stock option by an option holder generally results in immediate recognition of taxable ordinary income by the option holder and a corresponding tax deduction for TrustCo in the amount by which the fair market value of the shares of common stock purchased, on the date of such exercise, exceeds the aggregate exercise price paid. Any appreciation or depreciation in the fair market value of those shares after the exercise date will generally result in a capital gain or loss to the holder at the time he or she disposes of those shares. The gain or loss will be long term or short term depending upon how long the stock is held by the participant prior to its sale.

The exercise of an incentive stock option by the option holder is exempt from income tax, although not from the alternative minimum tax, and does not result in a tax deduction for TrustCo if the holder has been an employee at all times beginning with the option grant date and ending three months before the date the holder exercises the option (or twelve months in the case of termination of employment due to disability). If the option holder has not been so employed during that time, the holder will be taxed as described above for nonqualified stock options. If the option holder disposes of the shares purchased more than two years after the option was granted and more than one year after the option was exercised, then the option holder will recognize any gain or loss upon disposition of those shares as capital gain or loss. However, if the option holder disposes of the shares prior to satisfying these holding periods (known as a disqualifying disposition), the option holder will be obligated to report as taxable ordinary income for the year in which that disposition occurs the excess, with certain adjustments, of the fair market value of the shares disposed of, on the date the incentive stock option was exercised, over the exercise price paid for those shares. TrustCo would be entitled to a tax deduction equal to that amount of ordinary income reported by the option holder. Any additional gain realized by the option holder on the disqualifying disposition would be capital gain. If the total amount realized in a disqualifying disposition is less than the exercise price of the incentive stock option, the difference would be a capital loss for the holder.

The granting of SARs does not result in taxable income to the recipient of a SAR or a tax deduction for TrustCo. Upon exercise of a SAR, the amount of any cash the participant receives and the fair market value as of the exercise date of any of TrustCo common stock received are taxable to the participant as ordinary income and deductible by TrustCo.

Table of Contents

A participant will not recognize any taxable income upon the award of shares of restricted stock that are not transferable and are subject to a substantial risk of forfeiture. Dividends paid with respect to restricted stock prior to the lapse of restrictions applicable to that stock will be taxable as compensation income to the participant. Generally, the participant will recognize taxable ordinary income at the first time those shares become transferable or are no longer subject to a substantial risk of forfeiture, in an amount equal to the fair market value of those shares when the restrictions lapse. However, a participant may elect to recognize taxable ordinary income upon the award date of restricted stock based on the fair market value of the shares of TrustCo common stock subject to the award on the date of the award. If a participant makes that election, any dividends paid with respect to that restricted stock will not be treated as compensation income, but rather as dividend income, and the participant will not recognize additional taxable income when the restrictions applicable to his or her restricted stock award lapse. Assuming compliance with the applicable reporting requirements, TrustCo will be entitled to a tax deduction equal to the amount of ordinary income recognized by a participant in connection with his or her restricted stock award in TrustCo s taxable year in which that participant recognizes that ordinary income.

The granting of restricted stock units does not result in taxable income to the recipient of a restricted stock unit or a tax deduction for TrustCo. The amount of cash paid or the then-current fair market value of common stock received upon settlement of the restricted stock units is taxable to the recipient as ordinary income and deductible by TrustCo.

The granting of a performance unit or performance share generally should not result in the recognition of taxable income by the recipient or a tax deduction by TrustCo. The payment or settlement of a performance unit or performance share should generally result in immediate recognition of taxable ordinary income by the recipient equal to the amount of any cash paid or the then-current fair market value of the shares of common stock received, and a corresponding tax deduction by TrustCo. If the shares covered by the award are not transferable and subject to a substantial risk of forfeiture, the tax consequences to the participant and TrustCo will be similar to the tax consequences of restricted stock awards, described above.

Generally, any amount that is treated as ordinary income (compensation) will be subject to applicable withholding requirements.

Under Section 162(m) of the Internal Revenue Code, TrustCo may be limited as to federal income tax deductions to the extent that total annual compensation in excess of $1 million is paid to TrustCo s principal executive officer and each of its other four most highly compensated executive officers (other than the principal executive officer) who are employed by TrustCo on the last day of the taxable year. However, certain performance-based compensation, the material terms of which are disclosed to and approved by TrustCo shareholders, is not subject to this deduction limitation. The Equity Incentive Plan has been structured with the intention that compensation resulting from stock options and SARs granted under the Equity Incentive Plan will be qualified performance-based compensation and, assuming the Equity Incentive Plan is approved by the shareholders, deductible without regard to the limitations otherwise imposed by Section 162(m) of the Code. The Equity Incentive Plan allows the Compensation Committee

Table of Contents

discretion to award restricted stock, performance shares, performance units, cash-based awards, and other stock-based awards that are intended to be qualified performance-based compensation, as described under Performance-Based Awards above.

Under certain circumstances, accelerated vesting, exercise or payment of awards under the Equity Incentive Plan in connection with a change of control of TrustCo might be deemed an excess parachute payment for purposes of the golden parachute payment provisions of Section 2800 of the Code. To the extent it is so considered, the participant holding the award would be subject to an excise tax equal to 20% of the amount of the excess parachute payment, and TrustCo would be unable to claim a tax deduction for the excess parachute payment. In addition, to the extent the award is subject to Section 162(m), accelerated vesting prior to the time the performance criteria are satisfied, the award may not qualify as performance-based compensation. In such cases, the $1,000,000 limitation under Section 162(m) is reduced (but not below zero) by the amount, if any, that was paid to the executive but was not deductible under 280 G.

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 approve the adoption of the TrustCo Bank Corp NY 2010 Equity Incentive Plan. 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.

Proposal 3 Advisory Resolution on the Compensation of TrustCo s Named Executive Officers

Section 14A the Securities Exchange Act of 1934 requires TrustCo to provide shareholders with the opportunity to vote to approve, on a nonbinding, advisory basis, the compensation of the named executive officers as disclosed in this proxy statement, including the Compensation Discussion and Analysis and the tabular disclosure regarding the compensation of the named executive officers and the accompanying narrative. (This opportunity is often referred to as a say-on-pay vote or proposal.)

Although TrustCo s shareholders have approved holding the say-on-pay vote every third year, TrustCo s Compensation Committee and the full board of directors have determined that an annual advisory vote on the compensation of the named executive officers would better serve the Company and its shareholders. In the view of the board, since the compensation of the named executive officers is evaluated, adjusted as appropriate, and approved on an annual basis, the views of the Company s shareholders as expressed in the say-on-pay advisory vote should also be

Table of Contents

considered annually. Annual advisory votes, in the view of the board, provide an effective means of communicating shareholder views about the Company s executive compensation programs.

The say-on-pay proposal described below gives TrustCo shareholders the opportunity to endorse, or not endorse, the compensation of the named executive officers. The vote on the proposal is not intended to address any specific element of executive compensation. Further, the vote is advisory, which means that it is not binding on TrustCo, its board of directors, and the Compensation Committee. The Compensation Committee will, however, take into account the outcome of the vote when considering future executive compensation decisions.

As discussed in more detail in the Compensation Discussion and Analysis, TrustCo seeks to offer a compensation structure for its executive officers designed to compare favorably with its peer group while taking into account the experience and responsibilities of each particular executive officer. TrustCo also seeks to provide compensation incentives that promote the enhancement of shareholder value in conjunction with encouraging and rewarding a high level of performance evidenced through the achievement of corporate and individual financial and business objectives and managing and minimizing the level of risk inherent in any compensation program. The Compensation Committee and the board of directors believe that the policies and procedures described in the Compensation Discussion and Analysis are effective in implementing the Company s compensation program and achieving its goals and that the compensation of the Company s named executive officers in 2014 reflects and supports these compensation policies and procedures.

Resolution

In light of the foregoing, TrustCo is asking shareholders to vote on the following resolution at the Annual Meeting:

RESOLVED, that the shareholders of TrustCo Bank Corp NY approve, on an advisory basis, the compensation of the named executive officers, as disclosed in TrustCo s Proxy Statement for the 2015 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table, and the other related tables and narrative disclosure.

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 adopt the foregoing resolution approving the compensation of TrustCo s named executive officers. 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 3 ON THE TRUSTCO PROXY CARD.

Table of Contents

Proposal 4- 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 17, 2015 reappointed Crowe Horwath LLP as TrustCo s independent accountants

for the year ending December 31, 2015. At the Annual Meeting, shareholders will consider and vote on the ratification of the engagement of Crowe Horwath LLP for the fiscal year ending December 31, 2015. Information with respect to the services provided in 2014 and 2013 to TrustCo by Crowe Horwath LLP is presented under the Audit Committee discussion, above. 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.

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, 2015. 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 4 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. 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.

Table of Contents

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis (the CD&A) describes the objectives, policies and components of TrustCo s 2014 executive compensation program for its named executive officers. In addition, the CD&A will discuss and analyze the decisions of and actions taken by the Compensation Committee during, before and after 2014 as those decisions and actions relate to such objectives and policies and the compensation paid to or earned by the named executive officers during 2014.

Named Executive Officers

TrustCo has identified the following executive officers as its named executive officers for 2014:

- Robert J. McCormick, President & Chief Executive Officer, TrustCo and Trustco Bank
- Robert T. Cushing, Executive Vice President & Chief Operating Officer, TrustCo and Trustco Bank (effective as of December 16, 2014, in connection with Mr. Cushing s anticipated retirement, effective May 31, 2015, Mr. Cushing s title and responsibilities changed from Executive Vice President and Chief Financial Officer to Executive Vice President and Chief Operating Officer of Trustco Bank)
- Michael M. Ozimek, Senior Vice President and Chief Financial Officer, TrustCo and Trustco Bank (Mr. Ozimek became Senior Vice President and Chief Financial Officer effective December 16, 2014 in connection with Mr. Cushing s anticipated retirement)
- Scot R. Salvador, Executive Vice President & Chief Banking Officer, TrustCo and Trustco Bank
- Robert M. Leonard, Executive Vice President & Secretary, TrustCo and Trustco Bank.
- Eric W. Schreck, Treasurer, TrustCo, and Senior Vice President, Trustco Bank

Objectives of Executive Compensation Program

Our executive compensation program is designed to promote the following compensation objectives:

- Encourage and reward the achievement of our short- and long-term financial and strategic objectives;
- Align executive interests with the interests of our shareholders to ensure their focus on long-term return

to shareholders and consideration of excessive risk mitigation; and

Provide a comprehensive compensation program that fosters the retention of current executive officers and will serve to attract new highly-talented, results-driven executives as the need may arise.

Executive Summary of Compensation Decisions for 2014

For the past several years, TrustCo has been transitioning its executive compensation program from a program with an emphasis on short-term and fixed pay to a program that puts a greater emphasis on long-term and performance-based compensation. The following summary highlights the key decisions made and actions taken by the Compensation Committee during and prior to 2014 with respect to the compensation paid to and earned by the named executive officers for 2014.

Retirement of Mr. Cushing In December of 2014, after twenty years of service to TrustCo, Mr. Cushing announced his intention to retire as of May 31, 2015. In connection with retirement and the promotion of Mr. Ozimek to the position of Senior Vice President and Chief Financial Officer, Mr. Cushing became Executive Vice President and Chief Operating Officer. In order to help TrustCo transition to a new Chief Financial Officer, TrustCo requested that Mr. Cushing serve as a consultant to TrustCo through December 31, 2015. In connection therewith, in December of 2014, the Company s board of directors approved a consulting agreement for Mr. Cushing, effective from June 1, 2015 through December 31, 2015.

Promotion of Mr. Ozimek In December of 2014, in recognition of his excellent service to the Company in various positions over twelve years and in connection with the anticipated retirement of Mr. Cushing, the Company promoted Mr. Ozimek to Senior Vice President and Chief Financial Officer. In connection therewith, and consistent with the compensation and benefits provided to other members of the senior management team, the Compensation Committee approved his participation in the Company s Executive Officer Incentive Plan for 2015.

Base Salary For the fifth consecutive year, the Compensation Committee determined not to increase the 2014 base salary for Mr. McCormick, which has remained frozen since 2009. The base salaries for Messrs. Cushing and Salvador also remained unchanged for 2014. The decision to de-emphasize salary increases for these executives has not been due to performance, but rather reflects the Compensation Committee s desire to transition from a prior emphasis on fixed compensation to a greater emphasis on performance-based compensation via annual and long-term incentives. For example, during 2010 the base salary for Mr. McCormick represented 69.61% of his total compensation compared with 38.97% for 2014. The Compensation Committee expects this percentage to continue to decrease in 2015.
Mr. Leonard received a base salary increase of approximately 18% from $220,000 to $260,000 based on his performance during 2013. For 2014, Mr. Schreck received a modest base salary increase of approximately 3% from $247,500 to $255,000, roughly in line with average annual salary increases nationwide and consistent with increases during each of the past several years based on his performance and the Compensation Committee s views as to the appropriate positioning of his compensation relative to peer group practices. In light of his promotion only in December 2014, the Committee will begin consideration of Mr. Ozimek s salary in 2015 as part of its consideration of all executive office compensation.

Table of Contents

Long-Term Equity Incentive Compensation For 2014, TrustCo awarded a combination of time-vested options and restricted stock units and performance-based performance share awards to the named executive officers. Consistent with the long-term equity incentive awards granted by the Company s peers, based on a survey performed by Arthur J. Gallagher & Company, the Compensation Committee reduced the percentage of stock options, from 25% of the total long-term equity incentive compensation award to 15%, and increased the percentage of restricted stock unit awards , from 25% of the total long-term equity incentive compensation award to 35%.

Executive Officer Incentive Plan For 2014, the Compensation Committee continued the operation of the Company s Executive Officer Incentive Plan, which provides for the payment of annual cash bonuses based on the achievement of pre-defined annual relative performance goals that either meet or exceed the performance of the Company s peer group. However, consistent with the Company s desire to place more emphasis on long-term compensation the plan was amended in 2013 to provide that a portion of the 2014 bonuses would be subject to long-term performance.

Supplemental Retirement Plan (SERP) Bonus For 2014, the Company made payments to Mr. McCormick, Mr. Cushing, Mr. Salvador and Mr. Leonard, as required in their employment agreements, in an amount equal to the incremental amount that would have been credited to them under the TrustCo Supplemental Retirement Plan, as if the plan had not been frozen in 2008, to make up for the limitations on compensation and annual benefits imposed on the Company s Retirement Plan by the Internal Revenue Code

Highlights of 2014 Business Results

TrustCo continued its strong performance in 2014. Net income increased by 11% over net income for 2013. Nonperforming assets decreased 22.4% to 0.87% of total assets and return on average equity rose 39 basis points to 11.54% for 2014. This strong performance contributed to a total shareholder return of 5.10% for our stockholders in 2014 compared with 4.20% for our peer group. The Committee attributes this exceptional performance in part to the efforts of the Company s executive officers, including the named executive officers, whose efforts are encouraged and rewarded by the Company s executive compensation program.

Compensation Committee and Management Role in Determining Compensation for the Named Executive Officers

The Compensation Committee has responsibility for overseeing the Company s executive compensation policies and practices, including establishing annual salaries, long-term incentive and equity incentive arrangements, annual incentive arrangements, and all other benefits and other compensation programs for the Company s named executive officers. The Compensation Committee is solely responsible for setting the compensation of Mr. McCormick, the Company s chief executive officer (CEO). As for the other named executive officers, our CEO generally makes recommendations to the Compensation Committee, which then evaluates the recommendations in light of the named executive officers performance, the Company s performance and other factors, and then determines the levels and structure of compensation for these executives.

In making its decisions, the Compensation Committee will consider a number of factors including among others:

- TrustCo s and Trustco Bank s attainment of net income goals;
- The Company s operating performance against its peers;
- Total shareholder return over a one to five-year period and total shareholder return in relation to total compensation;
- Total asset targets;
- Overall profitability from year to year; and
- Banking experience of individual named executive officers, the scope of their responsibility within the overall organization, and their individual performance and specific contributions they made 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 Compensation Committee generally considers most or all of the above criteria, but does not generally assign a specific weight to any of these factors in making compensation decisions and may choose certain criteria in one year and others in other years. Except for specific goals set with respect to certain compensation programs described herein or otherwise set forth below, the Compensation Committee makes compensation decisions on a discretionary basis considering such factors and criteria as it deems appropriate from year to year.

Use of Peer Companies

As part of the Company s analysis, review and implementation of its executive compensation program, the Compensation Committee reviews certain aspects of the financial performance of a group of companies the Company considers to be peer companies as well as the compensation paid to certain executive officers of these peer companies. For example, annual bonus awards paid pursuant to the Company s Executive Officer Incentive Plan are based on the achievement of certain performance metrics relative to the achievement of the same metrics by these peer companies. In addition, the Compensation Committee typically reviews the total compensation, including base salary, incentive compensation, equity awards and other compensation, paid to the top three to five executive officers of these peer companies. While Compensation Committee considers certain aspects of the financial performance of peer companies and the compensation paid to the named executive officers of peer companies relative to the Company s performance and compensation paid to the Company s named executive officers, it doesn t specifically benchmark compensation against these peer companies, but rather uses the information as a general guide to setting compensation for the Company s named executive officers.

The Compensation Committee typically determines the Company s then current peer group in December of each year in connection with setting certain aspects of annual compensation for the following year. The criteria the

Compensation Committee uses to determine peer companies is

Table of Contents

generally the same from year to year and consists of New York, New Jersey and Florida based banks and thrifts with assets of between $2 and $10 billion measured as of the end of September of each year). The Compensation Committee feels that since the Company s major market areas are in Upstate New York, Downstate New York/Northern New Jersey and Florida, these comparably-sized companies were a reasonable representation of its peers. The Company also has branch offices in Vermont and Massachusetts, but it views those offices as extensions of its Upstate New York operations. As of December 31, 2013, the Company had total assets of approximately $4.44 billion. The composition of the peer group may change from year to year as new companies enter the relevant market or on account of the changes in size of companies or mergers or acquisitions.

In December of 2013, the Compensation Committee selected a peer group consisting of 21 banks and thrifts, eleven of which were based in New York, seven of which were based in New Jersey and three of which were based in Florida.

The Company s peer group selected in 2013 consisted of the following companies (the Peer Group).

Arrow Financial Corp.	Lakeland Bancorp, Inc.
Capital Bank Financial Corp.	NBT Bancorp Inc.
Capital City Bank Group, Inc.	Northfield Bancorp, Inc.
CenterState Banks, Inc.	OceanFirst Financial Corp.
Community Bank System, Inc.	Oritani Financial Corp.
Dime Community Bancshares, Inc.	Provident Financial Services, Inc.
Financial Institutions, Inc.	Seacoast Banking Corporation of Florida
First Long Island Corp.	Sterling Bancorp
Flushing Financial Corporation	Sun Bancorp, Inc.
Hudson Valley Holding Corp.	Tompkins Financial Corp.
Kearny Financial Corp.	

In addition, for 2013, the Compensation Committee also reviewed compensation paid to the executive officers of companies in a peer group designed by Institutional Shareholder Services, Inc. (ISS), a third-party provider of corporate governance research and analysis and shareholder advisory services for TrustCo in 2013. The ISS peer group was composed of companies having the same Global Industry Classification Standard as the Company and a similar asset size and market value. The ISS peer group consisted of the following companies (the ISS Peer Group).

Bank Mutual Corporation	MGIC Investment Corporation
BBX Capital Corp.	NBT Bancorp Inc.
Beneficial Mutual Bancorp, Inc.	Northfield Bancorp, Inc.
Berkshire Hills Bancorp, Inc.	Northwest Bancshares, Inc.
Bofl Holding, Inc.	OceanFirst Financial Corp.
Brookline Bancorp, Inc.	