TRUSTCO BANK CORP N Y
Form DEF 14A
March 31, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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

Filed by the Registrant x

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Check the appropriate box:
o Preliminary Proxy Statement
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TrustCo Bank Corp NY
(Name of Registrant as Specified In Its Charter)

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

(3) Filing Party: N/A

(4) Date Filed: N/A

5 Sarnowski Drive, Glenville, New York 12302

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Shareholders of TrustCo Bank Corp NY:

Notice is hereby given that the Annual Meeting of Shareholders of TrustCo Bank Corp NY, a New York corporation, will be held at Mallozzi's Restaurant and Banquet House, 1930 Curry Road, Rotterdam, New York 12303, on May 19, 2011, 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 TrustCo Bank Corp NY 2010 Equity Incentive Plan.
3. Approval of the TrustCo Bank Corp NY 2010 Directors Equity Incentive Plan.
4. Approval of a Nonbinding Advisory Resolution on the Compensation of TrustCo's Named Executive Officers.
5. Approval of a Nonbinding Advisory Resolution on the Frequency of an Advisory Vote on the Compensation of TrustCo's Named Executive Officers.
6. Ratification of the Appointment of Crowe Horwath LLP as TrustCo's Independent Auditors for 2011.
7. Any other business that properly may be brought before the meeting or any adjournment thereof.

By Order of the Board of Directors,

/s/ Robert M. Leonard
Robert M. Leonard,
Secretary

March 25, 2011

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 19, 2011:

This Notice, the Proxy Statement attached to this Notice and TrustCo's Annual Report to shareholders for the year ended December 31, 2010 are available free of charge at http://www.cfpproxy.com/6892.

TRUSTCO BANK CORP NY

PROXY STATEMENT FOR
ANNUAL MEETING OF SHAREHOLDERS
May 19, 2011

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 19, 2011, at Mallozzi's Restaurant and Banquet House, 1930 Curry Road, Rotterdam, New York 12303. This proxy statement and the form of proxy were first mailed to shareholders on or about March 25, 2011.

The record date for the Annual Meeting is March 22, 2011. Only shareholders of record at the close of business on March 22, 2011 are entitled to notice of and to vote at the Annual Meeting. Shareholders of record on that date are entitled to one vote for each share of TrustCo common stock they hold. Each share of TrustCo's common stock has one vote, and, as of March 1, 2011, there were 77,243,816 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 TrustCo Bank Corp NY 2010 Equity Incentive Plan), Proposal 3 (Approval of the TrustCo Bank Corp NY 2010 Directors Equity Incentive Plan), Proposal 4 Advisory Resolution on the Compensation of TrustCo's Named Executive Officers), and Proposal 5 (Advisory Resolution on the Frequency of an Advisory Vote 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 items. 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 6 (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 that item.

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

- “For” each of the nominees for director,
- “For” approval of the TrustCo Bank Corp NY 2010 Equity Incentive Plan,
- “For” approval of the TrustCo Bank Corp NY 2010 Directors Equity Incentive Plan,
- “For” the approval of the nonbinding advisory resolution approving the compensation of TrustCo’s named executive officers,
- “For” the approval of the nonbinding advisory resolution for the advisory vote on the compensation of TrustCo’s named executive officers to be held every three years, and
- “For” ratification of the appointment of Crowe Horwath LLP as TrustCo’s independent auditors.

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

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

TrustCo will solicit proxies primarily by mail, although proxies also may be solicited by directors, officers, and employees of TrustCo or 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 $7,750 plus expenses and a delivery fee of $2,250. The entire cost of this solicitation will be paid by TrustCo.

THE ANNUAL MEETING

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

Proposal 1 - Election of Directors

The first item to be acted upon at the Annual Meeting is the election of two directors to serve on the TrustCo board of directors. The nominees for election as directors for three-year terms expiring at TrustCo’s 2014 Annual Meeting are Anthony J. Marinello, M.D., Ph.D. and William D. Powers. 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, 2010 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 2014

	Shares of TrustCo Common Stock Beneficially Owned	
Name and Principal Occupation(2)	No. of Shares (3)	Percent of Class
Anthony J. Marinello, M.D., Ph.D., Age 55, Physician. Director of TrustCo and Trustco Bank from 1995-present. Dr. Marinello contributes his experience as an entrepreneur operating a successful medical practice and his skills for developing and evaluating business strategies.	61,836	*
William D. Powers, Age 69, Partner, Powers & Company, LLC (consultants). 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.	162,743	*

OTHER TRUSTCO DIRECTORS(1)

	Shares of TrustCo Common Stock Beneficially Owned	
Name and Principal Occupation(2)	No. of Shares (3)	Percent of Class
Dennis A. De Gennaro, Age 66, 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 and contributes his organization skills and experience from operating a successful business enterprise.	55,028	*

*Less than 1%

See footnotes on page 8.

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Joseph A. Lucarelli, Age 70, President, Traditional Builders (residential home builder and developer). Former President, Bellevue Builders Supply, Inc. Director of TrustCo and Trustco Bank from 1999-present. Mr. Lucarelli is highly knowledgeable about commercial and residential real estate and contributes his organization skills and experience from operating a successful business enterprise.	188,068	*
Thomas O. Maggs, Age 66, President, Maggs & Associates, The Business Insurance Brokers, Inc. (insurance broker). Director of TrustCo and Trustco Bank from 2005-present. Mr. Maggs contributes his experience as an entrepreneur operating a successful business enterprise and his skills for developing and evaluating business strategies.	15,840	*
Robert A. McCormick, Age 74, Chairman of TrustCo and Trustco Bank 2001-2008. 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.	2,022,780	2.60

*Less than 1%

See footnotes on page 8.

Name and Principal Occupation(2)	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Robert J. McCormick, Age 47, President and Chief Executive Officer of TrustCo since January 2004, Chairman 2009 and 2010, executive officer of TrustCo from 2001-present and President 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.	1,411,727	1.81
William J. Purdy, Age 76, President, Welbourne & Purdy Realty, Inc. Chairman of the Board of Directors for TrustCo and Trustco Bank 2011. Director of TrustCo and Trustco Bank from 1991-present. 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.	64,528	*

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 55, Executive Vice President and Chief Financial Officer of TrustCo from January 2004-present, 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.	775,838	1.00

*Less than 1%

See footnotes on page 8.

Name and Principal Occupation	Shares of TrustCo Common Stock Beneficially Owned No. of Shares (3)	Percent of Class
Scot R. Salvador, Age 44, 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.	480,203	*
Robert M. Leonard, Age 48, Secretary of TrustCo and Trustco Bank 2003-2006 and 2009-present. Assistant Secretary of TrustCo and Trustco Bank 2006-2009. Senior Vice President of TrustCo and Trustco Bank from 2010-present. 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.	94,496	*
Eric W. Schreck, Age 44, Senior Vice President and Florida Regional President Trustco Bank from 2009-present. Treasurer of TrustCo Bank from 2010-present. Executive officer of Trustco and Trustco Bank from 2010-present. Joined Trustco Bank in 1989.	64,506	*
Sharon J. Parvis, Age 59, 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.	43,033	*
Thomas M. Poitras, Age 48, 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.	77,693	*

*Less than 1%

See footnotes on page 8.

TRUSTCO DIRECTORS, NOMINEES, AND EXECUTIVE OFFICERS AS A GROUP (14 INDIVIDUALS) BENEFICIALLY OWN 5,518,319 SHARES OF COMMON STOCK, WHICH REPRESENTS 6.95% OF THE OUTSTANDING SHARES.

Footnotes:

(1) Directors of TrustCo Bank Corp NY are also directors of Trustco Bank.

(2) Each of the directors has held, or retired from, the same position or another executive position with the same employer during the past five years.

(3) Each director and executive officer named herein has sole voting and investment power with respect to the shares listed above except as noted below. Voting or investment power is shared by the spouse or other immediate family members with respect to the number of shares indicated for the following directors or executive officers: Dr. Anthony J. Marinello, 29,922 shares; William D. Powers, 154,743 shares; Robert J. McCormick, 163,515 shares; and Robert M. Leonard, 12,386 shares. Voting or investment power is held by the spouse or other immediate family members with respect to the number of shares indicated for the following directors or executive officers, each of whom disclaims beneficial ownership of such securities: Robert T. Cushing, 485,837 shares; Joseph A. Lucarelli, 23,805 shares; Dr. Anthony J. Marinello, 14,350 shares; Robert A. McCormick, 69,994 shares; Robert J. McCormick, 43,160 shares; Robert M. Leonard, 3,444 shares; and Thomas M. Poitras, 1,915 shares. Included for Robert J. McCormick are 142,129 shares in trust at Trustco Bank for which Robert J. McCormick is co-trustee, and 71,397 shares that are held by Trustco Bank as a co-trustee of trusts for the benefit of Robert J. McCormick or his family. The number of shares owned by each of the directors and executive officers includes options to acquire the following number of shares: Robert T. Cushing, 290,000 shares; Robert M. Leonard, 54,000 shares; Joseph A. Lucarelli, 13,395 shares; Thomas O. Maggs, 4,000 shares; Dr. Anthony J. Marinello, 13,395 shares; Robert A. McCormick, 532,500 shares; Robert J. McCormick, 680,000 shares; William D. Powers, 8,000 shares; William J. Purdy, 13,395 shares; Scot R. Salvador, 420,000 shares; Sharon J. Parvis, 37,935 shares; Thomas M. Poitras, 47,500 shares, and Eric W. Schreck, 29,500 shares.

Board Meetings and Committees

TrustCo’s full board held nine meetings during 2010. 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 2010.

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

The Nominating and Corporate Governance Committee held three meetings in 2010. 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, William D. Powers, and William J. Purdy. The function of the Nominating and Corporate Governance Committee is to assist the board by recommending and reviewing individuals for consideration as directors and develop and annually review governance guidelines applicable to the Company.

TrustCo’s Audit Committee held four meetings in 2010. 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. The function of the Audit Committee includes the review of TrustCo's and Trustco Bank's internal audit procedures and also the review of the adequacy of internal accounting controls for TrustCo and Trustco Bank. In addition, the Audit Committee annually recommends the use of external audit firms by TrustCo and Trustco Bank in the coming year, after reviewing performance of the existing vendors and available audit resources. Please refer to the discussion under "Audit Committee" for a more detailed description of the Audit Committee's activities.

TrustCo's Compensation Committee held four meetings in 2010. 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. The function of the Compensation Committee is to determine the total compensation of the chief executive officer and to review general compensation practices of TrustCo and Trustco Bank including the executive officers. Please refer to the discussion under "Compensation Committee" for a more detailed description of the Compensation Committee's activities.

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

Although TrustCo does not have a policy with regard to board members' attendance at the Annual Meeting of Shareholders, the directors are encouraged to attend such meetings, and all of the directors attended the 2010 Annual Meeting.

Director Nominations

Each of the nominees slated for election at the Annual Meeting was considered and selected by the Nominating and Corporate Governance Committee and unanimously approved by TrustCo's independent directors.

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

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

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

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

Compensation Committee

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

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

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

Audit Committee

The Audit Committee of TrustCo's board is responsible for providing independent, objective oversight of TrustCo's accounting functions, internal controls, and financial reporting process. The Audit Committee is composed of six directors, each of whom is independent under listing standards of The NASDAQ Stock Market, and each member of the Audit Committee satisfies the "financial sophistication" requirement also set forth in those listing standards. The board of directors has determined the Company does not have an Audit Committee "financial expert" serving on its Audit Committee. 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. 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.

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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.

The following table presents fees for professional audit 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, 2010 and 2009 and of the effectiveness of internal controls over financial reporting.

	2010	2009
Audit fees	$ 356,000	$ 313,500
Audit related fees(1)	17,100	94,000
Tax fees	--	--
All other fees	--	--
Total fees	$ 373,100	$ 407,500

(1) For 2010, audit related fees consisted of reviewing SEC matters and accounting research. For 2009, audit related fees consisted of audits of prior year financial statements (2008 and 2007).

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

Audit Committee Report. The Audit Committee's responsibility is to monitor and oversee TrustCo's financial reporting and audit processes and to otherwise conduct its activities as provided for in its charter. Management is responsible for TrustCo's internal controls and financial reporting process. TrustCo's independent accountants for 2010, Crowe Horwath, were responsible for performing an independent audit of TrustCo's consolidated financial statements in accordance with the Standards of the Public Company Accounting Oversight Board (United States) ("PCAOB") and issuing a report thereon. TrustCo's Internal Audit Department is responsible for monitoring compliance with internal policies and procedures. In performing its oversight, the Audit Committee reviews the performance of Crowe Horwath and TrustCo's internal auditors.

In connection with these responsibilities, the Audit Committee met with management and Crowe Horwath to review and discuss TrustCo's December 31, 2010 and 2009 consolidated financial statements. The Audit Committee also discussed with Crowe Horwath the matters required to be communicated to audit committees in accordance with professional standards and received the written disclosures and a letter from Crowe Horwath required by relevant regulatory and professional standards regarding auditor communications with audit committees concerning independence.

Based upon the Audit Committee's discussions with management and the independent accountants, and its review of the information described in the preceding paragraphs, the Audit Committee has recommended that the board of directors include the audited consolidated financial statements in TrustCo's Annual Report on Form 10-K for the year ended December 31, 2010, to be 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

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, William J. Purdy, is an independent director who has been a member of the board since 1991. Mr. Purdy became chairman in January 2011 in connection with the adoption by TrustCo's board of directors of a new policy under which the positions of chief executive officer and chairman of the board will be separated and the position of chairman of the board will rotate among TrustCo's independent directors on an annual basis. Mr. Purdy 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, 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, it has delegated important duties to its committees, including the Audit Committee.

The Audit Committee, whose members are independent, meets each quarter with the internal auditor and the Company's independent auditor to review all financial and public disclosures. In addition, the Compensation Committee has reviewed the Company's compensation policies and procedures and has concluded that the policies are not reasonably likely to have a material adverse affect on the Company.

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

Vote Required and Recommendation

The two nominees for election to the TrustCo board for three-year terms expiring at the 2014 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 TrustCo Bank Corp NY 2010 Equity Incentive Plan

On December 21, 2010, based on the recommendation of the Compensation Committee, the TrustCo board adopted the TrustCo Bank Corp NY 2010 Equity Incentive Plan (the "2010 Incentive Plan") and directed that the 2010 Incentive Plan be submitted to the shareholders at the Annual Meeting. Shareholder approval of the 2010 Incentive Plan 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").

The principal features of the 2010 Incentive Plan are summarized in this proxy statement. You should read the 2010 Incentive Plan for a full statement of its legal terms and conditions. Appendix I to this proxy statement contains the full text of the 2010 Incentive Plan as proposed to be approved by the shareholders.

Purposes of the 2010 Incentive Plan

The purpose of the 2010 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 same time, the board and the Compensation Committee will 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 2010 Incentive Plan, TrustCo may grant or award stock options, stock appreciation rights (“SARs”), restricted stock, restricted stock units, performance units and performance shares to persons eligible to participate in the plan. The 2010 Incentive Plan will remain in effect, subject to the board’s right to terminate the plan earlier, until all shares of common stock subject to it have been purchased or acquired. However, no award may be granted under the plan on or after December 21, 2020.

Administration

The Compensation Committee will administer the 2010 Incentive Plan and, as a result, will have 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 2010 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 162(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, Dr. Anthony J. Marinello, Thomas O. Maggs, William D. Powers, and William J. Purdy.

Shares Subject to the 2010 Incentive Plan

The total number of shares of common stock that may be issued pursuant to awards of options or restricted stock under the 2010 Incentive Plan may not exceed 2,000,000, and the total number of awards of SARs, restricted stock units, performance units or performance shares may not exceed the equivalent of 500,000 shares. (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 2010 Incentive Plan may consist of authorized but unissued stock or treasury stock.

If an option or other award under the 2010 Incentive Plan expires or terminates without having been exercised in full, or if any such option is exercised or settled in a manner that results in some or all of the shares of common stock related to the option not being issued, the shares of stock otherwise subject to the option that do not become outstanding will remain available for issuance. If any other awards under the 2010 Incentive Plan are forfeited for any reason, or settled in cash in lieu of common stock or in a manner such that some or all of the shares related to the award are not issued, such shares of common stock will (unless the plan has terminated) remain available for issuance under the plan.

Participation

As of March 1, 2011, there were approximately 162 employees of TrustCo and Trustco Bank who would be eligible to receive awards under the 2010 Incentive Plan. Historically, approximately 18 of the eligible employees have received equity awards. As of December 31, 2010, the named executive officers included in the Summary Compensation Table held vested options to purchase 1,473,500 shares of common stock at a weighted-average exercise price of $11.88 per share, all of which were awarded under TrustCo's prior stock option plans. As of December 31, 2010, TrustCo's employees as a group (not including the executive officers) held vested options to purchase 1,035,870 shares of common stock at a weighted-average exercise price of $10.93 per share, all of which were awarded under prior stock option plans.

Awards under the 2010 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).

New Plan Benefits

No awards will be granted pursuant to the 2010 Incentive Plan until it is approved by the shareholders. In addition, awards are subject to the discretion of the Compensation Committee. As a result, it is not possible to determine the benefits that will be received in the future by participants in the 2010 Incentive Plan or the benefits that would have been received by such participants if the plan had been implemented prior to the Annual Meeting. Please refer to the outstanding equity award table for a listing of options granted to the executive officers under the prior stock option plans.

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 2010 Incentive Plan. The Compensation Committee will have 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 2010 Incentive Plan will 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. On March 1, 2011, the fair market value of a share of TrustCo common stock was $5.97. The exercise price of any stock options granted under the 2010 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 2010 Incentive Plan's purpose and applicable law or by a combination of the foregoing. TrustCo may not, under the 2010

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 2010 Incentive Plan will be exercisable at such times and be subject to such restrictions and conditions as the Compensation Committee may approve. The Compensation Committee will determine 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 2010 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 2010 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.

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 2010 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 2010 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 2010 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.

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 prorata 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 2010 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.

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),
- 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, or
- 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 2010 Incentive Plan generally may not be sold or otherwise transferred except by will or the laws of descent and distribution.

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 2010 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 2010 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,

- 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, or

- there is an announcement of any of the events described above.

Amendment and Termination

The board of directors may amend, suspend, or terminate the 2010 Incentive Plan, and the Compensation Committee may, to the extent permitted by the 2010 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 2010 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 2010 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.

Incentive-Based Compensation Recovery

Any award granted under the 2010 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 2010 Incentive Plan authorizes TrustCo and TrustCo affiliates to withhold all applicable taxes from any award or payment under the 2010 Incentive Plan and to take other actions necessary or appropriate to satisfy those tax obligations.

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 2010 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 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 2010 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.

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 wfore:always'>

BALANCE SHEET

(unaudited)

million	As at 30 June 2018	As at 31 December 2017	As at 30 June 2017
Non-current assets			
Goodwill	16,687	16,881	16,974
Intangible assets	12,011	11,520	9,481
Property, plant and equipment	10,050	10,411	11,063
Pension asset for funded schemes in surplus	2,340	2,173	1,334
Deferred tax assets	1,000	1,085	1,255
Financial assets	642	675	685
Other non-current assets	619	557	615
	43,349	**43,302**	**41,407**
Current assets			
Inventories	4,246	3,962	4,162
Trade and other current receivables	6,821	5,222	6,215
Current tax assets	505	488	328
Cash and cash equivalents	3,991	3,317	5,016
Other financial assets	866	770	825
Assets held for sale	3,404	3,224	52
	19,833	**16,983**	**16,598**

Total assets	**63,182**	**60,285**	**58,005**
Current liabilities			
Financial liabilities	10,670	7,968	5,081
Trade payables and other current liabilities	13,779	13,426	13,322
Current tax liabilities	924	1,088	992
Provisions	472	525	424
Liabilities held for sale	143	170	1
	25,988	**23,177**	**19,820**
Non-current liabilities			
Financial liabilities	18,951	16,462	14,552
Non-current tax liabilities	324	118	116
Pensions and post-retirement healthcare liabilities:			
Funded schemes in deficit	1,157	1,225	1,277
Unfunded schemes	1,460	1,509	1,619
Provisions	719	794	1,001
Deferred tax liabilities	1,966	1,913	2,053
Other non-current liabilities	316	700	749
	24,893	**22,721**	**21,367**
Total liabilities	**50,881**	**45,898**	**41,187**
Equity			
Shareholders equity	11,583	13,629	16,203
Non-controlling interests	718	758	615
Total equity	**12,301**	**14,387**	**16,818**
Total liabilities and equity	**63,182**	**60,285**	**58,005**

CASH FLOW STATEMENT

(unaudited)

million	First Half 2018	First Half 2017
Net profit	3,237	3,317
Taxation	1,102	1,315
Share of net profit of joint ventures/associates and other income from non-current investments and associates	(88)	(75)
Net finance costs	223	290
Operating profit	**4,474**	**4,847**
Depreciation, amortisation and impairment	983	763
Changes in working capital	(1,697)	(1,436)
Pensions and similar obligations less payments	(76)	(794)
Provisions less payments	(61)	68
Elimination of (profits)/losses on disposals	32	(299)
Non-cash charge for share-based compensation	115	158
Other adjustments[(a)]	(283)	-
Cash flow from operating activities	**3,487**	**3,307**
Income tax paid	(1,081)	(1,122)
Net cash flow from operating activities	**2,406**	**2,185**
Interest received	45	104
Net capital expenditure	(495)	(672)
Other acquisitions and disposals	(1,035)	154
Other investing activities	44	(46)
Net cash flow (used in)/from investing activities	**(1,441)**	**(460)**
Dividends paid on ordinary share capital	(2,033)	(1,911)
Interest and preference dividends paid	(191)	(252)
Change in financial liabilities	4,486	3,613
Repurchase of shares	(2,248)	(1,071)
Other movements on treasury stock	(264)	(199)
Other financing activities	(145)	(42)
Net cash flow (used in)/from financing activities	**(395)**	**138**
Net increase/(decrease) in cash and cash equivalents	**570**	**1,863**

Cash and cash equivalents at the beginning of the period	**3,169**	**3,198**
Effect of foreign exchange rate changes	72	(201)
Cash and cash equivalents at the end of the period	**3,811**	**4,860**

(a) Includes a non-cash credit of 277 million from early settlement of contingent consideration relating to Blueair.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

1 ACCOUNTING INFORMATION AND POLICIES

The accounting policies and methods of computation are in compliance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standard Board (IASB) and as adopted by the EU; and except as set out below are consistent with the year ended 31 December 2017. The condensed interim financial statements are based on International Financial Reporting Standards (IFRS) as adopted by the EU and IFRS as issued by the IASB.

After making appropriate enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half year financial statements.

The condensed interim financial statements are shown at current exchange rates, while percentage year-on-year changes are shown at both current and constant exchange rates to facilitate comparison. The income statement on page 11, the statement of comprehensive income on page 11, the statement of changes in equity on page 12 and the cash flow statement on page 14 are translated at exchange rates current in each period. The balance sheet on page 13 is translated at period-end rates of exchange.

The condensed interim financial statements attached do not constitute the full financial statements within the meaning of section 434 of the UK Companies Act 2006. The comparative figures for the financial year ended 31 December 2017 are not Unilever PLC s statutory accounts for that financial year. Those accounts of Unilever for the year ended 31 December 2017 have been reported on by the Group s auditor and delivered to the Registrar of Companies. The report of the auditor on these accounts was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the UK Companies Act 2006.

Recent accounting developments

On 1 January 2018 the Group adopted IFRS 9 Financial Instruments , which replaced IAS 39 Financial Instruments Recognition and Measurement . The Group has not restated comparative information for prior periods.

Classification and Measurement: On 1 January 2018, we reclassified our financial assets to the new categories based on the Group s reason for holding the assets and the nature of the cash flows from the assets. See note 9 for further information. There were no changes to the carrying values of the Group s financial assets from adopting the new classification model. There have been no changes to the classification or measurement of the Group s financial liabilities.

Impairment: From 1 January 2018 the Group implemented an expected credit loss impairment model for financial assets. For trade receivables, our calculation methodology has been updated to consider expected losses based on ageing profile. The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Hedge accounting: The Group applied the hedge accounting requirements of IFRS 9 prospectively. At the date of initial application all of the Group s existing hedging relationships were eligible to be treated as continuing hedge relationships.

On 1 January 2018 the Group adopted IFRS 15 Revenue from Contracts with Customers with no impact as our accounting policies were already in line with IFRS 15.

In addition, IFRS 16 Leases has been issued by the IASB and endorsed by the EU but is not yet adopted by the Group. It is effective from 1 January 2019. Our work on implementing the new lease model prescribed is progressing as planned, and we continue to consider the implications of the standard on the Group s consolidated results and financial position. Whilst we have conducted contract reviews in a sample of countries and central locations, our work is ongoing on an initial impact assessment exercise and a review of the systems and processes that will need to be updated. We have not yet estimated the amount of right of use assets and lease liabilities that will be recognised on the balance sheet or decided which exemptions will be adopted.

Change in operating segments

The Group has revised its operating segments to align with the new structure under which the business is managed. Beginning 2018, operating segment information is provided based on three product areas: Beauty & Personal Care, Home Care and Foods & Refreshment.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

2 SIGNIFICANT ITEMS WITHIN THE INCOME STATEMENT

Non-underlying items

Non-underlying items are costs and revenues relating to gains and losses on business disposals, acquisition and disposal-related credit/costs, restructuring costs, impairments and other one-off items within operating profit, and other significant and unusual items within net profit but outside of operating profit, which we collectively term non-underlying items, due to their nature and/or frequency of occurrence. These items are significant in terms of nature and/or amount and are relevant to an understanding of our financial performance.

Restructuring costs are charges associated with activities planned by management that significantly change either the scope of the business or the manner in which it is conducted.

million	First Half	
	2018	2017
Acquisition and disposal-related credit/(costs)[(a)]	148	(69)
Gain/(loss) on disposal of group companies[(b)]		308
Restructuring costs	(367)	(318)
Impairment and other one-off items[(c)]	(219)	
Non-underlying items within operating profit before tax	(438)	(79)
Tax on non-underlying items within operating profit	170	(21)
Non-underlying items within operating profit after tax	(268)	(100)
Non-underlying items not in operating profit but within net profit:		
Impact of US tax reform	(29)	
Non-underlying items not in operating profit but within net profit after tax	(29)	
Non-underlying items after tax[(d)]	(297)	(100)
Attributable to:		
Non-controlling interests	(10)	(4)
Shareholders equity	(287)	(96)

(a) 2018 includes a credit of 277 million from early settlement of contingent consideration relating to Blueair.

(b) 2017 includes a gain of 308 million from the sale of AdeS soy beverage business in Latin America.

(c) Includes a charge of 208 million relating to impairment of Blueair intangible asset.
(d) Non-underlying items after tax is calculated as non-underlying items within operating profit after tax plus non-underlying items not in operating profit but within net profit after tax.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

3 SEGMENT INFORMATION - DIVISIONS

First Half	Beauty & Personal Care	Home Care	Foods & Refreshment	Total
Turnover (million)				
2017	10,481	5,398	11,846	27,725
2018	10,084	5,048	11,220	26,352
Change (%)	(3.8)	(6.5)	(5.3)	(5.0)
Impact of:				
Exchange rates (%)*	(10.2)	(10.0)	(7.3)	(8.9)
Acquisitions (%)	4.3	0.6	0.9	2.1
Disposals (%)		(0.2)	(0.4)	(0.2)
Underlying sales growth (%)	**2.7**	**3.5**	**1.8**	**2.5**
Price (%)*	(0.2)	0.3	0.6	0.2
Volume (%)	2.9	3.2	1.2	2.2
Operating profit (million)				
2017	2,068	573	2,206	4,847
2018	2,037	638	1,799	4,474
Underlying operating profit (million)				
2017	2,207	643	2,076	4,926
2018	2,201	633	2,078	4,912
Operating margin (%)				
2017	19.7	10.6	18.6	17.5
2018	20.2	12.6	16.0	17.0
Underlying operating margin (%)				
2017	21.1	11.9	17.5	17.8
2018	21.8	12.5	18.5	18.6

* 2018 underlying price growth in Venezuela has been excluded from the Price rows in the tables above, and an equal and opposite adjustment made in the Exchange rate rows.

The adjustment made at Total Group level in these tables in respect of 2018 price growth in Venezuela was 1.3% for the first half. Prior to this adjustment being made, first half price growth at Total Group level would have been 1.5% and exchange rate impact would have been (10.1)%. The corresponding adjustments for Foods & Refreshment was 3.1% for the first half. There is no adjustment in the other divisions.

Turnover growth is made up of distinct individual growth components namely underlying sales, currency impact, acquisitions and disposals. Turnover growth is arrived at by multiplying these individual components on a compounded basis as there is a currency impact on each of the other components. Accordingly, turnover growth is more than just the sum of the individual components.

Underlying operating profit represents our measure of segment profit or loss as it is the primary measure used for the purpose of making decisions about allocating resources and assessing performance of segments. Underlying operating margin is calculated as underlying operating profit divided by turnover.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

4 SEGMENT INFORMATION - GEOGRAPHICAL AREA

First Half	Asia / AMET / RUB	The Americas	Europe	Total
Turnover (million)				
2017	12,085	9,077	6,563	27,725
2018	11,735	8,083	6,534	26,352
Change (%)	(2.9)	(11.0)	(0.5)	(5.0)
Impact of:				
Exchange rates (%)*	(10.3)	(12.8)	(0.8)	(8.9)
Acquisitions (%)	2.0	3.5	0.4	2.1
Disposals (%)		(0.5)	(0.3)	(0.2)
Underlying sales growth (%)	**6.1**	**(0.8)**	**0.2**	**2.5**
Price (%)*	0.9	(0.3)	(0.5)	0.2
Volume (%)	5.1	(0.5)	0.7	2.2
Operating profit (million)				
2017	2,070	1,704	1,073	4,847
2018	2,248	1,156	1,070	4,474
Underlying operating profit (million)				
2017	2,211	1,538	1,177	4,926
2018	2,317	1,333	1,262	4,912
Operating margin (%)				
2017	17.1	18.8	16.3	17.5
2018	19.2	14.3	16.4	17.0
Underlying operating margin (%)				
2017	18.3	16.9	17.9	17.8
2018	19.7	16.5	19.3	18.6

* 2018 underlying price growth in Venezuela has been excluded from the Price rows in the tables above, and an equal and opposite adjustment made in the Exchange rate rows.

The adjustment made at Total Group level in these tables in respect of 2018 price growth in Venezuela was 1.3% for the first half. Prior to this adjustment being made, first half price growth at Total Group level would have been 1.5% and exchange rate impact would have been (10.1)%. The corresponding adjustments for the Americas was 4.2% for the first half. There is no adjustment in the other geographical areas.

NOTES TO THE FINANCIAL STATEMENTS

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5 TAXATION

The effective tax rate for the first half was 25.9% compared to 28.9% in 2017. The tax rate is calculated by dividing the tax charge by pre-tax profit excluding the contribution of joint ventures and associates.

Tax effects of components of other comprehensive income were as follows:

	First Half 2018			First Half 2017		
million	Before tax	Tax (charge)/ credit	After tax	Before tax	Tax (charge)/ credit	After tax
Gains/(losses) on[(a)]:						
Equity instruments at fair value through other comprehensive income	(4)		(4)			
Cash flow hedges	32	4	36	74	(11)	63
Other financial instruments				(11)	(1)	(12)
Remeasurements of defined benefit pension plans	206	(64)	142	751	(110)	641
Currency retranslation gains/(losses)	(768)	1	(767)	(723)	29	(694)
Other comprehensive income	**(534)**	**(59)**	**(593)**	**91**	**(93)**	**(2)**

(a) Classification has changed following adoption of IFRS 9. See note 1 for further details.

6 COMBINED EARNINGS PER SHARE

The combined earnings per share calculations are based on the average number of share units representing the combined ordinary shares of NV and PLC in issue during the period, less the average number of shares held as treasury shares.

In calculating diluted earnings per share and underlying earnings per share, a number of adjustments are made to the number of shares, principally the exercise of share options by employees.

Earnings per share for total operations for the six months were calculated as follows:

	2018	2017
Combined EPS Basic		
Net profit attributable to shareholders equity (million)	3,039	3,110
Average number of combined share units (millions of units)	2,727.3	2,834.4

Combined EPS basic ( )	1.11	1.10
Combined EPS Diluted		
Net profit attributable to shareholders equity (million)	3,039	3,110
Adjusted average number of combined share units (millions of units)	2,737.3	2,845.7
Combined EPS diluted ( )	1.11	1.09
Underlying EPS		
Net profit attributable to shareholder s equity (million)	3,039	3,110
Post tax impact of non-underlying items attributable to shareholders equity (see note 2)	287	96
Underlying profit attributable to shareholders equity (million)	3,326	3,206
Adjusted average number of combined share units (millions of units)	2,737.3	2,845.7
Underlying EPS diluted ( )	1.22	1.13

In calculating underlying earnings per share, net profit attributable to shareholders equity is adjusted to eliminate the post-tax impact of non-underlying items in operating profit and any other significant unusual items within net profit but not operating profit.

During the period the following movements in shares have taken place:

	Millions
Number of shares at 31 December 2017 (net of treasury shares)	2,738.9
Shares repurchased under the share buyback programme	(53.0)
Net movement in shares under incentive schemes	(0.3)
Number of shares at 30 June 2018	2,685.6

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

7 ACQUISITIONS AND DISPOSALS

Total consideration for acquisitions completed in the first half of 2018 is 1,078 million (acquisitions completed in the first half of 2017: 304 million). The main acquisition in the first half of 2018 was the home and personal care business of Quala in Latin America, which completed on 28 February 2018.

8 ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities have been disclosed as held for sale:

million	30 June 2018 Spreads[a]	30 June 2018 Total	31 December 2017 Total
Property, plant and equipment held for sale		**1**	**30**
Disposal groups held for sale			
Non-current assets			
Goodwill and intangible assets	2,512	2,512	2,311
Property, plant and equipment	559	564	552
Deferred tax assets	140	140	145
Other non-current assets	3	3	1
	3,214	**3,214**	**3,009**
Current assets			
Inventories	137	137	130
Trade and other receivables	23	24	18
Current tax assets	10	10	13
Cash and cash equivalents	9	9	19
Other		4	5
	179	**184**	**185**
Assets held for sale	**3,393**	**3,404**	**3,224**
Current liabilities			
Trade payables and other current liabilities	82	83	106
Current tax liabilities	11	11	11
Provisions	1	1	1

	94	**95**	**118**
Non-current liabilities			
Pensions and post-retirement healthcare liabilities	6	6	9
Provisions			1
Deferred tax liabilities	42	42	42
	48	**48**	**52**
Liabilities held for sale	**142**	**143**	**170**

(a) In the second half of 2017 the Group announced agreements to sell the South African spreads business to Remgro and the global spreads business (excluding South Africa) to KKR. Both disposals were completed on 2 July 2018. Consideration of 7.3 billion was received for the sale of the global spreads business (excluding South Africa), including estimated working capital adjustments on completion.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

9 FINANCIAL INSTRUMENTS

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following tables summarise the fair values and carrying amounts of financial instruments and the fair value calculations by category. On transition to IFRS 9, there were no changes to the carrying values of the Group s financial assets.

	Fair value			Carrying amount		
million	As at 30 June 2018	As at 31 December 2017	As at 30 June 2017	As at 30 June 2018	As at 31 December 2017	As at 30 June 2017
Financial assets						
Cash and cash equivalents	3,991	3,317	5,016	3,991	3,317	5,016
Held-to-maturity investments[a]		163	152		163	152
Loans and receivables[a]		463	304		463	304
Available-for-sale financial assets[a]		564	655		564	655
Amortised cost[a]	632			632		
Fair value through other comprehensive income[a]	288			288		
Financial assets at fair value through profit and loss:						
Derivatives	209	116	293	209	116	293
Other	379	139	106	379	139	106
	5,499	**4,762**	**6,526**	**5,499**	**4,762**	**6,526**
Financial liabilities						
Preference shares			(125)			(68)
Bank loans and overdrafts	(1,131)	(995)	(829)	(1,128)	(992)	(825)
Bonds and other loans	(27,842)	(23,368)	(19,031)	(27,426)	(22,709)	(18,353)
Finance lease creditors	(151)	(147)	(153)	(135)	(131)	(134)
Derivatives	(542)	(421)	(253)	(542)	(421)	(253)
Other financial liabilities	(390)	(177)		(390)	(177)	
	(30,056)	**(25,108)**	**(20,391)**	**(29,621)**	**(24,430)**	**(19,633)**

(a) Classification has changed following adoption of IFRS 9. See below and note 1 for further details.

million	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	As at 30 June 2018						As at 30 June 2017		

					As at 31 December 2017				
Assets at fair value									
Available-for-sale financial assets[(a)]				215	7	342	277	8	370
Financial assets at fair value through other comprehensive income[(a)]	143	4	141						
Financial assets at fair value through profit or loss:									
Derivatives[(a)]		366			173			376	
Other	185		194	137		2		104	2
Liabilities at fair value									
Derivatives[(b)]		(588)			(534)			(392)	
Contingent Consideration			(199)			(445)			(413)

(a) Includes 157 million (December 2017: 57 million) derivatives, reported within trade receivables, that hedge trading activities.

(b) Includes (46) million (December 2017: (113) million) derivatives, reported within trade payables, that hedge trading activities.

Other than changes arising on adoption of IFRS 9, there were no significant changes in classification of fair value of financial assets and financial liabilities since 31 December 2017. There were also no significant movements between the fair value hierarchy classifications since 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

(unaudited)

9 FINANCIAL INSTRUMENTS (continued)

The fair value of trade receivables and payables is considered to be equal to the carrying amount of these items due to their short-term nature.

Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used in the year ended 31 December 2017.

Adoption of IFRS 9 Impact on measurement of financial assets

On the date of initial application of IFRS 9, 1 January 2018, financial assets of 207 million previously measured at fair value through equity were reclassified as fair value through profit or loss. Fair value gains or losses on these financial assets were immaterial in 2017 and 2018. Financial assets of 6 million previously measured at fair value through profit or loss were reclassified to amortised cost under IFRS 9.

Cash and cash equivalents and trade receivables, which were classified as loans and other receivables under IAS 39, will be classified as amortised cost under IFRS 9.

10 SHARE BUYBACK PROGRAMME

On 19 April 2018 Unilever announced a share buyback programme of up to 6 billion to return the expected after-tax proceeds from the spreads disposal. At 30 June 2018 the Group has repurchased 53,040,783 ordinary shares as part of the programme for 2,514 million. Cash paid for the repurchase of shares was 2,246 million and 268 million is shown within current financial liabilities. These shares have not been cancelled and are recognised as treasury shares with the cost reported within other reserves.

11 DIVIDENDS

The Boards have determined to pay a quarterly interim dividend for Q1 2018 and Q2 2018 at the following rates which are equivalent in value between the two companies at the rate of exchange applied under the terms of the Equalisation Agreement:

	Q1 2018	Q2 2018
Per Unilever N.V. ordinary share	0.3872	0.3872
Per Unilever PLC ordinary share	£ 0.3341	£ 0.3435
Per Unilever N.V. New York share	US$ 0.4789	US$ 0.4531
Per Unilever PLC American Depositary Receipt	US$ 0.4789	US$ 0.4531

The quarterly interim dividends have been determined in euros and converted into equivalent sterling and US dollar amounts using exchange rates issued by WM/Reuters on 17 April 2018 and 17 July 2018 for Q1 and Q2 respectively.

US dollar cheques for the Q2 interim dividend will be mailed on 5 September 2018 to holders of record at the close of business on 3 August 2018. In the case of the NV New York shares, Netherlands withholding tax will be deducted.

The quarterly dividend calendar for the remainder of 2018 will be as follows:

	Announcement Date	Ex-Dividend Date	Record Date	Payment Date
Quarterly dividend for Q2 2018	19 July 2018	2 August 2018	3 August 2018	5 September 2018
Quarterly dividend for Q3 2018	18 October 2018	1 November 2018	2 November 2018	5 December 2018

12 EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events other than those mentioned elsewhere in this report.