

Form

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T FACE="Times New Roman" SIZE="2">**Stephen C. Green**

President and Chief Operating

Officer of Federal Trust Bank

2005

2004

2003 \$

178,000

160,000

150,000 \$

5,750

40,750

25,750

\$

32,716

27,953

22,180

16,124

22,940

17,966 11,100

10,000

**Gregory E. Smith**

Executive Vice President and CFO of Federal Trust and Federal Trust Bank

2005

2004

2003 \$

140,000

125,000

79,615 \$

20,750

30,750

10,750

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\$

21,058

16,433

10,463

11,878

17,312

30,000

**Daniel C. Roberts**

Senior Vice President and Chief

Credit Officer of Federal Trust Bank

2005

2004

2003 \$

110,000

100,000

97,461 \$

15,750

20,750

15,750

\$

8,406

6,821

6,078

10,462

15,277

10,481

8,791

**Jennifer B. Brodnax**

Senior Vice President

Branch Administration

2005

2004  
2003 \$  
  
85,000  
70,000  
66,885 \$  
  
15,000  
10,750  
10,750  
  
\$  
  
18,950  
16,593  
11,759  
  
9,108  
11,778  
2,797  
  
23,645

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(1) Includes all compensation in the year earned whether received or deferred at the election of the executive.

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(2) Includes the estimated value of:

	2005	2004	2003
<b>James V. Suskiewich</b>			
Health & life insurance premiums	\$ 9,796	\$ 7,192	\$ 7,053
Social/country club dues	4,394	3,723	5,424
401(k) plan contributions	6,300	12,210	7,061
Supplemental retirement plan	219,777	190,494	(92,310) <sup>(5)</sup>
Use of company automobile	8,206	8,143	5,519
<b>Total:</b>	<b>\$ 248,473</b>	<b>\$ 221,762</b>	<b>\$ (67,253)</b>

	2005	2004	2003
<b>Stephen C. Green</b>			
Health & life insurance premiums	\$ 12,782	\$ 10,040	\$ 9,319
Social/country club dues	3,413	3,723	3,515
401(k) plan contributions	6,540	5,539	4,858
Supplemental retirement plan	9,981	8,651	4,488
<b>Total:</b>	<b>\$ 32,716</b>	<b>\$ 27,953</b>	<b>\$ 22,180</b>

	2005	2004	2003
<b>Gregory E. Smith</b>			
Health & life insurance premiums	\$ 13,924	\$ 10,040	\$ 9,319
401(k) plan contributions	4,590	4,188	-
Supplemental retirement plan	2,544	2,205	1,144
<b>Total:</b>	<b>\$ 21,058</b>	<b>\$ 16,433</b>	<b>\$ 10,463</b>

	2005	2004	2003
<b>Daniel C. Roberts</b>			
Health & life insurance premiums	\$ 4,236	\$ 3,394	\$ 3,221
401(k) plan contributions	4,170	3,427	2,857
<b>Total:</b>	<b>\$ 8,406</b>	<b>\$ 6,821</b>	<b>\$ 6,078</b>

	2005	2004	2003
<b>Jennifer B. Brodnax</b>			
Health & Life insurance premiums	\$ 13,078	\$ 11,103	\$ 8,001
401(k) plan Contributions	2,805	2,832	2,379
Supplemental retirement plan	3,067	2,658	1,379
<b>Total:</b>	<b>\$ 18,950</b>	<b>\$ 16,593</b>	<b>\$ 11,759</b>

<sup>(3)</sup> Includes value of the participant's share allocation in our Employee Stock Ownership Plan, which is described elsewhere in the Executive Compensation section of this Proxy Statement.

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- (4) Options granted under our 1998 Key Employee Stock Compensation Program, which is described elsewhere in the Executive Compensation section of this Proxy Statement.
- (5) There was a negative accrual in 2003, due to a restructuring of Mr. Suskiewich's Supplemental Retirement Plan in June 2003.

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**Employment Contracts**

**James V. Suskiewich.** Federal Trust has entered into a new employment agreement with our Chief Executive Officer/President James V. Suskiewich effective on October 1, 2005. Pursuant to its terms, Mr. Suskiewich is to receive an initial base salary of \$325,000 (which shall be reevaluated on an annual basis), plus reimbursement of reasonable business expenses. He is also entitled to five weeks paid vacation and is provided with the use of an automobile. In addition, Mr. Suskiewich has a target performance bonus opportunity of 40% of his base salary. The target performance bonus is comprised of three components, which are measured on a separate basis. Federal Trust's Compensation Committee establishes the performance criteria measures at the beginning of each fiscal year. The criteria established for 2006 are quarterly return on assets (37.5%), quarterly net income growth (37.5%), and performance based on defined management objectives (discretionary, up to 25%). The performance bonus is evaluated and paid within 30 days after the release of each quarter's financial statements. In addition, he is entitled to participate in any bonus and other incentive programs adopted by Federal Trust commensurate with his position.

The original term of Mr. Suskiewich's employment agreement is three years. In addition, each day during the term of the employment agreement, the agreement automatically renews for one additional day. Therefore, at all times, Mr. Suskiewich's employment agreement has a three-year term, until December 31, 2008, which is the last permitted daily renewal under the employment agreement. Federal Trust's Board is required to meet at least once annually to consider the continuation of the automatic renewals. Any party to the employment agreement may cease the automatic renewals, however, by notifying the other party of their intent to not renew.

In the event the employment agreement is terminated by Federal Trust for reasons other than cause or by Mr. Suskiewich for good reason, (as those terms are defined in the agreement) he shall be entitled to a severance payment and to the continuation of benefits for the remaining term of the employment agreement. The severance payment would be equal to his total annual base salary for the remainder of the term of the agreement (but in no event for a period of less than six months), and would be payable in semi-monthly installments until paid in full.

In the event of a change in control of Federal Trust, Mr. Suskiewich will be entitled to severance equal to two and a half times his base annual salary and last fiscal year bonus. Mr. Suskiewich is also entitled to a change-in-control performance bonus, which is calculated as three times the premium multiple paid for Federal Trust over book value times \$250,000. Furthermore, the employment agreement includes a gross up payment clause. In the event severance payments received by Mr. Suskiewich are subject to federal excise taxes under Section 4999 of the Internal Revenue Code of 1986, as amended, Federal Trust shall increase Mr. Suskiewich's severance payment so that the excise tax payable and any additional income taxes incurred on the gross-up payment will be apportioned 75% to Federal Trust and 25% to Mr. Suskiewich.

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The employment agreement also has a six month non-compete provision, whereby Mr. Suskiewich may not become employed with another financial institution within Seminole County, Florida or any other county in which Federal Trust Bank has a branch office.

The employment agreement provides for salary continuation in the event of his termination due to retirement, disability, or a change of control of Federal Trust. Such salary continuation provides for differing levels of annual benefits to be paid for life and would be funded by Bank Owned Life Insurance Policies.

**Others.** Federal Trust Bank has also entered into Employee Severance Agreements with President/Chief Operating Officer Stephen C. Green, Executive Vice President/ Chief Financial Officer Gregory E. Smith, Senior Vice President/Chief Credit Officer Daniel C. Roberts, and Senior Vice President/Operations Jennifer B. Brodnax, effective on January 1, 2004, and with Thomas P. Spatola, President/Chief Operating Officer of Federal Trust Mortgage Company, effective on June 13, 2005. The terms of these agreements are identical and provide that the employees are to receive termination payments equal to two years of their highest annual salary if their employment is terminated following a change in control (as defined in the agreements). Mr. Robert s and Ms. Brodnax s agreements each had an initial one-year term and Mr. Green s and Mr. Smith s each had an initial two-year term. All of these agreements provide that the Board, after its review and consideration, may extend the term of the agreement for an additional year at the end of each fiscal year. After reviewing each of these agreements, except for Mr. Spatola who was hired midyear, the Compensation Committee granted one year extensions for each of these agreements effective January 1, 2006.

**Employee Stock Ownership Plan**

All of our full-time salaried employees are participants in the Employee Stock Ownership Plan ( ESOP ) once they have completed 1,000 hours of employment and have been employed since January 1<sup>st</sup>, the beginning of the plan year. Executive officers are eligible to participate in the ESOP, but directors are not eligible unless they are also full-time salaried employees. A participant s interest in the ESOP becomes vested after they have completed five years of employment with a minimum of 1,000 hours per year. As of December 31, 2005, 31 employees (including 15 former employees) had vested interests in the ESOP.

ESOP contributions are determined annually by Federal Trust s Board of Directors, taking into consideration prevailing financial conditions, the Company s fiscal requirements, and other factors deemed relevant by the Board. In general, contributions of up to 15% of total compensation paid to employees during the year can be made to the ESOP. The contribution made on behalf of each participant equals the proportion that each participant s compensation for the year bears to the total compensation of all participants for the year. In 2005 and 2004, cash contributions of \$325,697 and \$120,000, respectively, were made to the ESOP. The ESOP currently holds 199,588 shares of Federal Trust common stock (including 21,789 unallocated shares), or .2% of the outstanding shares.

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**Key Employee Stock Bonus Plan**

In April 2002, we adopted the Key Employee Stock Bonus Plan ( Bonus Plan ). Under the Bonus Plan, a trust has been formed to purchase up to 2% of the outstanding shares of our common stock on the open market. The Compensation Committee of our Board of Directors has the right to award such shares of stock to our non-executive officer employees. Any such award may contain conditions which must be met, or a vesting schedule which must be followed, prior to the shares being earned by and distributed pursuant to an employee s award. The termination of employment of any award recipient for reasons other than normal retirement, death, or disability shall constitute revocation of the recipient s unearned award. If the termination of a recipient s employment is caused by retirement, death, or disability, all unearned awards shall be deemed fully earned unless it is later discovered that the employee engaged in conduct which warranted revocation of an award. As of the record date, awards for 6,200 shares had been made under the Bonus Plan and there were 6,538 shares available for future issuance.

**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Our loan policies provide for limited types of loans to be made to directors, officers, and employees. Loans made by Federal Trust Bank are also subject to the provisions of Section 22(h) of the Federal Reserve Act, which require that any credit extended by Federal Trust Bank to our directors, executive officers, and principal shareholders, or any of their affiliates must:

1. be on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by Federal Trust Bank with non-affiliated parties; and
2. not involve more than the normal risk of repayment or present other unfavorable features.

There is no family relationship, as defined in the Securities and Exchange Commission rules or the AMEX rules, between any of our Company s executive officers or directors. When a transaction, however, involves an officer, director, principal shareholder, or affiliate of Federal Trust or Federal Trust Bank or Federal Trust Mortgage Company, it is our policy that the transaction must be on terms no less favorable to us than could be obtained from an unaffiliated party. All such transactions must be approved in advance by a majority of Federal Trust s or Federal Trust Bank s independent and disinterested directors. As of December 31, 2005, there were no such loans outstanding.

In the ordinary course of business, the Company may use the services of companies, partnerships, or firms of which the Company s directors are officers, directors, or owners. The Company currently has two directors whose law firms have provided legal services for the Company. Iglar & Dougherty, P.A., of which Director A. George Iglar is a principal, serves as General Counsel to the Company and received for its services \$81,000 in 2005 and \$120,000 in 2004. The law firm of Hutchinson, Mamele & Coover, of which Stephen H. Coover, a Federal Trust Bank director is a principal, provides legal services to Federal Trust Bank in connection with property acquisitions for branch locations. This firm received fees of \$29,000 in 2005 and

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\$27,000 during 2004. The terms of the services provided by both of these firms were at least as favorable to the Company as could have been obtained from an unrelated third party.

**1998 KEY EMPLOYEE STOCK COMPENSATION PROGRAM**

The 1998 Key Employee Stock Compensation Program ( Employee Program ) was approved by our shareholders at the 1998 Annual Meeting and is for the benefit of our executive officers and other key employees. The Employee Program is consists of four parts: an Incentive Stock Option Plan, a Compensatory Stock Option Plan, a Stock Appreciation Rights Plan, and a Performance Plan.

The Employee Program provides for the issuance of options to purchase our common stock, grants of stock appreciation rights, which enable the recipient to elect payment wholly or partially in cash, based upon increases in the market value of the stock since the date of the grant, and outright awards of Federal Trust common stock.

A committee consisting of not less than three directors of Federal Trust (none of whom may be an employee of the Company) has been given authority to administer the Employee Program and to grant options, stock appreciation rights and share awards. In 2003, the Compensation Committee assumed the role of Program Administrators. The Program Admini-strator may make grants under the Employee Program at their discretion to any full-time employees.

Options granted under the Employee Program are exercisable in one or more installments and may be exercisable on a cumulative basis. Options are exercisable for a term no longer than ten years, are not transferable, and will expire within a period of time following termination of employment. In the event of a change in control or a threatened change in control, all options granted before such event shall become immediately exercisable; provided, however, that no options shall be exercisable for a period of six months from the date of grant. The term control generally means the acquisition of 10% or more of the voting securities of Federal Trust by any person or group. This provision may have the effect of deterring hostile changes in control by increasing the costs of acquiring control.

Options granted under the Employee Program may either be incentive stock options within the meaning of the Internal Revenue Code of 1986, as amended, which are designed to result in beneficial tax treatment to the employee, but no tax deduction for Federal Trust or compensatory stock options which do not give the employee certain tax benefits of an incentive stock option, but entitle us to a tax deduction when the options are exercised. The exercise price of incentive stock options may not be less than the fair market value of common stock on the date the option is granted. Compensatory stock options may be exercisable at a price equal to or less than the fair market value of a share of common stock at the time of the grant of the option.

No consideration is received by Federal Trust in return for the grant of options, although consideration would be received upon exercise of the options. For financial reporting purposes,

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there is no charge to the income of Federal Trust in connection with the grant or exercise of an option. As of April 20, 2006, the market value of our common stock was \$11.50 per share.

The grant of stock appreciation rights would require charges to the income of Federal Trust based on the estimated costs which would be incurred upon their exercise. In the event of a decline in the market price of our common stock subsequent to such a charge against earnings, a reversal of prior charges is typically made in the amount of such decline. Share awards also require a charge to income equal to the amount of the award at the time it become likely that the shares will be awarded, with subsequent increases or decreases based on market price fluctuations prior to the actual awarding of the shares. No stock appreciation rights or share awards have been granted under the Employee Program.

The terms of the Employee Program may be amended by the Program Administrators except that no such amendment may increase the maximum number of shares included in the Employee Program, change the exercise price of incentive stock options, increase the maximum term established for any option, stock appreciation right, or share award, or permit any grant to a person who is not a full-time employee of Federal Trust.

Under the terms of the Employee Program, 587,752 shares of common stock have been reserved for issuance upon the exercise of options. As of March 31, 2006, incentive stock options to purchase 157,642 shares of common stock had been granted to our officers and key employees. Currently, 430,112 shares remain available for future stock option grants.

The following table represents the value on December 31, 2005, of unexercised stock options held by the five officers listed in the Summary Compensation Table.

Name	Number of Shares Acquired	Value Realized	Number of	Value of
			Shares Underlying Unexercised Options	Unexercised In-the-Money Options
	on Exercise		Exercisable/Unexercisable	Exercisable/Unexercisable
James V. Suskiewich	0	0	160,587 / 50,000	\$ 588,866 / 121,500
Stephen C. Green	0	0	47,652 / 0	\$ 286,237 / 0
Gregory E. Smith	0	0	30,000 / 0	\$ 188,400 / 0
Daniel C. Roberts	0	0	25,000 / 0	\$ 183,927 / 0
Jennifer B. Brodnax	0	0	40,000 / 0	\$ 259,605 / 0
			[Intentionally left blank]	

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In 2005, the following options were granted to the five executive officers listed in the Summary Compensation Table:

Name	2005 Option Grants					Potential Realizable	
	Number of Securities Underlying Option Granted	Percent of Total Options Granted to Employees In 2005	Exercise Price	Expiration Date	Value at Assumed Annual		
					Rates of Stock Price		
					Appreciation For		
Option Term							
					5%	10%	
James V. Suskiewich	50,000	24.5	\$ 10.12	2015	\$ 350,043	\$ 887,077	
James V. Suskiewich	100,000	49.0	\$ 10.20	2015	\$ 641,472	\$ 1,625,617	
Stephen C. Green	11,100	5.4	\$ 12.00	2015	\$ 83,769	\$ 212,286	
Gregory E. Smith	0	0					
Daniel C. Roberts	0	0					
Jennifer B. Brodnax	0	0					

The following table sets forth information at December 31, 2005, about the number of shares reserved for issuance under the Corporation's 1998 Key Employee Stock Compensation Program, the 1998 Directors Stock Option Plan, and the 2005 Directors Stock Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options or restricted units	Weighted average		Number of securities remaining available for future issuance
		exercise price of		
		outstanding options or restricted units		
1998 Key Employee Stock Compensation Program approved by the Shareholders	420,112	\$	8.21	157,642
1998 Directors Stock Option Plan approved by the Shareholders	66,863	\$	5.49	0
2005 Directors Stock Plan approved by the Shareholders	6,851	\$	0.00	83,149
Total	493,824	\$	7.73	240,791

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**PARTICIPANTS IN THE SOLICITATION**

**General**

Under the proxy rules of the Securities Exchange Act of 1934, each of our directors may be deemed to be a participant in the Company's solicitation of proxies. Information about the principal occupations of these individuals is set forth herein under the caption "Information Concerning Company's Director Nominees" and "Information Concerning Continuing Directors" by each participant, including the right to acquire shares of common stock. Information about transactions between the Company and its directors is set forth herein under the caption "Certain Relationships and Related Transactions." For the purpose of this Proxy Statement, the business address of each participant is 312 West First Street, Suite 110, Sanford, Florida 32771. Except as set forth herein, no participant is now, or within the past year has been, a party to any contract, arrangement or understanding with any person with respect to any securities of Federal Trust (including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or profits, or the giving or withholding of proxies).

There are no material proceedings to which any participant or any associate of any participant is a party adverse to Federal Trust or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries. Except as described herein, no participant and no associate of any participant has any interest in the matters to be voted upon at the Annual Meeting, other than an interest, if any, as a stockholder of the Company or as an officer or director of the Company.

Except as described herein, neither any participant nor any associate of any participant (1) has engaged in or has a direct or indirect interest in any transaction or series of transactions since the beginning of the Company's last fiscal year, or in any currently proposed transaction, to which the Company or any of its subsidiaries is a party where the amount involved was in excess of \$60,000; (2) has been indebted to the Company or any of its subsidiaries; (3) has borrowed any funds for the purpose of acquiring or holding any securities of the Company, or is presently, or has been within the past year, a party to any contract, arrangement or understanding with any person with respect to either any securities of the Company, any future employment by the Company or its affiliates, or any further transaction to which the Company or any of its affiliates will or may be a party; or (4) is the beneficial or record owner of any securities of the Company or any parent or subsidiary thereof.

The following sets forth certain additional information about each participant required to be disclosed under the Exchange Act.

**Transactions in the Company's Securities in the Last Two Years**

Listed below are the purchases and sales of the Common Stock by each participant for the last two years.

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Name	# of Shares of Common		
	Stock Purchased or (Sold)	Date	Price
James V. Suskiewich <sup>(2)</sup>	15,692	11/22/05	\$ 12.02
Gregory E. Smith	450	11/14/05	\$ 10.00
James V. Suskiewich <sup>(3)</sup>	(70,000)	8/9/05	\$ 12.00
George W. Foster <sup>(1)</sup>	24,567	6/28/05	\$ 4.00
George W. Foster <sup>(1)</sup>	235	6/28/05	\$ 7.62
James V. Suskiewich <sup>(3)</sup>	832	6/24/05	\$ 11.19
James V. Suskiewich <sup>(1)</sup>	120,000	6/14/05	\$ 4.00
James V. Suskiewich <sup>(2)</sup>	1,466	5/26/05	\$ 11.29
James V. Suskiewich <sup>(2)</sup>	(133)	5/25/05	
Dr. Samuel C. Certo <sup>(1)</sup>	22,350	5/13/05	\$ 4.00
Dr. Samuel C. Certo <sup>(1)</sup>	9,235	5/13/05	\$ 7.62
Gregory E. Smith	6,000	5/9/05	\$ 10.21
Dr. Samuel C. Certo <sup>(1)</sup>	5,000	5/6/05	\$ 4.00
A. George Iglar	400	5/5/05	\$ 10.05
Gregory E. Smith	700	5/4/05	\$ 10.18
Gregory E. Smith	500	2/7/05	\$ 10.20
George W. Foster <sup>(1)</sup>	1,000	2/3/05	\$ 4.00
James V. Suskiewich <sup>(3)</sup>	(321)	11/9/04	
Gregory E. Smith	10,000	8/10/04	\$ 7.50
George W. Foster	388	8/10/04	\$ 7.50
James V. Suskiewich <sup>(3)</sup>	(4,620)	6/18/04	
A. George Iglar	3,667	8/10/04	\$ 7.50
James V. Suskiewich <sup>(3)</sup>	(21,164)	6/9/04	
James V. Suskiewich <sup>(2)</sup>	(1,434)	5/27/04	

<sup>(1)</sup> Stock option exercise.

<sup>(2)</sup> As trustee of Federal Trust's 401(k) Plan.

<sup>(3)</sup> As trustee of Federal Trust's ESOP.

**PROPOSAL II****RATIFICATION OF THE APPOINTMENT OF AUDITORS****FOR THE FISCAL YEAR ENDING DECEMBER 31, 2006**

Following consultation with the Audit Committee, our Board of Directors intends to retain the accounting firm of Hacker, Johnson & Smith, P.A. (Hacker, Johnson), as the independent auditors for Federal Trust for the fiscal year ending December 31, 2006. A representative from the firm is expected to be present at the Annual Meeting to make a statement and to respond to shareholder questions.

**Audit Fees.** The aggregate fees billed for professional services by Hacker, Johnson in connection with the audit of the annual financial statements and the reviews of the financial statements included in our quarterly filings with the Securities and Exchange Commission for the fiscal years ended December 31, 2005, and December 31, 2004, were \$85,000 and \$65,000, respectively. In addition, Hacker, Johnson billed Federal Trust \$25,000 for the audit of its internal controls over financial reporting for the fiscal year ended December 31, 2005.

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**Audit Related Fees.** In 2005 and 2004, Hacker, Johnson did not bill Federal Trust for audit related fees such as travel and courier related fees.

**Tax Fees.** In 2005 and 2004, Hacker, Johnson also billed Federal Trust \$7,000 in 2005 and \$7,000 in 2004 for tax compliance and advice, including the preparation of Federal Trust's corporate tax returns.

**All Other Fees.** In addition to those fees described above, Hacker, Johnson also billed Federal Trust \$10,000 in 2004 related to a public stock offering.

In all instances, Hacker, Johnson's performance of the above services was pre-approved by our Audit Committee.

In order to be adopted, this proposal must be approved by the holders of a majority of the outstanding shares of our common stock present or represented by proxy and entitled to vote at the Annual Meeting. If the shareholders do not ratify the appointment of Hacker, Johnson & Smith, P.A., our Board of Directors will consider the selection of other auditors.

**The Board of Directors Recommends that Shareholders Vote FOR**

**The Ratification of the Selection of Hacker, Johnson & Smith, P.A.,**

**As our Independent Auditors for the Fiscal Year Ending December 31, 2006.**

**PROPOSAL III**

**ADJOURNMENT OF ANNUAL MEETING**

The Board of Directors seeks your approval to adjourn the Annual Meeting in the event that there are not a sufficient number of votes at the Annual Meeting to approve Proposals I or II. In order to permit proxies that have been timely received to be voted for any adjournment, we are submitting this proposal as a separate matter for your consideration. If it is necessary to adjourn the Annual Meeting and the adjournment is for a period of less than 30 days, no notice of the time or place of the reconvened meeting will be given to shareholders, other than an announcement made at the Annual Meeting.

**The Board of Directors Recommends that Shareholders Vote FOR**

**the Approval of the Adjournment of the Annual Meeting.**

**SHAREHOLDER PROPOSALS**

In order to be eligible for inclusion in our proxy materials for our 2007 Annual Meeting, a shareholder's proposal to take action at such meeting must be received at our main office at 312 West First Street, Suite 110, Sanford, Florida 32771, on or before December 27, 2006. Proposals must comply with the Securities and Exchange Commission's proxy rules as provided in 17 C.F.R. Section 240.14a-8 in order to be included in our proxy materials.

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**BYLAW PROVISIONS REGARDING ANNUAL SHAREHOLDERS MEETINGS**

Federal Trust's Bylaws contain two provisions relating to the business which may be properly brought before the Annual Meeting of Shareholders. The first provision requires that certain procedures be followed by a shareholder of record who wishes to present business, other than the nomination of candidates for election as directors, at the Annual Meeting. In order to present such business at the Annual Meeting, a shareholder must provide written notice of such business to our Corporate Secretary not less than 60 days prior to the date of the Annual Meeting; provided however, that in the event less than 40 days notice or prior public disclosure of the date of the meeting is given or made to shareholders, the notice provided by the shareholder must be received no later than the close of business on the 10<sup>th</sup> day following the day on which the notice of the Annual Meeting was mailed or such public disclosure was made. The written notice must provide a brief description of the proposed business, the name and address of the shareholder providing the notice, as it appears on our books, the class and number of shares that are beneficially owned by the shareholder, and any material interest that the shareholder has in the proposed business.

The second provision provides the procedure for shareholder nominations of directors. The shareholder must provide written notice to Federal Trust's Corporate Secretary not more than 60 days prior to the date of the Annual Meeting and no less than the later of: (i) 10 days prior to the date of the meeting; or (ii) in the event that less than 40 days notice or prior disclosure of the date of the meeting, no later than the close of business on the 10<sup>th</sup> day following the day on which such notice of the date of the meeting was mailed or public disclosure was made. The written notice must state all information as to each nominee required to be disclosed in solicitations of proxies for election of directors under the regulations of the Securities and Exchange Commission, including the written consent of each such nominee; and the nominating shareholder's name and address as it appears on our books and the class and number of shares beneficially owned by the shareholder.

The Board is not required to nominate a person designated by a shareholder or to take up such other business as may be contained in a written notice from a shareholder; however, a shareholder's compliance with these procedures would permit a shareholder to nominate the individual at the Annual Meeting, and any shareholder may vote his or her shares in person or by proxy for any individual that the shareholder desires. The procedures relating to nominating directors and presenting other business at the Annual Meeting may only be used by a shareholder who is a shareholder of record at the time of the giving of the notice. These procedures do not prohibit or apply to shareholder proposals under Securities and Exchange Commission Rule 14a-8 and as described in the section entitled "Shareholder Proposals."

**COMPLIANCE WITH SECTION 16(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors, and any person who beneficially owns more than 10% of our common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, directors, and 10% or greater shareholders are required by regulation to furnish us with

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**FEDERAL TRUST CORPORATION PROXY STATEMENT**

**312 West First Street, Suite 110 Sanford, Florida 32771**



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copies of all Section 16(a) forms which they file. During 2005, our directors and executive officers who own our stock timely filed the required Form 3s, Form 4s or Form 5s with the Securities and Exchange Commission, except for James V. Suskiewich, who filed two Form 4s late, A. Stewart Hall, who filed one Form 4 late, and Stephen H. Coover who filed one Form 5 late.

**SHAREHOLDER COMMUNICATIONS**

Shareholders may send communications to our Board of Directors, and any individual director, by addressing such communications to the Board of Directors, or to any individual director, c/o James V. Suskiewich, Chief Executive Officer/President, Federal Trust Corporation, 312 West First Street, Suite 110, Sanford, Florida 32771. Mr. Suskiewich, or his designees, will promptly forward all such communications to the members of the Board of Directors, or any addressed individual director or directors, whichever the case may be.

**AVAILABILITY OF OTHER INFORMATION**

Accompanying this Proxy Statement is our 2005 Annual Report, which includes our audited financial statements. Additional copies of the Annual Report or our Form 10-K are available to shareholders at no charge. Any shareholder who would like an additional copy may contact:

*Federal Trust Corporation*

*312 West First Street, Suite 110*

*Sanford, Florida 32771*

*Attention: Marcia Zdanys, Corporate Secretary*

*(407) 323-1833 telephone number*

We currently file periodic reports (including Form 10-K and Form 10-Q) with the Securities and Exchange Commission. These periodic reports are filed electronically via EDGAR and can be inspected and copied at the public reference facilities maintained by the Securities and Exchange Commission at its Public Reference Section, 100 F Street, NE, Washington, DC 20549. The Securities and Exchange Commission maintains a website that contains registration statements, reports, proxy and information statements, and other information regarding registrants that file electronically with the Securities and Exchange Commission. Information filed by Federal Trust is also available for review on this website at [www.sec.gov](http://www.sec.gov).

**FEDERAL TRUST CORPORATION**

**April 26, 2006**

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**FEDERAL TRUST CORPORATION PROXY STATEMENT**

**312 West First Street, Suite 110 Sanford, Florida 32771**

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**EXHIBIT A**

**FEDERAL TRUST CORPORATION**

**AMENDED AND RESTATED**

**EXECUTIVE COMMITTEE CHARTER**

The Board of Directors of Federal Trust Corporation ( *FTC* ) has established an Executive Committee to act on behalf of, and with the concurrence of, the full Board of Directors ( *Board* ) during intervals between meetings of the Board when the Board is not in session. The Executive Committee shall report to the Board at the next regular Board meeting on any actions undertaken.

***Purpose*** The Executive Committee is to act as a standing committee representing the Board of Directors on all matters when the Board is unable to act as a whole. The Executive Committee is always considered to be in session.

***Committee Authority*** While the Executive Committee may normally be limited to handling legal formalities and technicalities concerning administrative operations, the Executive Committee does have the power and authority to act on any major matters where it deems action is appropriate, providing a degree of flexibility and enhancing *FTC*'s ability to respond to time sensitive business and legal matters without the necessity of calling a special Board meeting. This authority is, however, limited as specified in *FTC*'s corporate governance documents and/or Board resolution(s), and to the extent provided under Florida law. The actions taken by the Executive Committee are legally binding and do not require ratification by the Board to be legally effective.

***Membership*** The Executive Committee is composed of a majority of outside directors, which will generally always include the Chairman of the Board and the President and Chief Executive Officer. The current members of the Executive Committee are listed on the attached Schedule A, which is incorporated herein by reference.

***Responsibilities and Oversight Areas*** The Executive Committee's responsibilities and oversight areas shall include, but not be limited to the following:

Reviewing *FTC*'s budget on at least a semi-annual basis and as needed.

Reviewing potential merger, acquisition, and divestiture opportunities.

Approving capital expenditures.

Approving debt issuance.

Developing and monitoring the capital structure policy.

Making recommendations as to the issuance of capital stock.

Reviewing the qualifications of commercial and investment bankers.

## Edgar Filing: - Form

Considering and acting upon matters relative to business operations on behalf of the Board of Directors when a full meeting cannot be called.

***Annual Self Evaluation*** Annually the Executive Committee shall review its own effectiveness in fulfilling its responsibilities and this Charter.

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**Agenda Items** The Executive Committee typically meets in January and August of each year to review the budget and related matters, and meets at various other times during intervals between meetings of the full Board, as required.

January Review and recommend the budget and related items.

August Review mid-year budget results. Recommend changes to the budget as needed.

Other Months Consider other matters as needed.

The foregoing Amended and Restated Executive Committee Charter was approved by FTC's Board of Directors at a meeting held on May 27, 2005.

/s/ Marcia Zdanys  
Marcia Zdanys, Corporate Secretary

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*Schedule A*

*Members of the Executive Committee*

*Dr. Samuel Certo (Chairman)*

*A. George Iglar*

*James V. Suskiewich*

Schedule A was approved on May, 27 2005.

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**EXHIBIT B**

**FEDERAL TRUST CORPORATION**

**NOMINATING**

**AND**

**CORPORATE GOVERNANCE**

**COMMITTEE CHARTER**

The Board of Directors ( Board ) of Federal Trust Corporation ( FTC ) at its meeting held on May 27, 2005, approved this Nominating and Corporate Governance Committee Charter (the Charter ) and has expanded the duties of the Nominating Committee to include corporate governance. The Nominating and Corporate Governance Committee (the Committee ) has been established to ensure an appropriate structure for management succession and development; developing an effective process for director selection and tenure; identifying and interviewing individuals qualified to serve on the Board; establishing a process to evaluate individual Board members contributions and participation with FTC; and developing and recommending to the Board corporate governance principles and practices which are best suited for FTC.

**Membership** The Committee shall be composed entirely of independent outside directors as defined by the Rules of the American Stock Exchange and as required by other applicable laws and regulations. The current members of the Committee are listed on the attached Schedule A, which is incorporated herein by reference. A majority of the members of the Committee shall constitute a quorum for the transaction of business. The Committee may also transact business through unanimous written consent without a meeting in person.

***Oversight Areas***

Nominating and screening of Board member candidates and to the extent the Committee determines necessary, to develop and review information about and perform background checks and conduct interviews of such candidates, as well as candidates who may be proposed by FTC s shareholders that meet FTC s criteria for becoming a director.

Recommending a slate of directors for FTC and its subsidiaries for the respective Annual Meeting of Shareholders.

Reviewing and recommending the procedure management is to follow in addressing shareholder proxy proposals.

Recommending changes in Board size (to the extent permitted by the Articles of Incorporation and Bylaws).

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Recommending termination of membership of individual directors in accordance with corporate policy, for cause as defined by FTC's Bylaws, or other appropriate reasons.

Conducting an annual evaluation of the performance of FTC's Board and that of the individual directors, as well as the performance of the Board of FTC's wholly-owned subsidiaries.

Developing and providing training, orientation, and educational programs for FTC and its subsidiary directors.

Examining Board meeting policies, such as meeting schedules and locations, meeting agendas, the presence and participation of non-director senior executive officers, and providing written materials in advance of meetings.

Monitoring recent developments, including legislative and regulatory initiatives, which are applicable to FTC's corporate governance principles.

Advising the Board with respect to FTC's policies and procedures regarding compliance with applicable laws, regulations, and American Stock Exchange rules and requirements.

Reviewing and recommending to the Board the adoption and revise FTC's corporate governance documents (including the Articles of Incorporation, Bylaws and committee charters).

Reviewing and assessing any potential conflicts of interest among members of the Board and executive officers of FTC.

Monitoring the outside activities of members of the Board and the executive officers of FTC to the extent necessary to ensure that such activities do not unreasonably interfere with the fulfillment of their duties and obligations to FTC.

Reporting the Committee's actions to the Board with such recommendations as the Committee deems necessary.

Conducting an annual review and assessment of the adequacy of this Charter and proposing any changes that the Committee deems appropriate.

Undertaking any other matters specifically assigned to the Committee from time to time by the Board and performing any other activities consistent with this Charter, FTC's Bylaws, American Stock Exchange rules and requirements, and any other applicable laws and regulations that the Committee or Board may deem appropriate.

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***Agenda Items*** The Nominating Committee typically meets twice a year, or at such other times as deemed necessary upon notice by the Chairman of the Committee. The Chairman of the Committee shall prepare an agenda in advance for each Committee meeting. The two regular meetings of the Committee are as follows:

February: Consideration and recommendation of director nominations.

November: Review of Board and committee composition and organization, as well as the performance of individual directors. The foregoing Nominating and Corporate Governance Committee Charter was approved by Federal Trust Corporation's Board of Directors at a meeting held on May 27, 2005.

/s/ Marcia Zdanys  
Marcia Zdanys, Corporate Secretary



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**MEMBERS OF THE  
NOMINATING  
AND  
CORPORATE GOVERNANCE  
COMMITTEE**

George W. Foster, *Chairman*

Dr. Samuel C. Certo

Kenneth Hill

*Schedule A was approved on May 27, 2005.*

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**EXHIBIT C**

**FEDERAL TRUST CORPORATION**

**AMENDED AND RESTATED**

**COMPENSATION COMMITTEE CHARTER**

The Board of Directors of Federal Trust Corporation ( *FTC* ) has established a Compensation Committee to act on behalf of, and with the concurrence of, the Board of Directors ( *Board* ) with respect to matters relating to the compensation and personnel policies, programs and plans, including management development and succession plans, and to approve employee compensation and benefit programs for *FTC* and its wholly-owned subsidiary, Federal Trust Bank ( *Bank* ), *FTC* and the *Bank* are collectively referred to herein as the *Company*.

The Compensation Committee is to be composed of independent directors as defined and permitted by the regulations of the American Stock Exchange and the provisions of the Sarbanes-Oxley Act of 2002. The members of the Compensation Committee comply with the independence requirements set forth in American Stock Exchange Company Guide Section 121A. The current members of the Compensation Committee are listed on Schedule A attached hereto and incorporated herein by reference.

In discharging its duties, the Compensation Committee shall have the authority to retain special legal, accounting, or other consultants to advise the Compensation Committee. The Compensation Committee may request any officer or employee of the *Company* or the *Company*'s Corporate Counsel to attend a meeting of the Compensation Committee or to meet with any members of, or consultants to, the Compensation Committee.

The Compensation Committee shall make regular reports to the Board. Nothing in this Charter should be construed as precluding discussion of CEO compensation with the Board generally, as it is not the intent of this Charter to impair communication among members of the Board.

***Oversight Responsibilities***

1. In consultation with the Chief Executive Officer, annually review and approve compensation and incentive programs for executive officers of *FTC* and the executive officers of the *Bank*.
2. Provide input to management concerning compensation strategy and philosophy.
3. Annually review and recommend changes regarding Board compensation. (Board must approve compensation of directors.)
4. Review and approve employment agreements and any amendments thereto, change in control agreements, and severance agreements for executive officers of *FTC* and the executive officers of the *Bank*.

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5. Review, amend or create compensation policies and procedures for the Company.
  
6. Administer, interpret and implement the executive compensation programs and policies for the Company in a manner consistent with the Company's corporate financial goals and compensation philosophy including, without limitation, the following activities:
  - i. Perform an annual assessment of the Chief Executive Officer's performance and report findings to the Chief Executive Officer.
  - ii. In conjunction with the Chief Executive Officer, confirm officer appointments.
  - iii. Review and approve compensation levels for the Company's executive officers.
  - iv. Review, consider, and approve participation and eligibility in the various components of the Company's executive compensation programs.
  - v. Periodically review executive supplementary benefits and, as appropriate, the retirement, benefit, and special compensation programs of the Company.
  - vi. In consultation with the Chief Executive Officer, establish annual and long-term performance criteria and goals at the beginning of each year for the executive officers of the Company.
  
7. Approve the Compensation Committee Annual Report for the Proxy Statement. The Annual Report shall summarize the compensation for the Company's five most highly compensated executive officers and explain the relationship between the executive officers and the Company's performances required by the Securities and Exchange Commission and generally accepted business practices.
  
8. Ensure that FTC has adequate management succession.

**Meetings** The Compensation Committee shall generally meet three times a year, or at such other times as called by the Chairman of the Compensation Committee as needed, either in person or by teleconference.

**Agenda Items** The activities of the Compensation Committee are developed from year-to-year by the Compensation Committee in consultation with management. A majority of the members of the Compensation Committee shall constitute a quorum for the transaction of business. The Secretary to the Compensation Committee records minutes. Approval of any matter by a majority of the members present at a meeting at which a quorum is present shall

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constitute approval of that matter by the Compensation Committee. The Compensation Committee may also act by unanimous written consent without a meeting.

- February:           Review long-term incentive compensation.  
                      Review restricted stock plan awards.
- July:                Consider proposed grants of stock options.
- November:         Consider top management bonuses.  
                      Review base salaries for executive officers.  
                      Review executive officer performances for FTC and its wholly-owned subsidiaries with regard to employment contract extensions.  
                      Consider key employee compensation awards.  
                      Consider bonuses recommended by management for employees.  
                      Review, and if necessary, amend policies and processes for development of employees.  
                      Meet with Human Resources Officer for an update on progress made in staying in compliance with labor laws.  
                      Review with CEO current management resources versus current needs.  
                      Review with CEO projected management resources, versus future needs.

- Approve
- As needed:         Changes in benefit plans.  
                      Changes in management appointments, compensation plans, or merit increases.

The foregoing Amended and Restated Compensation Committee Charter was approved by the Board at its regular meeting held on January 26, 2005.

/s/ Marcia Zdanys  
Marcia Zdanys  
Corporate Secretary

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**MEMBERS  
OF THE  
COMPENSATION COMMITTEE**

A. George Igler

Dr. Samuel C. Certo

George W. Foster

Kenneth W. Hill

*Schedule A was approved on May 27, 2005.*

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**EXHIBIT D**

**FEDERAL TRUST CORPORATION**

**AMENDED AND RESTATED**

**AUDIT COMMITTEE CHARTER**

The Board of Directors of Federal Trust Corporation at its meeting held on May 27, 2005, approved this Amended and Restated Audit Committee Charter (the Charter). Under the Charter, the Audit Committee is authorized to act on behalf of, and with the concurrence of, the Board of Directors ( Board ) to assist the Board in fulfilling its oversight responsibilities for Federal Trust Corporation and its wholly-owned subsidiaries, Federal Trust Bank and Federal Trust Mortgage Company (collectively referred to herein as the Company ) as outlined under the Sarbanes-Oxley Act of 2002. The Audit Committee s primary duties and responsibilities include:

Monitoring the integrity of the Company s financial reporting process and systems of internal controls regarding finance, accounting, and legal compliance.

Monitoring the independence and performance of the Company s independent auditors and internal auditing function (including an outsource service provider).

Providing an avenue for candid communications among the independent auditors, management, the Board, and legal counsel.

Serving as an oversight committee for the financial reporting of the Company.

The Audit Committee will hold joint meetings in order to efficiently serve the audit requirements of the Company.

In discharging its duties, the Audit Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Audit Committee has direct access to the independent auditors, as well as to anyone in the Company, in that it may request any officer or employee of the Company to attend a meeting with the Audit Committee, or to meet with any members of, or consultants to the Audit Committee. In addition, the Audit Committee may retain the services of accountants, attorneys, or other expert advisors as it deems necessary in the performance of its duties, which costs for such services shall be borne by Federal Trust Corporation.

**I. Composition of the Audit Committee**

The Audit Committee shall be comprised of three members of the Board. Such members must be Independent Directors, as defined in American Stock Exchange ( AMEX ) Company Guide Section 121A, which are free from any relationship that would interfere with the exercise of his or her independent judgment. The members of the Audit Committee shall be elected each

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year by the whole Board and may only be removed therefrom simultaneously with their removal from the Board, pursuant to methods provided by Federal Trust Corporation's Articles of Incorporation. However, should a director cease to be independent, such director shall immediately resign from the Audit Committee, except when determined by the Board that it is in the Company's best interest to retain the director on the Audit Committee, in accordance with the exception provided under AMEX Company Guide Section 803(a) or as proscribed by the Sarbanes-Oxley Act. The current members of the Audit Committee are listed on Schedule A, attached hereto and incorporated herein by reference.

In appointing members to the Audit Committee, the Board shall carefully evaluate the education and experience of such potential members, in accordance with the criteria set forth below:

The Audit Committee must have at least one member who has past employment experience in finance or accounting, requisite professional certification in accounting, actively supervising a principal financial officer, or other comparable experience, which makes a person sophisticated in financial management and qualifies such person to be designated as a financial expert. The Audit Committee has designated George W. Foster to be its financial expert. The Audit Committee believes that Director Foster has the requisite financial experience sought by the AMEX and Securities and Exchange Commission regulations, having previously served as the President of Federal Trust Bank with active supervision over the Chief Financial Officer.

In addition, all members should be financially literate and have a sufficient understanding of financial reporting and systems of internal controls to properly exercise oversight of these matters.

Members must be able to devote significant commitments of time in preparation for and participation in the Audit Committee meetings.

If the Audit Committee Chair is not present, the members of the Audit Committee may designate a Chair by majority vote of the Audit Committee membership.

**II. General Responsibilities and Duties of the Audit Committee**

The Audit Committee shall be responsible for the oversight of all external audit programs of the Company. Such responsibilities shall include, but not be limited to:

1. Review and reassess the adequacy of this Charter at least annually. Submit the Charter to the Board for approval and have the Charter published at least every three years in Federal Trust Corporation's Proxy Statement.
2. Review the Company's consolidated annual audited financial statements prior to filing or distribution. Review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments.

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3. In consultation with the management, the independent auditors, and any internal auditors, consider the integrity of Federal Trust Corporation's reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control, and report such exposures. Review significant findings prepared by the independent and internal auditing department together with management's responses.
4. Review with management and the independent auditors Federal Trust Corporation's quarterly financial results prior to the release of earnings and/or Federal Trust Corporation's quarterly financial statements prior to filing or distribution. Discuss any significant changes to Federal Trust Corporation's accounting principles and any items required to be communicated by the independent auditors in accordance with AICPA SAS 61. The Chair or a member of the Audit Committee acting as Chair may represent the entire Audit Committee for purposes of this review.
5. Review with management, the Call Reports required to be filed by Federal Trust Bank with the Office of Thrift Supervision for the end of each quarter.

**III. Actions to be Taken with Independent Auditors at Commencement of Each Fiscal Year**

1. Shall discuss with the independent auditors any relationships or services that may affect the auditors' objectivity or independence. If the Audit Committee is not satisfied with the auditors' assurances of independence, it shall take or recommend to the Board appropriate action to ensure the independence of the independent auditors.
2. Approve the fees and other significant compensation to be paid to the independent auditors.
3. Review the independent auditors' audit plan, discuss scope, staffing, locations, reliance upon management, and internal audit and general audit approaches.
4. Consider the independent auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
5. Approve in advance all audit, audit related, tax, and other non-audit services to be provided by the independent auditors, ensuring that the performance of any non-audit services would not impair the independence of the auditors.
6. Ensure that the independent auditors' partner rotation policy conforms to the requirements of the Sarbanes-Oxley Act.



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**IV. Actions to be Taken with Independent Auditors at Year End**

1. The independent auditors are ultimately accountable to the Audit Committee and to the Board. The Audit Committee shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the independent auditors or approve any discharge of auditors when circumstances warrant.
2. Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors. Discuss certain matters required to be communicated to Federal Trust Corporation's Committees in accordance with AICPA SAS 61.
3. Review with the independent auditor any problems or difficulties that may have arisen in connection with the audit. Such review shall include any restrictions on the scope of the activities or access to requested information, and any changes required in the planned scope of the audit.
4. The Audit Committee shall annually review the performance (effectiveness, objectivity, and independence) of the independent auditors. The Audit Committee shall ensure receipt of a formal written statement from the independent auditors consistent with standards set by the Independence Standards Board.
5. Review the appointment, performance, and replacement of the senior internal audit executive and/or outsource service provider.

**V. Internal Audit and Legal Compliance Duties**

1. Review the budget, changes in budget and strategic plan.
2. Review activities, organizational structure, and qualifications of the internal audit department and/or outsource service provider, as needed.

Review significant reports prepared by the outsourced internal audit service provider together with management's response and follow-up to these reports.

3. On at least an annual basis, review with the Company's counsel, any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies.
4. On a quarterly basis discuss the following with management and the independent auditors, if necessary: (1) any significant deficiency in the system or operation of internal controls which could adversely affect Federal Trust Corporation's ability to record, process, summarize, or report financial data; and (2) any fraud, whether or not material, that involves the management or other employees which could affect Federal Trust Corporation's internal controls.

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**VI. Other Audit Committee Responsibilities**

1. Annually prepare a report to the shareholders as required by the Securities and Exchange Commission. The report should be included in Federal Trust Corporation's Proxy Statement for the Annual Meeting of Shareholders.
2. Establish procedures for the confidential and anonymous reporting of any complaints or concerns regarding the Company's accounting, internal controls, or other audit related matter, and responding to any such complaints.
3. Approve any related party transactions between the Company and its management, directors, or any of their affiliates.
4. At the beginning of each fiscal year, establish an agenda for that year for the Audit Committee.
5. Conduct an annual self-evaluation of the Audit Committee.
6. Perform any other activities consistent with this Charter, the respective Bylaws of the Company, and governing law, as the Audit Committee, or the Board deems necessary or appropriate.
7. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.

**VII. Governance and Processes of the Audit Committee**

The Audit Committee shall prepare and/or approve an agenda in advance of each meeting provided for herein. Management should be available to meet with the Audit Committee to discuss the financial reports and statements that are being presented for review and approval.

1. Organizational Meeting. Each year, within four weeks of its members having been elected by the Board, the Audit Committee shall hold an Organizational Meeting. At the Organizational Meeting, the Audit Committee shall elect a Chairperson, who shall preside over all meetings of the Audit Committee for that year, and shall establish a schedule for its regular meetings.
2. Regular Meetings. The Audit Committee shall meet quarterly as scheduled by the Audit Committee at the Organizational Meeting. The quarterly meetings must be held prior to the filing of Federal Trust Corporation's Form 10-Q or Form 10-K with the Securities and Exchange Commission in each respective quarter.
3. Special Meetings. A special meeting of the Audit Committee may be called by the Chair or by both of the other two members of the Audit Committee, by providing all other members of the Audit Committee with three days written notice of the date and time of the special meeting.

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4. Location of Meetings. All regular and special meetings shall be held at Federal Trust Corporation's corporate headquarters, or at such other place as all members of the Audit Committee may agree upon.
5. Attendance. Except in the case of emergency, all members of the Audit Committee are expected to attend all meetings, Organizational, regular, and special of the Audit Committee.
6. Guests. All meetings of the Audit Committee shall be closed to all non-members. However, by majority vote, the Audit Committee may invite guest(s) to attend its meetings to observe, respond to questions, or make presentations. Such potential guests may include, without limitation, Federal Trust Corporation's Chief Executive Officer/President, Chief Financial Officer, or representatives from Federal Trust Corporation's outside independent auditor.
7. Interaction with Auditor. The independent auditor and the Audit Committee are to have direct access to each other. Such access is to be used, without limitation, to make inquiries and reports and to define and examine the scope and quality of the services provided to the Company by the independent outside auditor.
8. Governance. All actions and recommendations of the Audit Committee shall be determined by majority vote of the Audit Committee at a duly called and held meeting thereof.

This Amended and Restated Audit Committee Charter was adopted by the Board of Directors of Federal Trust Corporation this 27th day of May, 2005.

/s/ Marcia Zdanys  
Marcia Zdanys  
Corporate Secretary

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**Schedule A**

**Members of the Audit Committee**

Dr. Samuel C. Certo

George W. Foster

Kenneth W. Hill

*Schedule A was approved on May 27, 2005.*

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**FEDERAL TRUST CORPORATION**

**OFFICER S CERTIFICATION**

As Chief Financial Officer of Federal Trust Corporation (the Company ), and in connection with the filing of the Company s proxy materials with the Securities and Exchange Commission (the Commission ), I hereby acknowledge that:

1. The Company is responsible for the adequacy and accuracy of the disclosure in its proxy filings;
2. Staff comments or changes to disclosures in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
3. The Company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

The foregoing Certification was executed by the undersigned, as a duly authorized officer of the Company, on this 27th day of April 2006.

*s/ Gregory E. Smith*  
Gregory E. Smith

Chief Financial Officer

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**FEDERAL TRUST CORPORATION REVOCABLE PROXY**

**2006 ANNUAL MEETING OF SHAREHOLDERS**

**This Proxy is being solicited on behalf of the Board of Directors.**

The undersigned hereby appoints each member of the Board of Directors, and each of them with full powers of substitution, to act as proxy for, and attorney-in-fact, to vote all shares of Federal Trust Corporation common stock which the undersigned is entitled to vote at the Annual Meeting of Shareholders to be held at Springhill Suites, 201 North Towne Road, Sanford, Florida 32771, on May 26, 2006, at 10:00 a.m., and at any and all adjournments.

The undersigned may revoke this Proxy at any time before it is voted by either delivering a written notice of revocation or duly executed Proxy bearing a later date to Federal Trust or by attending the Annual Meeting and voting in person.

**INSTRUCTION:** Indicate your voting instructions by marking the appropriate boxes.

**PROPOSAL 1:** The election of two Class I directors.

**FOR**  
..

**WITHHOLD AUTHORITY**  
..

*INSTRUCTION. To withhold your vote for any individual nominee, strike a line through the nominee's name listed below.*

*Kenneth W. Hill*

*Eric J. Reinhold*

**PROPOSAL 2:** The ratification of Hacker, Johnson & Smith, P.A., as the independent auditors for Federal Trust Corporation for the fiscal year ending December 31, 2006.

**FOR**

**AGAINST**

**ABSTAIN**

..

..

..

**PROPOSAL 3:** The adjournment of the Annual Meeting to solicit additional proxies in the event there are not sufficient votes to approve any of Proposals 1 or 2.

**FOR**

**AGAINST**

**ABSTAIN**

..

..

..

In their discretion, the proxy holders are authorized to transact and to vote upon such other business as may properly come before the Annual Meeting or any adjournment thereof unless indicated otherwise by marking this box. "

**PLEASE CHECK BOX IF YOU PLAN TO ATTEND THE MEETING. "**

**NOTE:** When properly executed, this Proxy will be voted in the manner directed by the undersigned shareholder. Unless contrary direction is given, this proxy will be voted **FOR** the proposals listed.

[Label] X  
Signature

Date

X  
Signature if held jointly

Date

**When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, agent, trustee or guardian, please give full title. If shareholder is a corporation, please sign in full corporate name by president or other authorized officer. If shareholder is a partnership, please sign in partnership name by authorized person. The undersigned acknowledges receipt from Federal Trust Corporation, prior to the execution of this Proxy, of a Notice of the Annual Meeting, a Proxy Statement dated \_\_\_\_\_, 2006, and the 2005 Annual Report.**

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