

Kentucky First Federal Bancorp
Form DEF 14A
October 10, 2006

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

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

KENTUCKY FIRST FEDERAL BANCORP

(Name of Registrant as Specified in Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials:
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(1) Amount Previously Paid:

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

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(3) Filing Party:

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October 10, 2006

Dear Stockholder:

We invite you to attend the Annual Meeting of Stockholders (the Annual Meeting) of Kentucky First Federal Bancorp (the Company) to be held at the First Federal Center on the campus of Hazard Community and Technical College located at One Community College Drive, Hazard, Kentucky on Tuesday, November 14, 2006, at 3:30 p.m., Eastern time.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the meeting. During the meeting, we will also report on the Company s operations to date. Directors and officers of the Company and First Federal of Hazard and First Federal of Frankfort will be present to respond to any questions the stockholders may have.

ON BEHALF OF THE BOARD OF DIRECTORS, WE URGE YOU TO SIGN, DATE AND RETURN THE ACCOMPANYING FORM OF PROXY AS SOON AS POSSIBLE EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. Your vote is important, regardless of the number of shares you own. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting.

On behalf of the Board of Directors and all the employees of the Company and First Federal of Hazard and First Federal of Frankfort, I wish to thank you for your continued support.

Sincerely,

/s/Tony D. Whitaker

*Chairman of the Board and
Chief Executive Officer*

Sincerely,

/s/Don D. Jennings

*President and
Chief Operating Officer*

KENTUCKY FIRST FEDERAL BANCORP
479 Main Street
Hazard, Kentucky

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on November 14, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the Annual Meeting) of Kentucky First Federal Bancorp (Kentucky First or the Company) will be held at the First Federal Center on the campus of Hazard Community and Technical College located at One Community College Drive, Hazard, Kentucky on Tuesday, November 14, 2006, at 3:30 p.m., Eastern time.

A Proxy Statement and Proxy Card for the Annual Meeting are enclosed.

The Annual Meeting is for the purpose of considering and acting upon the following matters:

1. The election of three directors of the Company for three-year terms;
2. The ratification of the appointment of Grant Thornton LLP as independent certified public accountants of the Company for the fiscal year ending June 30, 2007; and
3. The transaction of such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors is not aware of any other business to come before the Annual Meeting.

Any action may be taken on any one of the foregoing proposals at the Annual Meeting on the date specified above or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned. Stockholders of record at the close of business on September 29, 2006, are the stockholders entitled to notice of and to vote at the Annual Meeting and any adjournment thereof.

You are requested to fill in and sign the enclosed proxy card which is solicited by the Board of Directors and to mail it promptly in the enclosed envelope. The proxy will not be used if you attend and vote at the Annual Meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Roy L. Pulliam, Jr.
Secretary

Hazard, Kentucky
October 10, 2006

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES IN ORDER TO INSURE A QUORUM. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

**PROXY STATEMENT
OF
KENTUCKY FIRST FEDERAL BANCORP
479 Main Street
Hazard, Kentucky 41701**

**ANNUAL MEETING OF STOCKHOLDERS
November 14, 2006**

GENERAL

This Proxy Statement is furnished to stockholders of Kentucky First Federal Bancorp (Kentucky First or the Company) in connection with the solicitation by the Board of Directors of the Company of proxies to be used at the Annual Meeting of Stockholders (the Annual Meeting) which will be held at the First Federal Center on the campus of Hazard Community and Technical College located at One Community College Drive, Hazard, Kentucky on Tuesday, November 14, 2006, at 3:30 p.m., Eastern time, and at any adjournment thereof. The accompanying Notice of Annual Meeting and proxy card and this Proxy Statement are being first mailed to stockholders on or about October 10, 2006.

VOTING AND REVOCABILITY OF PROXIES

Stockholders who execute proxies retain the right to revoke them at any time. Unless so revoked, the shares represented by properly executed proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies may be revoked by written notice to Roy L. Pulliam, Jr., Secretary of the Company, at the address shown above, by filing a later-dated proxy prior to a vote being taken on a particular proposal at the Annual Meeting or by attending the Annual Meeting and voting in person. The presence of a stockholder at the Annual Meeting will not in itself revoke such stockholder's proxy.

Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein. **Where no instructions are indicated, proxies will be voted FOR the nominees for director set forth below, and FOR the ratification of the appointment of Grant Thornton LLP as the Company's independent public accountants for the year ending June 30, 2007.** The proxy confers discretionary authority on the persons named therein to vote with respect to the election of any person as a director where the nominee is unable to serve or for good cause will not serve, and matters incident to the conduct of the Annual Meeting. If any other business is presented at the Annual Meeting, proxies will be voted by those named therein in accordance with the determination of a majority of the Board of Directors. Proxies marked as abstentions will not be counted as votes cast. Shares held in street name which have been designated by brokers on proxies as not voted (broker non-votes) will not be counted as votes cast. Proxies marked as abstentions or as broker non-votes, however, will be treated as shares present for purposes of determining whether a quorum is present.

VOTING SECURITIES AND SECURITY OWNERSHIP

The securities entitled to vote at the Annual Meeting consist of the Company's common stock, par value \$.01 per share (the Common Stock). Stockholders of record as of the close of business on September 29, 2006 (the Record Date) are entitled to one vote for each share of Common Stock then held. As of the Record Date, there were 8,507,864 shares of Common Stock issued and outstanding. The presence, in person or by proxy, of at least a majority of the total number of shares of Common Stock outstanding and entitled to vote will be necessary to constitute a quorum at the Annual Meeting.

Persons and groups beneficially owning more than 5% of the Common Stock are required to file certain reports with respect to such ownership pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act). The following table sets forth information regarding the shares of Common Stock beneficially owned as of the Record Date by persons who beneficially own more than 5% of the Common Stock, each of the Company's directors, the executive officers of the Company named in the Summary Compensation Table set forth under Proposal I Election of Directors Executive Compensation Summary Compensation Table, and all of the Company's directors and executive officers as a group.

| | <u>Shares of Common Stock Beneficially Owned as of the Record Date (1)</u> | <u>Percent of Class</u> |
|--|--|-----------------------------|
| <u>5% Stockholder:</u> | | |
| First Federal MHC Main & Lovern Streets Hazard, Kentucky 41701 | 4,727,938 | 55.6% |
| <u>Directors:</u> | | |
| Tony D. Whitaker | 76,154 | * |
| Don D. Jennings | 48,525 | * |
| Stephen G. Barker | 28,731 | * |
| Walter G. Ecton, Jr. | 19,357 | * |
| William D. Gorman | 28,400 | * |
| David R. Harrod | 9,330 | * |
| Herman D. Regan, Jr. | 48,775 | * |
| All directors and executive officers of the Company as a group (10) persons) | 387,950 | 4.6% |

(1) In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Common Stock if he has or shares voting or investment power with respect to such Common Stock or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares.

* Represents less than 1% of the shares outstanding.

PROPOSAL I -- ELECTION OF DIRECTORS**General**

The Company's Board of Directors consists of seven members, all of whom are independent under the listing standards of Nasdaq, except Tony D. Whitaker, Don D. Jennings and Stephen G. Barker. The Company's Bylaws require that directors be divided into three classes, as nearly equal in number as possible, with approximately one-third of the directors elected each year. At the Annual Meeting, three directors will be elected for a term expiring at the 2009 annual meeting. The Board of Directors has nominated Stephen G. Barker, David R. Harrod, and Tony D. Whitaker, to each serve as directors for a three-year period. Each of the nominees is currently a member of the Board. Pursuant to the Company's Bylaws, there is no cumulative voting for the election of directors. As a result, directors are elected by a plurality of the votes present in person or by proxy at a meeting at which a quorum is present.

It is intended that the persons named in the proxies solicited by the Board of Directors will vote for the election of the named nominees. If any nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute as the Board of Directors may recommend or the size of the Board may be reduced to eliminate the vacancy. At this time, the Board knows of no reason why any nominee might be unavailable to serve.

The following table sets forth, for each nominee for director and continuing director of the Company, his age, the year he first became a director either of the Company or the Company's wholly owned subsidiary, First Federal Savings and Loan Association of Hazard (First Federal of Hazard), and the expiration of his term as a director. All such persons were appointed as directors of the Company in March 2005 upon the formation and organization of the Company. Directors Barker, Ecton, Gorman and Whitaker also serve on the Board of Directors of First Federal of Hazard, and Directors Harrod and Regan also serve on the Board of Directors of the Company's wholly owned subsidiary, Frankfort First Bancorp, Inc. (Frankfort First), and Frankfort First's wholly owned subsidiary, First Federal Savings Bank of Frankfort (First Federal of Frankfort.) Director Jennings also serves on the Board of First Federal of Frankfort.

| Name | Age at June 30, 2006 | Year First Elected as Director | Year First Elected as Director of Bank Subsidiary | Current Term to Expire |
|---|----------------------------|--------------------------------------|--|------------------------------|
| BOARD NOMINEES FOR TERMS TO EXPIRE IN 2009 | | | | |
| Stephen G. Barker | 52 | 2005 | 1997 | 2006 |
| Tony D. Whitaker | 60 | 2005 | 1993 | 2006 |
| David R. Harrod | 47 | 2005 | 2003 | 2006 |
| DIRECTORS CONTINUING IN OFFICE | | | | |
| William D. Gorman | 82 | 2005 | 2003 | 2007 |
| Herman D. Regan, Jr. | 77 | 2005 | 1988 | 2007 |
| Walter G. Ecton, Jr. | 52 | 2005 | 2005 | 2008 |
| Don D. Jennings | 41 | 2005 | 1998 | 2008 |

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Set forth below is information concerning the Company's directors.

Stephen G. Barker has been a director of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as a director of First Federal of Hazard since 1997. Mr. Barker has been in the private practice of law in Hazard, Kentucky since 1980 and has served as Assistant General Counsel to the Kentucky River Properties, LLC since 1985.

Tony D. Whitaker has served as Chairman of the Board and Chief Executive Officer of Kentucky First Federal Bancorp since its inception in March, 2005. Since 1997, he has served as President and Chief Executive Officer of First Federal of Hazard. He has also served First Federal of Hazard as a Director since 1993. Mr. Whitaker was President of First Federal Savings Bank in Richmond, Kentucky from 1980 until 1994. From 1994 until 1996, Mr. Whitaker was the President of the central Kentucky region and served on the Board of Great Financial Bank, a \$3 billion savings and loan holding company located in Louisville, Kentucky. Mr. Whitaker served as a director of the Federal Home Loan Bank of Cincinnati from 1991 to 1997 and has served on the Board of America's Community Bankers since 2001. Mr. Whitaker has served on the Board of Directors of Pentegra Group, Inc., a financial services company specializing in retirement benefits, since 2002.

David R. Harrod has been a director of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as a Director of First Federal Savings Bank of Frankfort since 2003. He also previously served as Director and Chairman of the Audit Committee of Frankfort First Bancorp, Inc. Mr. Harrod is a certified public accountant and is a principal of Harrod and Associates, P.S.C., a Frankfort, Kentucky-based accounting firm.

William D. Gorman has been a director of Kentucky First Federal Bancorp since its inception in March, 2005. He has been a director of First Federal of Hazard since 2003. Mr. Gorman has served as mayor of Hazard, Kentucky since 1977.

Herman D. Regan, Jr. has been a director of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as a Director of First Federal Savings Bank of Frankfort since 1988. Mr. Regan served as Chairman of the Board and President of Kenvirons, Inc., a civil and environmental engineering consulting firm, from 1975 until his retirement in August, 1994.

Walter G. Ecton, Jr. has been a director of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as a director of First Federal of Hazard since 2004. Mr. Ecton has been engaged in the private practice of law in Richmond, Kentucky since 1979.

Don D. Jennings has served as President and Chief Operating Officer and as a Director of Kentucky First Federal Bancorp since its inception in March, 2005. He was President and Chief Executive Officer of Frankfort First Bancorp, Inc. beginning in 2000 and continues to serve as Executive Vice President, director and Secretary of First Federal of Frankfort, a position he has held since 1998. He has been employed by First Federal of Frankfort since 1991.

Executive Officers Who Are Not Directors

The following sets forth information with respect to executive officers of the Company who do not serve on the Board of Directors.

| Name | Age at June 30, 2006 | Title |
|---------------------|----------------------------|---|
| R. Clay Hulette | 44 | Vice President, Chief Financial Officer and Treasurer of the Company and Vice President and Treasurer of First Federal of Frankfort |
| Roy L. Pulliam, Jr. | 68 | Vice President and Secretary of the Company and Vice President and Secretary of First Federal of Hazard |

R. Clay Hulette has served as Vice President, Treasurer and Chief Financial Officer of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as Vice President and Chief Financial Officer of Frankfort First Bancorp, Inc. and of First Federal Savings Bank of Frankfort since 2000. He has been employed by First Federal of Frankfort since 1997. He is a Certified Public Accountant.

Roy L. Pulliam, Jr. has served as Vice President and Secretary of Kentucky First Federal Bancorp since its inception in March, 2005. He has served as Vice President and Secretary of First Federal of Hazard since 1970.

Committees of the Board of Directors

The Board of Directors of the Company meets quarterly and may have additional special meetings. During the year ended June 30, 2006, the Board of Directors of the Company met seven times. No director attended fewer than 75% in the aggregate of the total number of Company Board of Directors meetings held during the year ended June 30, 2006 and the total number of meetings held by Committees on which he served during such fiscal year.

Audit Committee. The Company has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. During the fiscal year ended June 30, 2006, the Board of Directors' Audit Committee consisted of Directors Harrod (Chairman), Ecton, Gorman and Regan. Each of the members of the Audit Committee are independent, as independent is defined in Rule 4200(a)(15) of the listing standards of the National Association of Securities Dealers, Inc. (NASD). The Company's Board of Directors has determined that one member of the Audit Committee, David R. Harrod, qualifies as an audit committee financial expert as defined in Section 401(h) of Regulation S-K promulgated by the U.S. Securities and Exchange Commission. Director David R. Harrod is independent, as such term is defined in Item 7(d)(3)(iv)(A) of Schedule 14A of the Exchange Act.

The function of the Audit Committee is to review and discuss the audited financial statements with management, internal audit and the independent auditors; to determine the independent auditors' qualifications and independence; to engage the independent auditors of the Company; to review the internal audit function and internal accounting controls; to review the internal audit plan; to review the Company's compliance with legal and regulatory requirements; and to review the Company's auditing, accounting and financial processes generally. The Company's Board of Directors adopted a written charter for the Audit Committee. A copy of the Audit Committee Charter was attached to the Company's proxy statement prepared in connection with the Company's 2005 annual meeting of stockholders. The Audit Committee met four times during the year ended June 30, 2006.

Nominating/Corporate Governance Committee. The Board of Directors' Nominating/Corporate Governance Committee nominates directors to be voted on at the Annual Meeting and recommends nominees to fill any vacancies on the Board of Directors. The Nominating/Corporate Governance Committee consists of Directors Ecton (Chairman), Gorman and Regan. The members of the Nominating/Corporate Governance Committee are independent directors as defined in Nasdaq listing standards. The Board of Directors has adopted a Charter for the Nominating/Corporate Governance Committee a copy of which was attached to the Company's proxy statement prepared in connection with the Company's 2005 annual meeting of stockholders. The Nominating/Corporate Governance Committee met once during the fiscal year ended June 30, 2006.

It is the policy of the Nominating/Corporate Governance Committee to consider director candidates recommended by security holders who appear to be qualified to serve on the Company's Board of Directors. Any stockholder wishing to recommend a candidate for consideration by the Nominating/Corporate Governance Committee as a possible director nominee for election at an upcoming annual meeting of stockholders must provide written notice to the Nominating/Corporate Governance Committee of such stockholder's recommendation of a director nominee no later than July 1 preceding the annual meeting of stockholders. Notice should be provided to: Roy L. Pulliam, Jr., Secretary, Kentucky First Federal Bancorp, P.O. Box 1069, Hazard, Kentucky 41702-1069. Such notice must contain the following information:

The name of the person recommended as a director candidate;

All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934;

The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;

As to the shareholder making the recommendation, the name and address, as he or she appears on the Company's books, of such shareholder; provided, however, that if the shareholder is not a registered holder of the Company's common stock, the shareholder should submit his or her name and address, along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and

A statement disclosing whether such shareholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In its deliberations, the Nominating/Corporate Governance Committee considers a candidate's personal and professional integrity, knowledge of the banking business and involvement in community, business and civic affairs, and also considers whether the candidate would provide for adequate representation of the Bank's market area. Any nominee for director made by the Nominating/Corporate Governance Committee must be highly qualified with regard to some or all the attributes listed in the preceding sentence. In searching for qualified director candidates to fill vacancies in the Board, the Nominating/Corporate Governance Committee solicits the Company's then current directors for the names of potential qualified candidates. Moreover, the Nominating/Corporate Governance Committee may ask its directors to pursue their own business contacts for the names of potentially qualified candidates. The Nominating/Corporate Governance Committee would then consider the potential pool of director candidates, select a candidate based on the candidate's qualifications and the Board's needs, and conduct a thorough investigation of the proposed candidate's background to ensure there is no past history that would cause the candidate not to be qualified to serve as a director of the Company. In the event a stockholder has submitted a proposed nominee, the Nominating/Corporate Governance Committee would consider the proposed nominee in the same manner in which the Nominating/Corporate Governance Committee would evaluate nominees for director recommended by directors.

With respect to nominating an existing director for re-election to the Board of Directors, the Nominating/Corporate Governance Committee will consider and review an existing director's Board and committee attendance and performance, length of Board service, experience, skills and contributions that the existing director brings to the Board and independence.

Compensation Committee. The Compensation Committee consists of Directors Ecton, Gorman and Regan (Chairman). The Committee evaluates the compensation and fringe benefits of the directors, officers and employees and recommends changes. The Compensation Committee met three times during the year ended June 30, 2006.

Board Policies Regarding Communications with the Board of Directors and Attendance at Annual Meetings. The Board of Directors maintains a process for stockholders to communicate with the Board of Directors. Stockholders wishing to communicate with the Board of Directors should send any communication to Roy L. Pulliam, Jr., Secretary, Kentucky First Federal Bancorp, P.O. Box 1069, Hazard, Kentucky 41702-1069. All communications that relate to matters that are within the scope of the responsibilities of the Board and its Committees are to be presented to the Board no later than its next regularly scheduled meeting. Communications that relate to matters that are within the responsibility of one of the Board Committees are also to be forwarded to the Chair of the appropriate Committee. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities, such as customer complaints, are to be sent to the appropriate officer. Solicitations, junk mail and obviously frivolous or inappropriate communications are not to be forwarded, but will be made available to any director who wishes to review them.

Directors are expected to prepare themselves for and to attend all Board meetings, the Annual Meeting of Stockholders and the meetings of the Committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting. All directors attended the Company's annual meeting held on November 15, 2005.

Compensation Committee Report on Executive Compensation

Overview and Philosophy The Company's executive compensation policies are established by the Compensation Committee of the Board of Directors (the Committee). The Committee is responsible for developing the Company's executive compensation policies. The Committee's objectives in designing and administering the specific elements of the Company's executive compensation program are as follows:

To link executive compensation rewards to increases in stockholder value, as measured by favorable long-term operating results and continued strengthening of the Company's financial condition.

To provide incentives for executive officers to work towards achieving successful annual results as a step in achieving the Company's long-term operating results and strategic objectives.

To maintain a competitive mix of total executive compensation, with particular emphasis on awards related to increases in long-term stockholder value.

To attract and retain top performing executive officers for the long-term success of the Company.

In furtherance of these objectives, the Committee has determined that there may be four specific components of executive compensation: base salary, a cash bonus, routine fringe benefits, and stock benefit plans.

Base Salary. The Committee makes recommendations to the Board concerning executive compensation on the basis of performance, experience, and retention goals. Surveys of salaries paid to executive officers of other savings and loan holding companies, non-diversified savings institutions and other financial institutions similar in size, market capitalization and other characteristics may be used to insure that salaries are competitive with salaries paid by the Company's peers.

Bonus. The Company may pay a discretionary bonus on an annual basis. Whether bonuses are paid each year and the amount of such bonuses are determined by the Committee. Bonuses may be used to meet the Committee's goals for retention of executives, or they may be structured so that they reward specific performance goals either for the individual or for the Company as set forth by the Board of Directors. The absence of such a bonus does not indicate an officer's failure to achieve such a performance goal. Currently, the Company does not have any plans for a performance-based incentive bonus. However, each subsidiary Bank may also pay its employees bonuses based either upon certain incentives or as a routine annual bonus. While a bonus may be routine, it is not guaranteed and the Board of the subsidiary Bank may choose not to pay the bonus for any reason. Executive Officers of the Company may participate in such bonus plans with their subsidiary Bank to the same extent all employees participate.

Routine Fringe Benefits. Each officer of the Company is also an employee of one of the subsidiary Banks and, as such, is entitled to participate in benefit plans and programs offered to all employees by the Bank of his or her employment. These programs may include retirement plans, health insurance plans, provision of an automobile, entitlement to paid vacation, etc.

Stock Benefit Plans. In addition, the Committee believes that stock-related award plans are an important element of compensation since they provide executives with incentives linked to the performance of the Common Stock. Accordingly, the Board of Directors has adopted the 2005 Equity Incentive Plan (the 2005 Plan), which was approved by stockholders at the 2005 Annual Meeting.

Under the 2005 Plan, the Company reserved for issuance 421,216 shares of Common Stock that may be issued pursuant to stock options. The Committee believes that stock options are an important element of compensation because they provide executives with incentives linked to the performance of the Common Stock. Options are granted with an exercise price equal to the market value of the Common Stock on the date of grant, and thus acquire value only if the Company's stock price increases. In addition, under the 2005 Plan, the Company reserved for issuance as restricted stock awards 168,486 shares of common stock. The Company intends to award stock options and restricted stock as a means of providing employees the opportunity to acquire a proprietary interest in the Company and to link their interests with those of the Company's stockholders.

Compensation of Chief Executive Officer

Mr. Whitaker's base salary is established in accordance with the terms of the employment agreements entered into between the Company and First Federal of Hazard and Mr. Whitaker. See -- Executive Compensation -- Employment Agreements. The Committee determines Mr. Whitaker's compensation on the basis of several factors. In determining Mr. Whitaker's base salary, the Committee reviewed compensation paid to chief executive officers of similarly situated savings institutions and non-diversified savings institutions and other financial institutions of similar asset size. The Committee believes that Mr. Whitaker's base salary is generally competitive with the average salary paid to executives of similar rank and expertise at banking institutions which the Committee considered to be comparable and taking into account Kentucky First Federal Bancorp's complex operations and First Federal of Hazard's superior performance relative to comparable institutions.

The Committee believes that the Company's executive compensation program serves the Company and its stockholders by providing a direct link between the interests of executive officers and those of stockholders generally and by helping to attract and retain qualified executive officers who are dedicated to the long-term success of the Company.

Members of the Compensation Committee

Herman D. Regan, Jr. (Chairman)

Walter G. Ecton, Jr.

William D. Gorman

Comparative Stock Performance Graph

The Common Stock commenced trading on the Nasdaq National Market on March 3, 2005. The graph and table which follow show the cumulative total return on the Common Stock for the period from March 3, 2005 through the fiscal year ended June 30, 2006 with (1) the total cumulative return of all companies whose equity securities are traded on the Nasdaq Stock Market, and (2) the total cumulative return of savings institutions and savings institution holding companies as indicated by America's Community Bankers Index traded on the Nasdaq Stock Market. The comparison assumes \$100 was invested on March 3, 2005 in the Common Stock and in each of the foregoing indices and assumes reinvestment of dividends. The stockholder returns shown on the performance graph are not necessarily indicative of the future performance of the Common Stock or of any particular index.

**CUMULATIVE TOTAL STOCKHOLDER RETURN
COMPARED WITH PERFORMANCE OF SELECTED INDEXES
March 3, 2005 to June 30, 2006**

COMPARISON OF CUMULATIVE TOTAL RETURN*
AMONG KENTUCKY FIRST FEDERAL BANCORP,
THE NASDAQ STOCK MARKET (U.S.) INDEX AND AMERICA S COMMUNITY BANKERS INDEX

| | 3/3/05 | 6/30/05 | 6/30/06 |
|--------------------------------------|--------|---------|---------|
| KENTUCKY FIRST FEDERAL BANCORP | 100.00 | 102.84 | 102.04 |
| NASDAQ STOCK MARKET (U.S. & FOREIGN) | 100.00 | 95.34 | 117.28 |
| AMERICA S COMMUNITY BANKERS | 100.00 | 101.04 | 109.25 |

Executive Compensation

Summary Compensation Table. The following information is provided for Tony D. Whitaker, Chairman of the Board and Chief Executive Officer and Don D. Jennings, President and Chief Operating Officer. Messrs. Whitaker and Jennings are the only executive officers who received salary and bonus totaling \$100,000 or more during fiscal 2006.

| Name | Fiscal Year | Annual Compensation | | | Long-Term Compensation | | |
|--|-------------|---------------------|-----------|-------------------------------|---------------------------|-------------------------------|------------------------|
| | | Salary | Bonus | Other Annual Compensation (1) | Restricted Stock Award(s) | Securities Underlying Options | All Other Compensation |
| Tony D. Whitaker <i>Chairman of the Board and Chief Executive Officer</i> | 2006 | \$ 164,400 | \$ 22,050 | \$ 8,639 | \$ 424,200 | 105,000 | 43,204(3) |
| | 2005 | 154,800 | 20,250 | 7,200 | | | 7,200 |
| | 2004 | 150,000 | 18,750 | 10,800 | | | 10,800 |
| Don D. Jennings <i>President and Chief Operating Officer</i> | 2006 | \$ 100,000 | | \$ 3,830 | 154,025 | 52,000 | |
| | 2005(4) | 33,333 | | 1,277 | | | |

(1) Executive officers receive indirect compensation in the form of certain perquisites and other personal benefits, such as health insurance. The amount of such benefits received by the named executive officer in fiscal 2006 did not exceed 10% of the executive officer's salary and bonus.

(2) Includes 42,000 and 15,250 shares of restricted stock granted to Messrs. Whitaker and Jennings, respectively, under the 2005 Plan. The dollar amounts set forth in the table represent the market value of the shares on the date of grant. The restricted stock awards vest in five equal annual installments commencing on December 13, 2006, the first anniversary of the granting of the awards. When shares become vested and are distributed from the trust in which they are held, the recipients will also receive an amount equal to accumulated cash and stock dividends (if any) paid with respect thereto, plus earnings thereon. The number and value of all unvested shares of restricted stock held under the 2005 Equity Incentive Plan that are awarded to each named executive officer as of June 30, 2006, is as follows, based on \$10.40, the closing price of the Company's common stock on June 30, 2006:

| | Number of Unvested Shares | Value of Unvested Shares |
|--------------|---------------------------|--------------------------|
| Mr. Whitaker | 42,000 | \$ 436,800 |
| Mr. Jennings | 15,250 | \$ 158,600 |

(3) Includes the market value of allocations under the employee stock ownership plan.

(4) Mr. Jennings 2005 salary and other annual compensation represents the period from March 2, 2005, the date of the Company's acquisition of Frankfort First Bancorp, Inc. through June 30, 2005.

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Option Grants in Last Fiscal Year. The following table lists all grants of options granted to the named executive officers in fiscal 2006 and contains certain information about the potential value of these options based upon certain assumptions as to the appreciation of the Company's stock over the life of the option.

| Name | Number of Securities Underlying Options Granted(1) | % of Total Options Granted to Employees In Fiscal Year | Exercise Price Per Share (2) | Expiration Date | Potential Realizable Value of Assumed Annual Rates of Stock Price For Option Term (3) | |
|------------------|--|--|------------------------------|-----------------|---|--------------|
| | | | | | 5% | 10% |
| Tony D. Whitaker | 105,200 | 30% | \$ 10.10 | 12/13/2015 | \$ 666,943 | \$ 1,690,164 |
| Don D. Jennings | 52,000 | 15% | 10.10 | 12/13/2015 | 330,295 | 837,034 |

- (1) Options become exercisable in five equal annual installments commencing on December 13, 2006; provided, however, that options become immediately exercisable upon a change in control or if the optionee terminates employment due to death or disability. Options have value only if the stock price increases above the exercise price shown in the table during the effective option period. In order for the executive to realize the potential values set forth in the 5% and 10% columns in the table, the price per share of the Company's common stock would be approximately \$16.45 and \$26.20, respectively, as of the expiration date of the options.
- (2) All stock options were granted at 100% of fair market value on date of grant
- (3) The dollar amounts under these columns are the result of calculations at the 5% and 10% rates set by the United States Securities and Exchange Commission and are not intended to forecast possible future appreciation, if any, in the market value of the Company's common stock.

As of June 30, 2006, none of the stock options granted were exercisable. Consequently, no stock options were exercised by Messrs. Whitaker and Jennings during fiscal 2006. The following table provides certain information with respect to the number and value of shares of Company common stock represented by outstanding options held by the named executive officers as of June 30, 2006.

| Name | Number of Securities Underlying Unexercised Options at June 30, 2006 | | Value of Unexercised In-the-Money June 30, 2006(1) | |
|------------------|--|---------------|--|---------------|
| | Exercisable | Unexercisable | Exercisable | Unexercisable |
| Tony D. Whitaker | | 105,000 | \$ | \$ 31,500 |
| Don Jennings | | 52,000 | \$ | \$ 15,600 |

- (1) Value of unexercisable in-the-money stock options equals the market value of shares covered by in-the-money options on June 30, 2006, less the option exercise price. Options are in-the-money if the market value of shares covered by the options is greater than the exercise price.

Employment Agreements. The Company and First Federal of Hazard entered into separate employment agreements (the Agreements) with Tony D. Whitaker, Chairman of the Board of Kentucky First and President and Chief Executive Officer of First Federal of Hazard. The Company and First Federal of Frankfort entered into separate employment agreements (the Agreements) with Don D. Jennings, President and Chief Operating Officer of Kentucky First and Executive Vice President of First Federal of Frankfort. The Agreements provide for three-year terms, expiring on August 15, 2009, renewable on an annual basis for an additional year upon review and extension by the respective Boards of Directors of Kentucky First, First Federal of Hazard and First Federal of Frankfort. The Agreements establish a base salary of \$164,400 and \$100,000 for Messrs. Whitaker and Jennings, respectively. The respective Boards of Directors will review the base salaries each year in order to consider any appropriate changes. In addition to establishing a base salary, the Agreements provide for, among other things, participation in stock-based and other benefit plans, as well as certain fringe benefits.

The Agreements also provide that Kentucky First, First Federal of Hazard and First Federal of Frankfort may terminate the employment of Messrs. Whitaker or Jennings for cause, as defined in the Agreements, at any time. No compensation or benefits are payable upon termination of either officer for cause. Each of the officers may also voluntarily terminate his employment by providing 90 days prior written notice. Upon voluntary termination, the officer receives only compensation and vested benefits through the termination date.

The Agreements terminate upon the officer's death, and his estate receives any compensation due through the last day of the calendar month of death. The Agreements also allow the appropriate boards to terminate the employment of Messrs. Whitaker or Jennings employment due to disability, as defined in the Agreements. A disabled executive receives any compensation and benefits provided for under the agreement for any period prior to termination during which the executive was unable to work due to disability. Messrs. Whitaker and Jennings also may receive disability benefits under First Federal of Hazard's or First Federal of Frankfort's long-term disability plan(s) without reduction for any payments made under the Agreement. During a period of disability, to the extent reasonably capable of doing so, Messrs. Whitaker and Jennings agree to provide assistance and undertake reasonable assignments for the employers.

If either Kentucky First, First Federal of Hazard or First Federal of Frankfort terminates the employment of Messrs. Whitaker or Jennings without cause, or if Messrs. Whitaker or Jennings resigns under specified circumstances that constitute constructive termination, he receives his base salary and continued employee benefits for the remaining term of the Agreement, as well as continued health, life and disability coverage under the same terms such coverage is provided to other senior executives, or comparable individual coverage.

Under the Agreements, if, within one year after a change in control (as defined in the Agreements), Messrs. Whitaker or Jennings voluntarily terminate his employment under circumstances discussed in the Agreement, or involuntarily terminates employment, the executive receives a cash payment equal to three times his average annual compensation over the five most recently completed calendar years preceding the change in control. He also receives continued employee benefits and health, life and disability insurance coverage for thirty-six months following termination of employment.

Section 280G of the Internal Revenue Code provides that severance payments that equal or exceed three times the individual's base amount are deemed to be excess parachute payments if they are contingent upon a change in control. Individuals receiving excess parachute payments are subject to a 20% excise tax on the amount of the payment in excess of their base amount, and the employer is not entitled to deduct any parachute payments over the base amount. The Agreements limit payments made to Messrs. Whitaker and Jennings in connection with a change in control to amounts that will not exceed the limits imposed by Section 280G.

The Agreements also require Messrs. Whitaker and Jennings to agree not to compete with Kentucky First, First Federal of Hazard or First Federal of Frankfort for one year following a termination of employment, other than in connection with a change in control. Kentucky First, First Federal of Hazard or First Federal of Frankfort will pay or reimburse Messrs. Whitaker or Jennings for all reasonable costs and legal fees paid or incurred by him in any dispute or question of interpretation regarding the Agreements, if the executive is successful on the merits in a legal judgment, arbitration proceeding or settlement. The Agreements also provide Messrs. Whitaker and Jennings with indemnification to the fullest extent legally allowable. Although payments under the Agreements may be made by either the Company, First Federal of Hazard or First Federal of Frankfort, Messrs. Whitaker and Jennings will not receive any duplicative payments under the Agreements.

Supplemental Executive Retirement Plan. First Federal of Hazard has implemented a supplemental executive retirement plan (SERP) to provide for supplemental retirement benefits with respect to the ESOP and pension plans. The plan provides participating executives with benefits otherwise limited by certain provisions of the Internal Revenue Code or the terms of the ESOP loan. Specifically, the SERP will provide benefits to designated officers that cannot be provided under the pension plan or the ESOP as a result of limitations imposed by the Internal Revenue Code, but that would have been provided under such plans, but for these Internal Revenue Code limitations. In addition to providing for benefits lost under tax-qualified plans as a result of the Internal Revenue Code limitations, the SERP will also provide supplemental benefits upon a change of control prior to the scheduled repayment of the ESOP loan. Generally, upon a change in control, the SERP will provide participants with a benefit equal to what they would have received under the ESOP, had they remained employed throughout the term of the loan, less the benefits actually provided under the ESOP on the participant s behalf. A participant s benefits generally become payable upon a change in control of Kentucky First or its subsidiaries. The Board has designated Tony D. Whitaker as a participant in the SERP. No expense was recognized for the SERP in fiscal 2006.

First Federal of Hazard may utilize a grantor trust in connection with the SERP, in order to set aside funds that ultimately may be used to pay benefits under the SERP. The assets of the grantor trust will remain subject to the claims of general creditors in the event of insolvency, until paid to a participant according to the terms of the SERP.

Retirement Plan. First Federal of Hazard and First Federal of Frankfort participate in the Financial Institution Retirement Plan (the Retirement Plan) to provide retirement benefits for eligible employees. Employees are eligible to participate in the Retirement Plan after the completion of one year of employment and attainment of age 21. The formula for normal retirement benefits payable annually under the plan differs slightly for the two Banks and is a maximum of 2% of the average of the participant s highest five years of compensation multiplied by the participant s years of service. Participants may also receive a reduced early retirement benefit under the retirement Plan upon attainment of age 45 and satisfaction of the Retirement Plan s vesting requirements. Participants generally have no vested interest in Retirement Benefits prior to their completion of five years of service. Following the completion of five years of vesting service, or upon attainment of age 65, death or termination of employment due to disability, participants automatically become 100% vested in their accrued benefit under the Retirement Plan. The table below reflects the maximum annual pension benefit payable to a participant assuming various levels of earnings and years of service. The amounts of benefits paid under the Retirement Plan are not reduced for any social security benefit payable to participants. As of June 30, 2006, Tony D. Whitaker had 34 years of credited service under the Retirement Plan and Don D. Jennings had 15 years of credited service under the Retirement Plan.

| Final Average Earnings | Years of Benefit Service | | | | |
|------------------------|--------------------------|-----------|-----------|-----------|-----------|
| | 15 | 20 | 25 | 30 | 35 |
| \$50,000 | \$ 15,000 | \$ 20,000 | \$ 25,000 | \$ 30,000 | \$ 35,000 |
| 75,000 | 22,500 | 30,000 | 37,500 | 45,000 | 52,500 |
| 100,000 | 30,000 | 40,000 | 50,000 | 60,000 | 70,000 |
| 125,000 | 37,500 | 50,000 | 62,500 | 75,000 | 87,000 |
| 150,000 | 45,000 | 60,000 | 75,000 | 90,000 | 105,000 |
| 175,000 | 52,500 | 70,000 | 87,500 | 105,000 | 122,500 |
| 200,000 | 60,000 | 80,000 | 100,000 | 120,000 | 140,000 |

Director Compensation

Each nonemployee director of the Company receives a quarterly retainer of \$900, and each member of the Kentucky First Audit Committee receives \$900 per meeting attended on a date on which there is not also a meeting of the full Board of Directors. Officers of Kentucky First who are directors are not compensated for their service as directors. Directors who also serve as Directors of First Federal of Hazard receive \$10,800 annually. Directors who also serve as Directors of First Federal of Frankfort receive \$9,000 annually (beginning January 1, 2006 previous annual compensation was \$7,200) plus \$100 for certain committee meetings. Officers of either Bank who are also directors are not compensated for their service as directors.

The following table sets forth the total cash and equity compensation paid to the Company's non-employee directors for their service on the Boards of Directors of Kentucky First and First Federal of Hazard and/or First Federal of Frankfort during fiscal 2006.

| Director | Cash | Restricted Stock Awards (number of shares) (1) | Stock Option Awards (number of shares) (2) |
|----------------------|-----------|--|---|
| William D. Gorman | \$ 15,300 | 8,400 | 21,000 |
| Herman D. Regan, Jr. | \$ 12,600 | 8,400 | 21,000 |
| Stephen G. Barker | \$ 15,300 | 8,400 | 21,000 |
| David R. Harrod | \$ 12,600 | 8,400 | 21,000 |
| Walter G. Ecton, Jr. | \$ 15,300 | 8,400 | 21,000 |

- (1) All awards vest in five equal annual installments beginning one year from the date of grant, which was December 13, 2005.
- (2) All options have an exercise price of \$10.10, the fair market value of our common stock on the date of grant, which was December 13, 2005. All options vest in five equal annual installments beginning one year from the date of grant.

Transactions with Management

First Federal of Hazard and First Federal of Frankfort both offer loans to their directors and executive officers. These loans were made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collectibility or present other unfavorable features. Under current law, the Banks' loans to directors and executive officers are required to be made on substantially the same terms, including interest rates, as those prevailing for comparable transactions with other persons and must not involve more than the normal risk of repayment or present other unfavorable features. Furthermore, all loans to such persons must be approved in advance by a disinterested majority of the Company's Board of Directors. At June 30, 2006, loans to directors and executive officers and their affiliates totaled \$659,000 or 1.0% of the Company's stockholders' equity, at that date.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Board of Directors (the "Audit Committee") has:

1. Reviewed and discussed the audited financial statements for the fiscal year ended June 30, 2006.
2. Discussed with the Company's independent auditors the matters required to be discussed by Statement of Accounting Standards No. 61, as the same was in effect on the date of the Company's financial statements; and
3. Received the written disclosures and the letter from the Company's independent auditors required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as the same was in effect on the date of the Company's financial statements.

Based on the foregoing materials and discussions, the Audit Committee recommended to the Board of Directors that the audited financial statements for the fiscal year ended June 30, 2006 be included in the Company's Annual Report on Form 10-K for the year ended June 30, 2006.

The Audit Committee has reviewed the non-audit services currently provided by the Company's independent auditor and has considered whether the provision of such services is compatible with maintaining the independence of the Company's independent auditors.

Members of the Audit Committee

David R. Harrod, Chairman

Walter G. Ecton, Jr.

William D. Gorman

Herman D. Regan, Jr.

PROPOSAL II -- RATIFICATION OF APPOINTMENT OF AUDITORS

The Audit Committee of the Board of Directors has renewed the Company's arrangements with Grant Thornton LLP to be the Company's auditors for the 2007 fiscal year, subject to ratification by the Company's stockholders. A representative of Grant Thornton LLP will be present at the Annual Meeting to respond to stockholders' questions and will have the opportunity to make a statement if he or she so desires.

The appointment of the auditors must be approved by a majority of the votes cast by the stockholders of the Company at the Meeting. The Board of Directors recommends that shareholders vote FOR the ratification of the appointment of auditors.

AUDIT AND OTHER FEES PAID TO INDEPENDENT ACCOUNTANT

Fees billed by Grant Thornton LLP for the years ended June 30, 2006 and 2005 were \$95,925 and \$316,773, respectively.

Audit Fees

The aggregate fees billed by Grant Thornton LLP for the audit of the Company's annual financial statements were \$70,000 for the fiscal year ended June 30, 2006. During the fiscal year ended June 30, 2005, the Company paid \$87,250 for its audit.

Audit Related Fees

These fees include review of quarterly reports on Form 10-Q as filed by Kentucky First Bancorp. Grant Thornton received \$12,000 for the fiscal year ended June 30, 2006 and \$6,450 for the fiscal year ended June 30, 2005.

Tax Fees

The aggregate fees billed by Grant Thornton LLP for tax services for the fiscal years ended June 30, 2006 and 2005 were \$11,195 and \$13,030, respectively. The fees are for services including review of tax returns as prepared by the Company's staff, review of required estimated income tax installments and review of and advice on amending previous year's tax returns filed by First Federal Savings and Loan of Hazard.

All Other Fees

The aggregate fees billed by Grant Thornton LLP for all other services, exclusive of the fees disclosed above, rendered during the fiscal years ended June 30, 2006 and 2005 were \$2,730 and \$210,043, respectively. The fees paid during fiscal 2006 were related to consents for use of financial statements in SEC filings. During the fiscal year ended June 30, 2005, significant fees were paid to Grant Thornton for their assistance in preparing financial statements that were part of the Form S-1 Prospectus provided to customers of First Federal Savings and Loan of Hazard and for the Proxy Statement provided to shareholders of Frankfort First Bancorp, Inc. These fees totaled \$201,206. In addition, Grant Thornton has provided general accounting advice and specific advice related to the reorganization and merger to Kentucky First Federal Bancorp and its subsidiaries. The fee for these services totaled \$8,837.

Pre-Approval of Services by the Independent Auditor

The Audit Committee does not have a policy for the pre-approval of nonaudit services to be provided by the Company's independent auditor. Any such services would be considered on a case-by-case basis. All nonaudit services provided by the independent auditors in fiscal years 2006 and 2005 were approved by the Audit Committee. However, certain services such as the review of the Company's public filings, review of the Company's tax returns, and general discussions with management regarding accounting issues, which may be construed as necessary for the accurate completion of the audit, are approved in advance on an annual basis.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Pursuant to regulations promulgated under the Exchange Act, the Company's officers and directors and all persons who own more than 10% of the Common Stock (Reporting Persons) are required to file reports detailing their ownership and changes of ownership in the Common Stock and to furnish the Company with copies of all such ownership reports that are filed. Based solely on the Company's review of the copies of such ownership reports which it has received in the past fiscal year or with respect to the past fiscal year, or written representations that no annual report of changes in beneficial ownership were required, the Company believes that during fiscal year 2006 all Reporting Persons have complied with these reporting requirements.

OTHER MATTERS

The Board of Directors is not aware of any business to come before the Annual Meeting other than those matters described above in this proxy statement and matters incident to the conduct of the Annual Meeting. However, if any other matters should properly come before the Annual Meeting, it is intended that proxies in the accompanying form will be voted in respect thereof in accordance with the determination of a majority of the Board of Directors.

MISCELLANEOUS

The cost of soliciting proxies will be borne by the Company. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock. In addition to solicitations by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telegraph or telephone without additional compensation.

The Company's 2006 Annual Report to Stockholders, including financial statements, is being mailed to all stockholders of record as of the close of business on the Record Date. Any stockholder who has not received a copy of such Annual Report may obtain a copy by writing to the Secretary of the Company. The Annual Report is not to be treated as a part of the proxy solicitation material or as having been incorporated herein by reference.

STOCKHOLDER PROPOSALS

For consideration at the Annual Meeting, a stockholder proposal must be delivered or mailed to the Company's Secretary no later than October 20, 2006. In order to be eligible for inclusion in the proxy materials of the Company for the Annual Meeting of Stockholders for the fiscal year ending June 30, 2007, any stockholder proposal to take action at such meeting must be received at the Company's executive offices at P.O. Box 1069, Hazard, Kentucky 41702-1069 by no later than June 12, 2007. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Exchange Act.

BY ORDER OF THE BOARD OF DIRECTORS

/s/Roy L. Pulliam, Jr.
Secretary

October 10, 2006
Hazard, Kentucky

ANNUAL REPORT ON FORM 10-K

A COPY OF THE COMPANY S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JUNE 30, 2006 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION WILL BE FURNISHED WITHOUT CHARGE TO EACH STOCKHOLDER AS OF THE RECORD DATE UPON WRITTEN REQUEST TO THE CORPORATE SECRETARY, KENTUCKY FIRST FEDERAL BANCORP, P.O. BOX 1069, HAZARD, KENTUCKY 41702-1069.

REVOCABLE PROXY

**KENTUCKY FIRST FEDERAL BANCORP
Hazard, Kentucky**

**ANNUAL MEETING OF STOCKHOLDERS
November 14, 2006**

The undersigned hereby appoints Walter G. Ecton and William D. Gorman with full powers of substitution, to act as attorneys and proxies for the undersigned, to vote all shares of the common stock of Kentucky First Federal Bancorp which the undersigned is entitled to vote at the Annual Meeting of Stockholders, to be held at the First Federal Center on the campus of Hazard Community and Technical College at One Community College Drive, Hazard, Kentucky on Tuesday, November 14, 2006 at 3:30 p.m., Eastern time (the Annual Meeting), and at any and all adjournments thereof, as follows:

| | <u>FOR</u> | <u>VOTE WITHHELD</u> |
|--|------------|--------------------------|
| 1. The election as directors of all nominees listed below (except as marked to the contrary below) | 0 | 0 |

For a term expiring at the 2009 Annual Meeting:

Stephen G. Barker
David R. Harrod
Tony D. Whitaker

INSTRUCTION: To withhold your vote for any of the individuals nominated, insert that nominee's name on the line provided below.

| | <u>FOR</u> | <u>AGAINST</u> | <u>ABSTAIN</u> |
|---|------------|----------------|----------------|
| 2. The ratification of the appointment of Grant Thornton LLP as the Company's independent public accountants for the fiscal year ending June 30, 2007 | 0 | 0 | 0 |
| 3. The transaction of such other business as may properly come before the Annual Meeting or any adjournment thereof. | | | |

The Board of Directors recommends a vote FOR the nominees listed above and FOR the other propositions stated.

THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO INSTRUCTIONS ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND FOR THE OTHER PROPOSITIONS STATED. IF ANY OTHER BUSINESS IS PRESENTED AT THE ANNUAL MEETING, INCLUDING MATTERS RELATING TO THE CONDUCT OF THE ANNUAL MEETING, THIS PROXY WILL BE VOTED BY THOSE NAMED IN THIS PROXY IN ACCORDANCE WITH THE DETERMINATION OF A MAJORITY OF THE BOARD OF DIRECTORS. AT THE PRESENT TIME, THE BOARD OF DIRECTORS KNOWS OF NO OTHER BUSINESS TO BE PRESENTED AT THE ANNUAL MEETING.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

Should the undersigned be present and elect to vote at the Annual Meeting or at any adjournment thereof, then the power of said attorneys and prior proxies shall be deemed terminated and of no further force and effect. The undersigned may also revoke his proxy by filing a subsequent proxy or notifying the Secretary of his decision to terminate his proxy.

The undersigned acknowledges receipt from the Company prior to the execution of this proxy of a Notice of Annual Meeting, a Proxy Statement dated October 10, 2006 and an Annual Report.

Dated: _____, 2006

PRINT NAME OF STOCKHOLDER

PRINT NAME OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER

SIGNATURE OF STOCKHOLDER

Please sign exactly as your name appears on the enclosed card. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. Corporation proxies should be signed in corporate name by an authorized officer. If shares are held jointly, each holder should sign.

PLEASE COMPLETE, DATE, SIGN AND MAIL THIS PROXY PROMPTLY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.