FIRST FEDERAL
www.ffbh.com
Bancshares of Arkansas, Inc.

March 23, 2006

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of First Federal Bancshares of Arkansas, Inc. The meeting will be held at First Federal Bank of Arkansas located at 1401 Highway 62-65 North, Harrison, Arkansas 72601, on Tuesday, April 25, 2006 at 10:00 a.m., Central Time. The matters to be considered by stockholders at the Annual Meeting are described in the accompanying materials.

It is very important that you be represented at the Annual Meeting regardless of the number of shares you own or whether you are able to attend the meeting in person. We urge you to mark, sign, and date your proxy card today and return it in the envelope provided, even if you plan to attend the Annual Meeting. This will not prevent you from voting in person, but will ensure that your vote is counted if you are unable to attend. **For the reasons set forth in the Proxy Statement, the Board unanimously recommends that you vote "FOR" each matter to be considered.**

Your continued support of and interest in First Federal Bancshares of Arkansas, Inc. are sincerely appreciated.

Sincerely,

/s/ Larry J. Brandt

Larry J. Brandt
President/CEO

FIRST FEDERAL BANCSHARES OF ARKANSAS, INC.
1401 Highway 62-65 North
Harrison, Arkansas 72601
(870) 741-7641

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on April 25, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of First Federal Bancshares of Arkansas, Inc. (the "Company") will be held at First Federal Bank of Arkansas located at 1401 Highway 62-65 North, Harrison, Arkansas 72601, on Tuesday, April 25, 2006 at 10:00 a.m., Central Time, for the following purposes, all of which are more completely set forth in the accompanying proxy statement:

(1) To elect two directors for a term of three years and until their successors are elected and qualified;

(2) To ratify the appointment, by the Audit Committee of the Board of Directors, of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2006; and

(3) To transact such other business as may properly come before the meeting or any adjournment thereof. Management is not aware of any other such business.

The board of directors has fixed March 9, 2006 as the voting record date for the determination of stockholders entitled to receive notice of and to vote at the annual meeting. Only those stockholders of record as of the close of business on that date will be entitled to vote at the annual meeting.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Tommy W. Richardson

Tommy W. Richardson
Secretary

Harrison, Arkansas
March 23, 2006

YOU ARE CORDIALLY INVITED TO ATTEND THE ANNUAL MEETING. IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED REGARDLESS OF THE NUMBER YOU OWN. EVEN IF YOU PLAN TO BE PRESENT, YOU ARE URGED TO COMPLETE, SIGN, DATE AND RETURN THE ENCLOSED PROXY PROMPTLY IN THE ENVELOPE PROVIDED. IF YOU ATTEND THE MEETING, YOU MAY VOTE EITHER IN PERSON OR BY PROXY. ANY PROXY GIVEN MAY BE REVOKED BY YOU IN WRITING OR IN PERSON AT ANY TIME PRIOR TO THE EXERCISE THEREOF.

FIRST FEDERAL BANCSHARES OF ARKANSAS, INC.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

April 25, 2006

This proxy statement is being furnished to holders of common stock, $.01 par value per share, of First Federal Bancshares of Arkansas, Inc. (the "Company"), the holding company of First Federal Bank of Arkansas, FA (the "Bank"). Proxies are being solicited on behalf of the board of directors of the Company to be used at the annual meeting of stockholders to be held at First Federal Bank of Arkansas located at 1401 Highway 62-65 North, Harrison, Arkansas 72601, on April 25, 2006 at 10:00 a.m., Central Time, for the purposes set forth in the notice of annual meeting of stockholders. This proxy statement is first being mailed to stockholders on or about March 23, 2006.

ABOUT THE ANNUAL MEETING OF STOCKHOLDERS

What is the purpose of the annual meeting?

At our annual meeting, stockholders will act upon the election of directors and ratification of our independent registered public accounting firm. In addition, management will report on the performance of First Federal Bancshares of Arkansas, Inc. and respond to questions from stockholders.

Who is entitled to vote?

Only our stockholders of record as of the close of business on the record date for the meeting, March 9, 2006, are entitled to vote at the meeting. On the record date, we had 5,080,110 shares of common stock issued and outstanding and no other class of equity securities outstanding. For each issued and outstanding share of common stock you own on the record date, you will be entitled to one vote on each matter to be voted on at the meeting, in person or by proxy.

How do I submit my proxy?

After you have carefully read this proxy statement, indicate on your proxy form how you want your shares to be voted. Then sign, date and mail your proxy form in the enclosed prepaid return envelope as soon as possible. This will enable your shares to be represented and voted at the annual meeting.

If my shares are held in street name by my broker, could my broker automatically vote my shares for me?

The proposals to elect directors and to ratify the appointment of the independent registered public accounting firm are considered “discretionary” items upon which brokerage firms may vote in their discretion on behalf of their clients if such clients have not furnished voting instructions.

Can I attend the meeting and vote my shares in person?

Yes. All stockholders are invited to attend the annual meeting. Stockholders of record can vote in person at the annual meeting. If your shares are held in street name, then you are not the stockholder of record and you must ask your broker or other nominee how you can vote at the annual meeting.

Can I change my vote after I return my proxy card?

Yes. If you have not voted through your broker or other nominee, there are three ways you can change your vote or revoke your proxy after you have sent in your proxy form.

- First, you may send a written notice to Mr. Tommy Richardson, Corporate Secretary, First Federal Bancshares of Arkansas, Inc., P.O. Box 550, Harrison, Arkansas 72602, stating that you would like to revoke your proxy.

- Second, you may complete and submit a new proxy form. Any earlier proxies will be revoked automatically.

- Third, you may attend the annual meeting and vote in person. Any earlier proxy will be revoked. However, attending the annual meeting without voting in person will not revoke your proxy.

If you have instructed a broker or other nominee to vote your shares, you must follow directions you receive from your broker or other nominee to change your vote.

What constitutes a quorum?

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of common stock outstanding on the record date will constitute a quorum. Proxies received but marked as abstentions will be included in the calculation of the number of votes considered to be present at the meeting.

What are the board of directors' recommendations?

The recommendations of the board of directors are set forth under the description of each proposal in this proxy statement. In summary, the board of directors recommends that you vote **"FOR"** the nominees for director described herein, and **"FOR"** ratification of the appointment of Deloitte & Touche LLP for the year ending December 31, 2006.

The proxy solicited hereby, if properly signed and returned to us and not revoked prior to its use, will be voted in accordance with your instructions contained in the proxy. If no contrary instructions are given, each proxy signed and received will be voted in the manner recommended by the board of directors and, upon the transaction of such other business as may properly come before the meeting, in accordance with the best judgment of the persons appointed as proxies. Proxies solicited hereby may be exercised only at the annual meeting and any adjournment of the annual meeting and will not be used for any other meeting.

What vote is required to approve each item?

Directors are elected by a plurality of the votes cast with a quorum (a majority of the outstanding shares entitled to vote represented in person or by proxy) present. The two persons who receive the greatest number of votes of the holders of common stock represented in person or by proxy at the annual meeting will be elected directors. The affirmative vote of a majority of the total votes present in person or by proxy is required for approval of the proposal to ratify the appointment of the independent registered public accounting firm.

With regard to the election of directors, you may vote in favor of or withhold authority to vote for one or more nominees for director. Votes that are withheld in connection with the election of one or more nominees for director will not be counted as votes cast for such individuals and accordingly will have no effect. An abstention may be specified on the proposal to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for 2006. Abstentions will have the effect of a vote against this proposal. There are no proposals to be considered at the annual meeting which are considered "non-discretionary" and, as a result, there will be no "broker non-votes."

INFORMATION WITH RESPECT TO NOMINEES FOR DIRECTOR, CONTINUING DIRECTORS AND EXECUTIVE OFFICERS

Election of Directors

The Bylaws of the Company presently provide that the board of directors shall consist of five members, and the Articles of Incorporation and Bylaws of the Company presently provide that the board of directors shall be divided into three classes as nearly equal in number as possible. The members of each class are to be elected for a term of three years or until their successors are elected and qualified, with one class of directors to be elected annually. A majority of the members of our board of directors are independent based on an assessment of each member's qualifications by the board, taking into consideration the Nasdaq Stock Market's requirements for independence. The board of directors has concluded that Messrs. Hammerschmidt, Savells and Conner do not have any material relationships with the Company that would impair their independence. There are no arrangements or understandings between the Company and any person pursuant to which such person has been elected a director. Stockholders of the Company are not permitted to cumulate their votes for the election of directors.

Other than Larry J. Brandt, who is the father of Jeffrey L. Brandt and the cousin by marriage of Kenneth C. Savells, no director or executive officer of the Company is related to any other director or executive officer of the Company by blood, marriage or adoption, and each of the nominees currently serves as a director of the Company.

Unless otherwise directed, each proxy executed and returned by a stockholder will be voted for the election of the nominees for director listed below. If the person named as nominee should be unable or unwilling to stand for election at the time of the annual meeting, the proxies will nominate and vote for one or more replacement nominees recommended by the board of directors. At this time, the board of directors knows of no reason why the nominees listed below may not be able to serve as a director if elected. Ages are reflected as of December 31, 2005.

Members of the Board of Directors Continuing in Office

Nominees for Director for Three-Year Term Expiring in 2009

Name	Age	Positions Held with the Company	Director Since
Jeffrey L. Brandt	35	Director	2001
John P. Hammerschmidt	83	Chairman of the Board	1966

The board of directors recommends that you vote "FOR" the election of the above nominees for director.

Directors Whose Terms Expire in 2007

Name	Age	Positions Held with the Company	Director Since
Larry J. Brandt	57	President, Chief Executive Officer and Director	1979
Frank Conner	56	Director	2003

Director Whose Term Expires in 2008

Name	Age	Positions Held with the Company	Director Since
Kenneth C. Savells	53	Director	2000

Set forth below is information with respect to the principal occupations of the above listed individuals during at least the last five years.

Larry J. Brandt. Mr. Brandt is President, Chief Executive Officer and a director of the Company and Chairman, Chief Executive Officer and a Director of the Bank. He became Chairman of the Bank in 2006, its Chief Executive Officer in 2001, its President and Managing Officer in 1987, and its Chief Operating Officer in 1984. Mr. Brandt initially was employed by the Bank in 1973.

John P. Hammerschmidt. Mr. Hammerschmidt is Chairman of the Board of the Company and the Senior Chairman for the Bank. He is a former United States Congressman from Arkansas (1967-1993). Mr. Hammerschmidt also serves on the boards of directors of Dillards, Inc. and Southwestern Energy.

Kenneth C. Savells. Since February 2003, Mr. Savells, a registered representative and investment advisor representative, has been in the insurance and investment business with securities offered through Linsco/Private Ledger. From August 1999 to February 2003, Mr. Savells was employed as a registered representative with AXA Advisors, LLC, a registered brokerage firm located in Oklahoma City, Oklahoma. Mr. Savells resides in Harrison, Arkansas. Mr. Savells also previously held the position of Vice President of Management Information Services for Millbrook Distribution Services, a consumer products distribution company located in Harrison, Arkansas, where he was employed from 1981 to 1999. Mr. Savells is also a director of the Company and the Bank.

Jeffrey L. Brandt. Mr. Brandt is Executive Vice President – Eastern Division of the Bank and a director of the Company and the Bank. Mr. Brandt became a Senior Vice President for the Bank in 2002 and initially was employed by the Bank in 1993.

Frank Conner. Mr. Conner has served as Vice President, Finance and Accounting and Chief Financial Officer of FedEx Freight East (formerly American Freightways, Inc.) since February 2001. Mr. Conner previously served as a director of American Freightways from 1989 to February 2001 and held various positions with American Freightways, including serving as Executive Vice President-Finance and Accounting and Chief Financial Officer from November 1995 to February 2001. Mr. Conner previously served thirteen years with McKesson Service Merchandise in various positions including General Manager and Chief Financial Officer. Mr. Conner served seven years in public accounting with Peat, Marwick & Mitchell prior to joining McKesson. Mr. Conner also serves on the board of directors of P.A.M. Transportation Services, Inc. based in Tontitown, Arkansas. Mr. Conner has served as a director of the Company and the Bank since September 2003.

Stockholder Nominations

Article VII.D of the Company's Articles of Incorporation governs nominations for election to the board of directors and requires all such nominations, other than those made by the board, to be made at a meeting of stockholders called for the election of directors, and only by a stockholder who has complied with the notice provisions in that section. The Articles of Incorporation set forth specific requirements with respect to stockholder nominations. The Company did not receive any such nominations with respect to the 2006 annual meeting.

Directors' Attendance at Annual Meetings

Although we do not have a formal policy regarding attendance by members of the board of directors at annual meetings of stockholders, we expect that our directors will attend, absent a valid reason for not doing so. The current board members attended the 2005 annual meeting.

Committees and Meetings of the Board of the Company and the Bank

The board of directors of the Company meets on a monthly basis and may have additional special meetings. During the year ended December 31, 2005, the board of directors of the Company met 13 times. No director attended fewer than 75% of the total number of board meetings or committee meetings on which he served that were held during this period.

The board of directors of the Bank met 15 times during 2005. The Bank has established an audit committee and a compensation committee. Both committees currently consist of Messrs. Hammerschmidt, Savells and Conner.

The board of directors of the Company has established various committees of the board, including an audit committee, a compensation committee, and a nominating and corporate governance committee.

Audit Committee. The audit committee engages the Company's independent registered public accounting firm and reviews with management, the internal auditor and with the independent registered public accounting firm the Company's systems of internal control. In addition, the committee reviews with the independent registered public accounting firm and management the annual audited financial statements (including the Form 10-K), the quarterly Form 10-Qs and monitors the Company's adherence to generally accepted accounting principles for financial reporting. The audit committee currently consists of Messrs. Conner (Chairman), Hammerschmidt, and Savells.

All of the members of the audit committee are independent as determined by the board of directors of the Company and as defined in the Nasdaq Stock Market's listing standards and the regulations of the Securities and Exchange Commission ("SEC"). Based upon its charter, the audit committee meets a minimum of four times each year. In 2005 the audit committee met in regular session 10 times. The boards of directors of the Company and the Bank initially adopted an Audit Committee Charter on January 28, 2003, which was amended on February 26, 2004. The audit committee reviews and reassesses this charter annually.

The board of directors of the Company have determined that Mr. Conner, the Chairman of the audit committee, meets the requirements adopted by the SEC in 2003 for qualification as an audit committee financial expert. An audit committee financial expert is defined as a person who has the following attributes: (i) an understanding of generally accepted accounting principles and financial statements; (ii) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (iii) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity or accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the registrant's financial statements, or experience actively supervising one or more persons engaged in such activities; (iv) an understanding of internal control over financial reporting; and (v) an understanding of audit committee functions.

The identification of a person as an audit committee financial expert does not impose on such person any duties, obligations or liability that are greater than those that are imposed on such person as a member of the audit committee and the board of directors in the absence of such identification. Moreover, the identification of a person as an audit committee financial expert for purposes of the regulations of the SEC does not affect the duties, obligations or liability of any other member of the audit committee or the board of directors. Finally, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for purposes of Section 11 of the Securities Act of 1933.

Compensation Committee. The compensation committee currently consists of Messrs. Hammerschmidt, Savells and Conner. The compensation committee of the board of directors determines the salary and bonus of the Company's Chief Executive Officer. The committee also reviews and approves the salary increases and bonuses for the Company's executive officers as prepared and submitted to the committee by the Company's Chief Executive Officer. The report of the compensation committee with respect to compensation for the Chief Executive Officer and all other Bank executive officers and employees for the year ended December 31, 2005 is set forth in this proxy statement under "Report of the Compensation Committee." The compensation committee met six times in 2005. All the current members of the committee are independent within the meaning of the listing standards of the Nasdaq Stock Market.

Nominating and Corporate Governance Committee. The Company established a nominating and corporate governance committee in February 2004 to evaluate and make recommendations to the board of directors for the election of directors. Currently, the members of this committee are Messrs. Hammerschmidt, Savells and Conner. Each of these persons is independent within the meaning of the rules of the Nasdaq Stock Market. The nominating and corporate governance committee operates pursuant to a written charter, which can be viewed on our website at www.ffbh.com. The nominating and corporate governance committee met four times in 2005 in connection with the nomination for director for the annual meeting and corporate governance matters. In addition, the committee met in February 2006 in connection with the nomination for directors for the upcoming annual meeting.

The nominating and corporate governance committee considers candidates for director suggested by its members and other directors, as well as management and stockholders. The nominating and corporate governance committee also may solicit prospective nominees identified by it. A stockholder who desires to recommend a prospective nominee for the board should notify the Company's Secretary or any member of the nominating and corporate governance committee in writing with supporting material the shareholder considers appropriate. The nominating and corporate governance committee also considers whether to nominate any person nominated pursuant to the provision of the Company's Articles of Incorporation relating to stockholder nominations, which is described under "Stockholder Nominations." The nominating and corporate governance committee has the authority and ability to retain a search firm to identify or evaluate potential nominees if it so desires.

The charter of the nominating and corporate governance committee sets forth certain criteria the committee may consider when recommending individuals for nomination as director including: (a) ensuring that the board of directors, as a whole, is diverse and consists of individuals with various and relevant career experience, relevant technical skills, industry knowledge and experience, financial expertise (including expertise that could qualify a director as a "financial expert," as that term is defined by the rules of the SEC), local or community ties and (b) minimum individual qualifications, including strength of character, mature judgment, familiarity with our business and industry, independence of thought and an ability to work collegially. The committee also may consider the extent to which the candidate would fill a present need on the board of directors.

Once the nominating and corporate governance committee has identified a prospective nominee, the committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on the information provided to the committee with the recommendation of the prospective candidate, as well as the committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others.

Executive Officers Who Are Not Directors

Set forth below is information with respect to the principal occupations during at least the last five years for the current executive officers of the Company and the Bank who do not serve as a director. All executive officers of the Company and the Bank are elected annually by the board of directors and serve at the discretion of the board. There are no arrangements or understandings between the executive officer and the Company and any person pursuant to which such person has been selected an officer. Ages are reflected as of December 31, 2005.

Tommy W. Richardson, age 48. Mr. Richardson is the President and Chief Operating Officer for the Bank, Executive Vice President and Chief Operating Officer for the Company, and Corporate Secretary for the Bank and Company. He became President of the Bank in 2006, Chief Operating Officer and Corporate Secretary of the Company and the Bank in 2002, Executive Vice President for the Company and the Bank in 2001, and Chief Financial Officer for the Bank in 1993. Mr. Richardson initially was employed by the Bank in 1984.

Sherri R. Billings, age 48. Mrs. Billings is the Executive Vice President and Chief Financial Officer of the Company and the Bank. She became Executive Vice President, Chief Financial Officer in 2002 of the Company and the Bank, Senior Vice President for the Bank in 1993, and Treasurer in 1986. Mrs. Billings initially was employed by the Bank in 1979.

Ross Mallioux, age 43. Mr. Mallioux is the President-Western Division and Chief Lending Officer of the Bank. He became Executive Vice President, Chief Lending Officer and Regional Manager of the Bank in January 2002. He became a Senior Vice President of the Bank in 1994, and initially was employed by the Bank in 1984.

Scott H. Tennyson, age 44. Mr. Tennyson was promoted to Executive Vice President and Chief Retail Officer of the Bank in January 2002. He became a Senior Vice President for the Bank in 1994, its Corporate Loan Manager in 1996 and initially was employed by the Bank in 1983.

Code of Ethics for Executive Officers and Financial Professionals

The board of directors has adopted a code of ethics for the Bank's executive officers, including the chief executive officer, the chief operating officer and the chief financial officer, and financial professionals. These officers are expected to adhere at all times to this code of ethics. Failure to comply with this code of ethics is a serious offense and will result in appropriate disciplinary action. We have posted this code of ethics on our website at www.ffbh.com.

We will disclose on our website at www.ffbh.com, to the extent and in the manner permitted by Item 5.05 of Form 8-K under Section 13 of the Exchange Act, the nature of any amendment to this code of ethics (other than technical, administrative, or other non-substantive amendments), our approval of any material departure from a provision of this code of ethics, and our failure to take action within a reasonable period of time regarding any material departure from a provision of this code of ethics that has been made known to any of the executive officers noted above.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), requires the Company's officers and directors, and persons who own more than 10% of the Company's common stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Officers, directors and greater than 10% stockholders are required by regulation to furnish the Company with copies of all Section 16(a) forms they file. The Company knows of no person, other than the Company’s Employee Stock Ownership Plan, who owns 10% or more of the Company's common stock.

Based solely on review of the copies of such forms furnished to the Company, or written representations from its officers and directors, the Company believes that during, and with respect to, the year ended December 31, 2005, the Company's officers and directors satisfied the reporting requirements promulgated under Section 16(a) of the 1934 Act.

BENEFICIAL OWNERSHIP OF COMMON STOCK
BY CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth, as of the voting record date, certain information as to the common stock beneficially owned by (i) each person or entity, including any "group" as that term is used in Section 13(d)(3) of the 1934 Act, who or which was known to the Company to be the beneficial owner of more than 5% of the issued and outstanding common stock, (ii) the directors of the Company, (iii) those executive officers of the Company whose salary and bonus exceeded $100,000 in 2005, and (iv) all directors and executive officers of the Company and the Bank as a group.

Name of Beneficial Owner	Common Stock Beneficially Owned as of March 9, 2006(1) No.		%
First Federal Bancshares of Arkansas, Inc. Employee Stock Ownership Trust 1401 Highway 62-65 North Harrison, Arkansas 72601	673,846	(2)	13.3%
Dimensional Fund Advisors, Inc. 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	350,900	(3)	6.9
First Manhattan Co. 437 Madison Avenue New York, New York 10002	449,900	(3)	8.9
Directors:			
Larry J. Brandt	368,227	(4)	7.2
John P. Hammerschmidt	62,154	(5)	1.2
Kenneth C. Savells	12,469	(6)	*
Jeffrey L. Brandt	120,051	(7)	2.4
Frank Conner	3,000	(8)	*
Certain other executive officers:			
Tommy W. Richardson	90,476	(9)	1.8
Sherri R. Billings	86,230	(10)	1.7
Ross Mallioux	81,076	(11)	1.6
Scott H. Tennyson	45,246	(12)	*
All directors and executive officers of the Company and the Bank as a group (9 persons)	804,616	(13)	15.4

* Represents less than 1% of the outstanding Common Stock.

(1) Based upon information provided by the respective beneficial owners and filings with the SEC made pursuant to the 1934 Act. For purposes of this table, pursuant to rules promulgated under the 1934 Act, an individual is considered to beneficially own shares of common stock if he or she directly or indirectly has or shares (1) voting power, which includes the power to vote or to direct the voting of the shares, or (2) investment power, which includes the power to dispose or direct the disposition of the shares. Unless otherwise indicated, an individual has sole voting power and sole investment power with respect to the indicated shares.

(Footnotes continued on following page)

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(2) The First Federal Bancshares of Arkansas, Inc. Employee Stock Ownership Trust ("Trust") was established pursuant to the First Federal Bancshares of Arkansas, Inc. Employee Stock Ownership Plan ("ESOP") by an agreement between the Bank and trustees of the ESOP. Messrs. Brandt and Richardson and Mrs. Billings, officers of the Company and the Bank, currently serve as trustees of the ESOP ("Trustees"). As of the voting record date, 653,044 shares held in the Trust had been allocated to the accounts of participating employees. The Trustees must vote the allocated shares held in the ESOP in accordance with the instructions of the participating employees. Under the terms of the ESOP, unallocated shares held in the ESOP will be voted by the ESOP Trustees in the same proportion for and against proposals to stockholders of the Company as participating employees actually vote shares of common stock which have been allocated to their accounts. The amount of common stock beneficially owned by officers who serve as trustees of the ESOP and by all directors and executive officers as a group does not include the unallocated shares held by the Trust.

(3) Based on filings made with the SEC as of December 31, 2005.

(4) Includes 63,398 shares held jointly with Mr. Brandt's spouse, 31,300 shares held jointly with Mr. Brandt's children, 74,268 shares held individually by Mr. Brandt's spouse, 29,113 shares held in a limited liability corporation of which Mr. Brandt's spouse has a 22.7% ownership interest, 34,606 shares held in Mr. Brandt's account in the ESOP, 800 shares held in the Company's Recognition and Retention Plan granted to Mr. Brandt and not yet vested which may be voted by Mr. Brandt, and 30,843 shares which may be acquired by Mr. Brandt pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(5) Includes 5,000 shares held by a company owned by Mr. Hammerschmidt, and 26,538 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(6) Includes 2,795 shares held jointly with Mr. Savells' spouse and 4,548 shares held by Mr. Savells' spouse as custodian for their children.

(7) Includes 29,200 shares held jointly with Mr. Brandt's father, 6,000 shares held jointly with Mr. Brandt's mother, 29,113 shares held in a limited liability corporation of which Mr. Brandt has a 14.6% ownership interest, 11,738 shares held in Mr. Brandt's account in the ESOP, 800 shares held in the Company's Recognition and Retention Plan granted to Mr. Brandt and not yet vested which may be voted by Mr. Brandt, and 2,000 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(8) Includes 2,800 shares held jointly with Mr. Conner's spouse and 200 shares held jointly with Mr. Conner's child.

(9) Includes 31,704 shares held jointly by Mr. Richardson and his spouse as co-trustees for a trust for their benefit, 31,558 shares held in Mr. Richardson's account in the ESOP, 800 shares held in the Company's Recognition and Retention Plan granted to Mr. Richardson and not yet vested which may be voted by Mr. Richardson, and 24,824 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(10) Includes 9,991 shares held jointly with Mrs. Billings' spouse, 17,715 shares held individually by Mrs. Billings' spouse, 2,000 shares held by Mrs. Billings as custodian for her children, 31,446 shares held in Mrs. Billings' account in the ESOP, and 25,076 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(Footnotes continued on following page)

(11) Includes 21,677 shares held in Mr. Mallioux's account in the ESOP, 4,800 shares held in the Company's Recognition and Retention Plan granted to Mr. Mallioux and not yet vested which may be voted by Mr. Mallioux, and 30,701 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(12) Includes 14,499 shares held jointly with Mr. Tennyson's spouse, 400 shares held by Mr. Tennyson's spouse as custodian for their children, 1,600 shares held jointly with Mr. Tennyson's grandparent, 17,546 shares held in Mr. Tennyson's account in the ESOP, and 11,200 shares which may be acquired pursuant to the exercise of stock options exercisable within 60 days of the voting record date.

(13) Includes 148,571 shares allocated to the accounts of executive officers as a group in the ESOP and 151,182 shares which may be acquired by all directors and executive officers as a group upon the exercise of stock options exercisable within 60 days of the voting record date, and 7,200 unvested shares held in the Recognition and Retention Plan on behalf of all directors and executive officers as a group.

Equity-Based Compensation Plans

The Company adopted a Stock Option Plan and a Management Recognition and Retention Plan in 1997. Stockholders of the Company approved both compensation plans.

Set forth below is certain information as of December 31, 2005 regarding equity-based compensation plans for directors and officers of the Company.

	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price	Number of securities remaining available for future issuance
Equity Compensation Plans Approved by Stockholders: Management Recognition and Retention Plan Stock Option Plan	 N/A 345,268	 N/A $ 9.98	 10,612 1,540
Equity Compensation Plans Not Approved by Stockholders	--	--	--
Total	345,268	$ 9.98	12,152

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth a summary of certain information concerning the compensation paid by the Bank for services rendered in all capacities during the years ended December 31, 2005, 2004 and 2003 to the Chief Executive Officer of the Bank and the other executive officers of the Bank whose salary plus bonus exceeded $100,000 during 2005.

		Annual Compensation(1)		Long Term Compensation			
				Awards		Payouts	
Name and Principal Position with the Bank	Year	Salary(2)	Bonus	Stock Grants(3)	Number of Options	LTIP Payouts	All Other Compensation(4)
Larry J. Brandt Chairman and Chief Executive Officer	2005 2004 2003	$324,000 $304,800 $303,600	$25,000 $25,000 $19,280	-- -- --	-- -- --	-- -- --	$60,355 $57,051 $54,338
Tommy W. Richardson President and Chief Operating Officer	2005 2004 2003	$210,600 $197,400 $188,400	$20,000 $17,500 $13,259	-- -- --	-- -- --	-- -- --	$60,353 $57,051 $52,098
Sherri R. Billings Executive Vice President and Chief Financial Officer	2005 2004 2003	$187,800 $175,800 $168,000	$20,000 $17,000 $11,669	-- -- --	-- -- --	-- -- --	$60,353 $57,051 $51,315
Ross Mallioux President-Western Division and Chief Lending Officer	2005 2004 2003	$162,000 $150,600 $144,000	$20,000 $15,000 $12,245	-- -- $133,650	-- -- --	-- -- --	$60,350 $56,714 $49,802
Scott H. Tennyson Executive Vice President and Chief Retail Officer	2005 2004 2003	$104,400 $99,600 $97,200	$10,000 $8,000 $6,088	-- -- --	-- -- --	-- -- --	$48,958 $57,048 $40,540

(1) Does not include amounts attributable to miscellaneous benefits received by the named executive officers. In the opinion of management of the Company, the costs to the Company of providing such benefits to the named executive officer during the indicated periods did not exceed the lesser of $50,000 or 10% of the total of annual salary and bonus reported for the individual.

(2) Includes director's fees from the Company and the Bank with respect to Mr. Brandt. Also includes fees for Mr. Richardson for acting as Corporate Secretary.

(3) Represents the grant of shares of restricted common stock pursuant to the Recognition and Retention Plan, which had the indicated value at the date of grant and had a fair market value of $243,000 at December 31, 2005. Twenty percent of the shares awarded vested immediately upon grant and 20% vest each year over four years commencing April 30, 2004.

(4) Consists of amounts allocated pursuant to the ESOP based on the market price per share on the allocation date of December 31, 2005, 2004, and 2003.

Directors' Fees

Members of the board of directors of the Bank currently receive $1,500 per month. The Chairman of the Board receives an additional $200 per month for serving in such capacity. Directors receive the normal monthly payment regardless of attendance. Members of the board serving on committees do not receive any additional compensation for serving on such committees. Members of the board of directors of the Company receive $600 per month. During 2005, members of the board of the Company received $500 per month. The Chairman of the Board receives an additional $100 per month for serving in such capacity.

Employment Agreements

Currently, the Company and the Bank (the "Employers") have an employment agreement with Larry J. Brandt, the Company's President and Chief Executive Officer and the Bank's Chairman and Chief Executive Officer; Tommy W. Richardson, the Company's Executive Vice President and Chief Operating Officer and the Bank's President and Chief Operating Officer; and Sherri R. Billings, the Company's and the Bank's Executive Vice President and Chief Financial Officer (the "Executives"). The Employers have agreed to employ the Executives for a term of three years, in each case in their current respective positions. The employment agreements are reviewed annually by the boards of directors of the Employers, and the term of the Executives' employment agreements are extended each year for a successive additional one-year period upon approval of the Employers' board of directors, unless either party elects, not less than 30 days prior to the annual anniversary date, not to extend the employment term.

Each of the employment agreements are terminable with or without cause by the Employers. The officer has no right to compensation or other benefits pursuant to the employment agreement for any period after voluntary termination or termination by the Employers for cause, disability or retirement. The agreements provide for certain benefits in the event of the Executives' death. In the event that (i) the officer terminates his employment because of failure of the Employers to comply with any material provision of the employment agreement or the Employers change the officers' title or duties or (ii) the employment agreement is terminated by the Employers other than for cause, disability, retirement or death or by the officer as a result of certain adverse actions which are taken with respect to the officer's employment following a change in control of the Company, as defined below, the officer will be entitled to a cash severance amount equal to 3.0 times the officer's average annual compensation, as defined in the agreement, over the most recent five taxable years.

A change in control is generally defined in the employment agreements to include any change in control of the Company required to be reported under the federal securities laws, as well as (i) the acquisition by any person of 25% or more of the Company's outstanding voting securities and (ii) a change in a majority of the directors of the Company during any two-year period without the approval of at least two-thirds of the persons who were directors of the Company at the beginning of such period.

Each employment agreement provides that in the event that any of the payments to be made thereunder or otherwise upon termination of employment are deemed to constitute "excess parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code"), then such payments and benefits received thereunder shall be reduced, in the manner determined by the Executive, by the amount, if any, which is the minimum necessary to result in no portion of the payments and benefits being non-deductible by the Employers for federal income tax purposes. Excess parachute payments generally are payments in excess of three times the recipient's average annual compensation from the employer includable in the recipient's gross income during the most recent five taxable years ending before the date on which a change in control of the employer occurred. Recipients of excess parachute payments are subject to a 20% excise tax on the amount by which such payments exceed the base amount, in addition to regular income taxes, and payments in excess of the base amount are not deductible by the employer as compensation expense for federal income tax purposes.

Although the above-described employment agreements could increase the cost of any acquisition of control of the Company, management of the Company does not believe that the terms thereof would have a significant anti-takeover effect.

Change in Control Agreements

The Company and the Bank have entered into change in control severance agreements with Ross Mallioux, the Bank's President-Western Division and Chief Lending Officer, Scott H. Tennyson, the Bank's Executive Vice President and Chief Retail Officer, and Jeffrey L. Brandt, the Bank's Executive Vice President-Eastern Division and a Director of the Company and the Bank.

Each agreement provides for a three-year term and is extended, subject to satisfactory performance reviews and board of director approval, on each anniversary date for an additional year so that the remaining term will be three years, unless the board of directors of the Company or the Bank or the executive provides contrary written notice to the other not less than 30 days in advance of such anniversary date. Each agreement provides for payments in the event that certain adverse actions are taken with respect to the executive's employment subsequent to a change in control in an amount equal to three times the executive's annual compensation, as defined.

Benefits

Retirement Plan. The Bank has a defined benefit pension plan ("Retirement Plan") for all full time employees who have attained the age of 21 years and have completed one year of service with the Bank. In general, the Retirement Plan provides for annual benefits payable monthly upon retirement at age 65 in an amount equal to 1.5% of an employee's career average annual salary during benefit service ("Career Average Compensation") multiplied by his number of years of service. The Retirement Plan benefit percent of salary was reduced from 2% to 1.5% during the year 2001. Retirement benefits were based on an employee's average annual salary for the five consecutive years of highest salary during benefit service prior to February 2001. Under the Retirement Plan, an employee's benefits are fully vested after five years of service. A year of service is any year in which an employee works a minimum of 1,000 hours. Members who have reached age 65 are automatically 100% vested, regardless of completed years of employment. The Retirement Plan also provides for an early retirement option with reduced benefits. The Retirement Plan also provides for death benefits depending on the age of the participant and the years of service. Death benefits are paid in a lump sum distribution. For the year ended December 31, 2005, net pension expense was approximately $660,000.

The following table illustrates annual pension benefits for retirement at age 65 under various levels of compensation and years of service. The figures in the table assume that the Retirement Plan continues in its present form and that the participants elect a straight life annuity form of benefit with a twelve year certain death benefit.

Career Average Compensation	15 Years of Service	20 Years of Service	25 Years of Service	30 Years of Service	35 Years of Service
$ 80,000	$18,000	$24,000	$30,000	$36,000	$42,000
90,000	20,300	27,000	33,800	40,500	47,300
100,000	22,500	30,000	37,500	45,000	52,500
110,000	24,800	33,000	41,300	49,500	57,800
120,000	27,000	36,000	45,000	54,000	63,000
140,000	31,500	42,000	52,500	63,000	73,500
160,000	36,000	48,000	60,000	72,000	84,000
180,000	40,500	54,000	67,500	81,000	94,500
200,000	45,000	60,000	75,000	90,000	105,000
220,000	49,500	66,000	82,500	99,000	115,500

The maximum annual compensation which may be taken into account under the Code (as adjusted from time to time by the Internal Revenue Service) for calculating contributions under qualified defined benefit plans currently is $210,000 and the maximum annual benefit permitted under such plans currently is $170,000.

At December 31, 2005, Messrs. Brandt, Richardson, Mallioux, Tennyson and Mrs. Billings had 32, 21, 21, 21, and 24 years, respectively, of credited service under the Retirement Plan.

Stock Options

No stock options were granted to the named executive officers during 2005.

The following table sets forth certain information concerning exercises of stock options by the named executive officers during the year ended December 31, 2005 and stock options held at December 31, 2005.

Aggregated Option Exercise in Last Fiscal Year
and Year End Option Values

Name	Shares Acquired on Exercise	Value Realized	Number of Unexercised Options at Year End		Value of Unexercised Options at Year End(1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Larry J. Brandt	47,000	$ 722,080	61,449	--	$901,764	$--
Tommy W. Richardson	28,252	396,875	49,824	--	731,167	$--
Sherri R. Billings	19,000	286,825	40,076	--	588,115	$--
Ross Mallioux	7,949	126,190	30,701	--	450,537	$--
Scott H. Tennyson	5,800	82,549	19,200	--	281,760	$--

(1) Based on a per share market price of $24.30 at December 31, 2005 and an exercise price of $9.625.

Compensation Committee Interlocks and Insider Participation

No member of the committee was a former or current full-time officer or employee of the Bank or the Company.

Report of the Compensation Committee

The purpose of the committee is to assist the Company and the Bank in attracting and retaining qualified management, motivating executives to achieve performance goals as outlined in the Bank's business plan and to ensure that executive compensation is related to and supports the Company's overall objective of enhancing stockholder value.

In order to establish base salary levels and to determine an annual cash bonus for the Bank's Chief Executive Officer, the compensation committee considered the financial performance of the Bank, including net income of the Bank and various financial ratios. The committee also considered the responsibilities related to being a public company. In addition, competitive compensation information for all executive officers were provided to the committee by a human resources consultant. The compensation committee reviews and approves such salary increases and bonuses as recommended by the executive officers for Bank officers and employees. Further, with respect to the Bank's other executive officers, the committee reviewed and approved the salary increases and bonuses as submitted by the Bank's Chief Executive Officer.

Based upon the above factors, the Committee increased Mr. Brandt's base salary by approximately $15,000 or 5% for 2006 and Mr. Brandt was awarded a cash bonus of $25,000 for his service during 2005.

John P. Hammerschmidt, Chairman
Kenneth C. Savells, Director
Frank Conner, Director

TRANSACTIONS WITH CERTAIN RELATED PERSONS

The Bank's policy provides that all loans made by the Bank to its directors and officers and their immediate families and related business interests are 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. The Bank's policy provides that such loans may not involve more than the normal risk of collectibility or present other unfavorable features. All such loans were made by the Bank in accordance with the aforementioned policy.

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The audit committee of the board of directors appointed Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the "Deloitte Entities"), as the independent registered public accounting firm to audit the Company's financial statements for the year ending December 31, 2006. The audit committee considered the compatibility of the non-audit services provided to the Company by Deloitte Entities in 2005 described below on the independence of Deloitte Entities from the Company in evaluating whether to appoint Deloitte Entities to perform the audit of the Company's financial statements for the year ending December 31, 2006.

The following table sets forth the aggregate fees paid by us to Deloitte Entities for professional services rendered by Deloitte Entities in connection with the audit of the Company's consolidated financial statements for 2005 and 2004, as well as the fees paid by us to Deloitte Entities for audit-related services and all other services rendered by Deloitte Entities to us during 2005 and 2004.

	Year Ended December 31,	
	2005	2004
Audit fees (1)	$ 221,000	$ 293,000
Audit-related fees (2)	12,600	12,600
All other fees (3)	1,500	1,500
Total	$ 235,100	$ 307,100

(1) Audit fees consist of fees incurred in connection with the audit of our annual financial statements and the review of the interim financial statements included in our quarterly reports filed with the SEC.

(2) Audit-related fees consist of fees incurred in connection with audits of the financial statements of the Company's ESOP.

(3) All other fees are related to online subscription renewals.

The audit committee selects the Company's independent registered public accounting firm and separately pre-approves all audit services to be provided by it to the Company. The audit committee also reviews and separately pre-approves all audit-related, tax and all other services rendered by our independent registered public accounting firm in accordance with the audit committee's charter and policy on pre-approval of audit-related, tax and other services. In its review of these services and related fees and terms, the audit committee considers, among other things, the possible effect of the performance of such services on the independence of our independent registered public accounting firm.

Since May 6, 2003, the effective date of SEC rules stating that an auditor is not independent of an audit client if the services it provides to the client are not appropriately approved, each new engagement of Deloitte Entities was approved in advance by the audit committee, and none of those engagements made use of the *de minimus* exception to pre-approval contained in the SEC's rules.

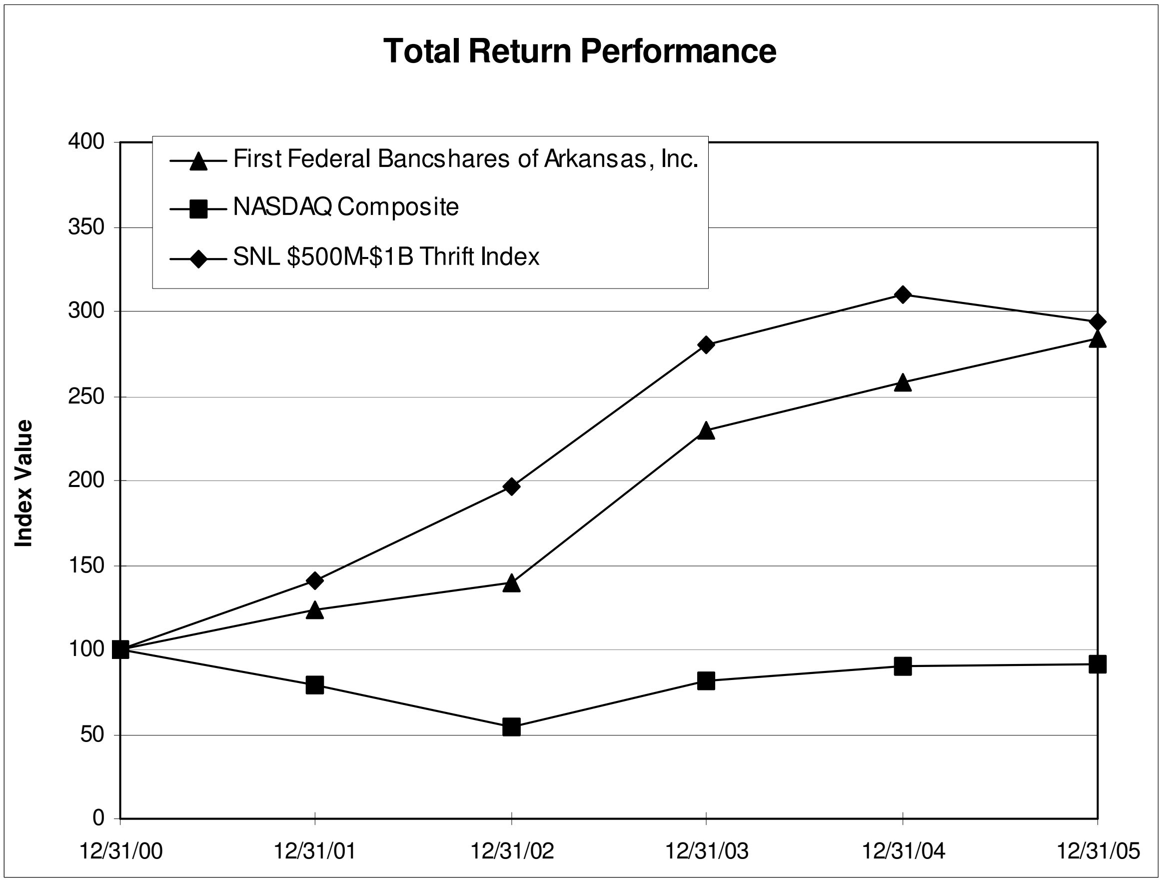
Report of the Audit Committee

The audit committee has reviewed and discussed the audited financial statements with management. The audit committee has discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 "Communication with Audit Committees," as may be modified or supplemented. The audit committee has received the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1, as may be modified or supplemented, and has discussed with the independent registered public accounting firm, the independent registered public accounting firm's independence. Based on the review and discussions referred to above in this report, the audit committee recommended to the board of directors that the audited financial statements be included in the Company's annual report on Form 10-K for the year ended December 31, 2005 for filing with the SEC.

Frank Conner, Audit Committee Chairman
John P. Hammerschmidt, Director
Kenneth C. Savells, Director

Performance Graph

The following graph demonstrates comparison of the cumulative total returns for the common stock of the Company, the SNL Securities $500 million to $1 Billion Thrift Asset Size Index, and the Nasdaq Stock Market Index since the close of trading of the Company's common stock on December 31, 2000. The graph represents $100 invested in the Company's common stock at $9.50 per share, the closing price per share as of December 31, 2000, adjusted for the December 31, 2003 two-for-one stock split. The cumulative total returns include the payment of dividends by the Company.



	Period Ending					
Index	**12/31/00**	**12/31/01**	**12/31/02**	**12/31/03**	**12/31/04**	**12/31/05**
First Federal Bancshares of Arkansas, Inc.	100.00	123.63	139.44	229.92	257.64	283.71
NASDAQ Composite	100.00	79.18	54.44	82.09	89.59	91.54
SNL $500M-$1B Thrift Index	100.00	140.30	196.56	279.87	309.57	294.21

Source : SNL Financial LC, Charlottesville, VA

RATIFICATION OF APPOINTMENT OF AUDITORS

The audit committee of the Company has appointed Deloitte & Touche LLP, independent registered public accounting firm, to perform the audit of the Company's financial statements for the year ending December 31, 2006, and further directed that the selection of the independent registered public accounting firm be submitted for ratification by the stockholders at the annual meeting.

The Company has been advised by Deloitte & Touche LLP that neither that firm nor any of its associates has any relationship with the Company or its subsidiaries other than the usual relationship that exists between independent registered public accounting firms and clients. Deloitte & Touche LLP will have one or more representatives at the annual meeting who will have an opportunity to make a statement, if they so desire, and who will be available to respond to appropriate questions.

The board of directors recommends that you vote "FOR" the ratification of the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the year ending December 31, 2006.

STOCKHOLDER PROPOSALS AND STOCKHOLDER COMMUNICATIONS WITH THE BOARD OF DIRECTORS

Any proposal which a stockholder wishes to have included in the proxy materials of the Company relating to the next annual meeting of stockholders of the Company, which is scheduled to be held in April 2007, must be received at the principal executive offices of the Company, P.O. Box 550, Harrison, Arkansas 72602 Attention: Tommy Richardson, Secretary, no later than November 24, 2006. If such proposal is in compliance with all of the requirements of Rule 14a-8 under the 1934 Act, it will be included in the proxy statement and set forth on the form of proxy issued for such annual meeting of stockholders. It is urged that any such proposals be sent by certified mail, return receipt requested.

Stockholder proposals which are not submitted for inclusion in the Company's proxy materials pursuant to Rule 14a-8 under the 1934 Act may be brought before an annual meeting pursuant to Article IX.B. of the Company's Articles of Incorporation, which provides that to be properly brought before an annual meeting, business must be (a) properly brought before the meeting by or at the direction of the board of directors or (b) otherwise properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Company. To be timely, a stockholder's notice must be delivered to, or mailed and received at, the principal executive offices of the Company not less than 90 days prior to the anniversary date of the immediately preceding annual meeting of stockholders of the Company, or not later than January 26, 2007 in connection with the next annual meeting of stockholders of the Company. A stockholder's notice must set forth, as to each matter the stockholder proposes to bring before an annual meeting, (a) a brief description of the business desired to be brought before the annual meeting and (b) certain other information set forth in the Articles of Incorporation. No stockholder proposals have been received by the Company in connection with the annual meeting.

The board of directors has adopted a process by which stockholders may communicate directly with members of the board. Stockholders who wish to communicate with the board may do so by sending written communications addressed to the board of directors, c/o Tommy Richardson, Corporate Secretary, First Federal Bancshares of Arkansas, Inc., P.O. Box 550, Harrison, Arkansas 72602.

ANNUAL REPORTS AND FINANCIAL STATEMENTS

A copy of the Company's Annual Report to Stockholders for the year ended December 31, 2005 accompanies this Proxy Statement. Such annual report is not part of the proxy solicitation materials.

Upon receipt of a written request, the Company will furnish to any stockholder without charge a copy of the Company's Annual Report on Form 10-K for 2005 without exhibits required to be filed under the 1934 Act. Such written requests should be directed to Tommy Richardson, Secretary, First Federal Bancshares of Arkansas, Inc., P.O. Box 550, Harrison, Arkansas 72602. The Form 10-K is not part of the proxy solicitation materials.

OTHER MATTERS

Each proxy solicited hereby also confers discretionary authority on the board of directors of the Company to vote the proxy with respect to the election of any person as a director if the nominee is unable to serve or for good cause will not serve, matters incident to the conduct of the meeting, and upon such other matters as may properly come before the annual meeting. Management is not aware of any business that may properly come before the annual meeting other than the matters described above in this proxy statement. However, if any other matters should properly come before the meeting, it is intended that the proxies solicited hereby will be voted with respect to those other matters in accordance with the judgment of the persons voting the proxies.

The cost of the solicitation of 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 the proxy materials to the beneficial owners of the Company's common stock. In addition to solicitations by mail, directors, officers and employees of the Company may solicit proxies personally or by telephone without additional compensation.

YOUR VOTE IS IMPORTANT! WE URGE YOU TO SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT TODAY IN THE ENCLOSED POSTAGE-PAID ENVELOPE.