

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

JAMES E. FISHER, Individually and On Behalf of All Others Similarly Situated,	:	Civil Action No. 1:11-cv-05114-SJ-RML
	:	
	:	<u>CLASS ACTION</u>
	:	
Plaintiff,	:	
	:	
vs.	:	
	:	
SUFFOLK BANCORP, et al.,	:	
	:	
Defendants.	:	

NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED THE COMMON STOCK OF SUFFOLK BANCORP (“SUFFOLK”) DURING THE PERIOD FROM MARCH 12, 2010 THROUGH AUGUST 10, 2011, INCLUSIVE (“CLASS PERIOD”)

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS LITIGATION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM FORM POSTMARKED ON OR BEFORE OCTOBER 30, 2013.

IF YOU DO NOT WISH TO BE INCLUDED IN THE CLASS AND YOU DO NOT WISH TO PARTICIPATE IN THE SETTLEMENT DESCRIBED IN THIS NOTICE, YOU MAY REQUEST TO BE EXCLUDED. TO DO SO, YOU MUST SUBMIT A WRITTEN REQUEST FOR EXCLUSION THAT MUST BE POSTMARKED ON OR BEFORE OCTOBER 3, 2013.

This Notice of Proposed Settlement of Class Action (“Notice”) has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Eastern District of New York (the “Court”). The purpose of this Notice is to inform you of the proposed settlement of the class action *Fisher v. Suffolk Bancorp, et al.*, Civil Action No. 1:11-cv-05114-SJ-RML (the “Litigation”) and of the hearing (the “Settlement Hearing”) to be held by the Court to consider the fairness, reasonableness, and adequacy of the settlement as set forth in the Settlement Agreement dated as of April 8, 2013 (the “Settlement Agreement”) on file with the Court. The Settlement Agreement can also be viewed and/or downloaded at [www.gilardi.com](http://www.gilardi.com).

This Notice is not intended to be, and should not be construed as, an expression of any opinion by the Court with respect to the truth of the allegations in the Litigation as to any of Defendants or the merits of the claims or defenses asserted by or against Defendants. This Notice is solely to advise you of the proposed settlement of the Litigation and of your rights in connection therewith.

**I. STATEMENT OF THE CLASS’S RECOVERY**

The settlement will result in the creation of a cash settlement fund in the principal amount of \$2,800,000, plus any interest that may accrue thereon (the “Settlement Fund”) for the benefit of the Class.

The Settlement Fund, subject to deduction for, among other things, the expense of class notice and administration and taxes and tax-related expenses and for attorneys’ fees and expenses as approved by the Court, will be available for distribution to Class Members. Your recovery from this fund will depend on a number of variables, including the number of shares of Suffolk common stock you purchased during the period from March 12, 2010 through August 10, 2011, inclusive, and the timing of your purchases and any sales. In the unlikely event that 100% of the eligible shares of Suffolk common stock purchased by Class Members and entitled to a distribution under the Plan of Allocation described below participate in the settlement, the estimated average distribution per share of Suffolk common stock will be approximately \$0.65 before deduction of Court-approved fees and expenses. Historically, actual claim rates are lower than 100%, resulting in higher per share distributions.

**II. STATEMENT OF THE POTENTIAL OUTCOME OF THE LITIGATION**

Lead Plaintiff, City of Sunrise Police Officers’ Retirement Plan, and Defendants do not agree on the average amount of damages per share, if any, that would have been recoverable if Lead Plaintiff was to have prevailed on each claim alleged. Defendants deny that they are liable in any respect or that Lead Plaintiff or the Class suffered any injury. The issues on which the parties disagree are many, but include: (1) whether Defendants engaged in conduct that would give rise to any liability to the Class under the federal securities laws, or any other laws; (2) whether Defendants have valid defenses to any such claims of liability; (3) the appropriate economic model for determining the amount by which the price of Suffolk common stock was allegedly artificially inflated (if at all) during the Class Period; (4) the amount by which the price of Suffolk common stock was allegedly artificially inflated (if at all) during the Class Period; (5) the effect of various market forces on the price of Suffolk common stock at various times during the Class Period; (6) the extent to which external factors influenced the price of Suffolk common stock at various times during the Class Period; (7) the extent to which the various matters that Lead Plaintiff alleged were materially false or misleading influenced (if at all) the price of Suffolk common stock at various times during the Class Period; and (8) the extent to which the various allegedly adverse material facts that Lead Plaintiff alleged were omitted influenced (if at all) the price of Suffolk common stock at various times during the Class Period.

**III. REASONS FOR SETTLEMENT**

Lead Plaintiff believes that the settlement is a good recovery and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class would not have prevailed on any of its claims, in which case the Class would receive nothing. Also, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under the applicable law and, had the Litigation gone to trial, Defendants would have likely asserted that most, if not all, of any losses of

Class Members were caused by non-actionable market, industry, or general economic factors. Defendants also would have asserted that throughout the Class Period the uncertainties and risks associated with the purchase of Suffolk common stock were fully and adequately disclosed and there was no motive for Defendants to commit fraud. The settlement provides an immediate benefit to Class Members and will avoid the years of delay that would likely occur if the Litigation proceeded to trial and then the likely appeals following trial.

#### **IV. STATEMENT OF ATTORNEYS' FEES AND EXPENSES SOUGHT**

Lead Counsel has not received any payment for its services in conducting this Litigation on behalf of Lead Plaintiff and the Members of the Class, nor has it been paid for its expenses. If the settlement is approved by the Court, Lead Counsel will apply to the Court for attorneys' fees of 30% of the Settlement Fund and expenses not to exceed \$15,000.00, plus interest thereon, to be paid from the Settlement Fund. If the amounts requested are approved by the Court, the average cost per share of Suffolk common stock will be \$0.20.

#### **V. IDENTIFICATION OF ATTORNEYS' REPRESENTATIVES**

For further information regarding this settlement, you may contact a representative of Lead Counsel: Rick Nelson, c/o Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite 1900, San Diego, CA 92101, Telephone: 1-800-449-4900.

#### **VI. NOTICE OF HEARING ON PROPOSED SETTLEMENT**

The Settlement Hearing will be held on October 24, 2013, at 9:30 a.m., before the Honorable Sterling Johnson, Jr., at the United States District Court for the Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201. The purpose of the Settlement Hearing will be to determine: (1) whether the settlement, as set forth in the Settlement Agreement, consisting of \$2,800,000 in cash should be approved as fair, reasonable, and adequate to the Members of the Class; (2) whether the proposed Plan of Allocation to distribute the settlement proceeds to Class Members is fair, reasonable, and adequate; (3) whether the application by Lead Counsel for an award of attorneys' fees and expenses should be approved; and (4) whether the Judgment, in the form attached to the Settlement Agreement, should be entered. The Court may adjourn the Settlement Hearing from time to time and without further notice to the Class.

#### **VII. THE LITIGATION**

On October 20, 2011, a class action lawsuit was filed in the Court on behalf of the Class against Defendants for alleged violations of §§10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 promulgated thereunder. On March 2, 2012, the Court appointed the City of Sunrise Police Officers' Retirement Plan as "Lead Plaintiff" and Robbins Geller Rudman & Dowd LLP as "Lead Counsel" pursuant to the Private Securities Litigation Reform Act of 1995 ("PSLRA"). Thereafter, on May 1, 2012, Lead Plaintiff filed its Amended Class Action Complaint ("Amended Complaint"). The Amended Complaint alleges that Suffolk understated its allowance for loan losses – the measure of future loan payments that are expected to be uncollectible – and thereby caused its financial reporting to be materially misstated during the Class Period. In addition, Lead Plaintiff alleges, among other things, that Defendants misrepresented the effectiveness of Suffolk's internal controls and engaged in a variety of unsafe and unsound banking practices during the Class Period, inhibiting Suffolk's ability to monitor and assess Suffolk County National Bank's loan portfolio, thereby causing Suffolk's common stock price to be artificially inflated during the Class Period.

On July 2, 2012, Defendants filed a Motion to Dismiss the Amended Complaint pursuant to Fed. R. Civ. P. 12(b)(6) and 9(b), for failure to state a claim, failure to plead fraud with particularity, and failure to comply with the PSLRA ("Motion to Dismiss"). On or about August 30, 2012, Lead Plaintiff filed its Opposition to Defendants' Motion to Dismiss. Defendants filed a Reply to Lead Plaintiff's Opposition on October 15, 2012.

Shortly thereafter, on November 14, 2012, a Status Conference was held before the Court, where discovery was deferred, and the Court was made aware that Lead Plaintiff and Defendants were engaged in settlement discussions. Ultimately, after extensive settlement negotiations, the Settling Parties agreed to settle the Litigation while the Motion to Dismiss was pending. The terms and conditions of the settlement are set forth in the Settlement Agreement.

#### **VIII. DEFINITIONS USED IN THIS NOTICE**

As used in this Notice, the following terms have the meanings specified below. Any capitalized terms not specifically defined in this Notice shall have the meanings set forth in the Settlement Agreement. In the event of any inconsistency between any definition set forth below or elsewhere in this Notice and any definition set forth in the Settlement Agreement, the definition set forth in the Settlement Agreement shall control.

1. "Authorized Claimant" means any Class Member whose claim for recovery has been allowed pursuant to the terms of the Settlement Agreement.
2. "Claims Administrator" means the firm of Gilardi & Co. LLC.
3. "Class" means all Persons (other than those Persons and entities who timely and validly requested exclusion from the Class) who purchased the common stock of Suffolk during the period from March 12, 2010 through August 10, 2011, inclusive. Excluded from the Class are Defendants, the officers and directors of Suffolk, at all relevant times, members of their immediate families, and their legal representatives, heirs, successors or assigns, and any entity in which Defendants have or had a controlling interest.
4. "Class Member" or "Member of the Class" mean a Person who falls within the definition of the Class as set forth in paragraph 3 above.
5. "Class Period" means the period commencing on March 12, 2010 through and including August 10, 2011.
6. "Defendants" means Suffolk, J. Gordon Huszagh and Stacey L. Moran.

7. "Effective Date," means the date by which all of the events and conditions specified in paragraph 7.1 of the Settlement Agreement have been met and have occurred.

8. "Escrow Agent" means the law firm of Robbins Geller Rudman & Dowd LLP or its successor(s).

9. "Final" means when the last of the following with respect to the Judgment approving the Settlement Agreement, substantially in the form of Exhibit B attached to the Settlement Agreement, shall occur: (i) the expiration of the time to file a motion to alter or amend the Judgment under Federal Rule of Civil Procedure 59(e) without any such motion having been filed; (ii) the time in which to appeal the Judgment has passed without any appeal having been taken; and (iii) if a motion to alter or amend is filed or if an appeal is taken, immediately after the determination of that motion or appeal so that it is no longer subject to any further judicial review or appeal whatsoever, whether by reason of affirmance by a court of last resort, lapse of time, voluntary dismissal of the appeal or otherwise in such a manner as to permit the consummation of the settlement substantially in accordance with the terms and conditions of the Settlement Agreement. For purposes of this paragraph, an "appeal" shall include any petition for a writ of certiorari or other writ that may be filed in connection with approval or disapproval of this settlement, but shall not include any appeal that concerns only the issue of Lead Counsel's attorneys' fees and expenses, the Plan of Allocation of the Settlement Fund, as hereinafter defined, or the procedures for determining Authorized Claimants' recognized claims.

10. "Individual Defendants" means J. Gordon Huszagh and Stacey L. Moran.

11. "Judgment" means the Final Judgment and Order of Dismissal with Prejudice to be rendered by the Court, substantially in the form attached to the Settlement Agreement as Exhibit B.

12. "Lead Counsel" means Robbins Geller Rudman & Dowd LLP, Samuel H. Rudman and David A. Rosenfeld, 58 South Service Road, Suite 200, Melville, NY 11747.

13. "Lead Plaintiff" means City of Sunrise Police Officers' Retirement Plan.

14. "Litigation" means the civil action, *Fisher v. Suffolk Bancorp, et al.*, Civil Action No. 1:11-cv-05114-SJ-RML, pending in the United States District Court for the Eastern District of New York.

15. "Net Settlement Fund" means the Settlement Fund less any attorneys' fees, costs, expenses, provided for herein or approved by the Court and less notice and administration costs, Taxes and Tax Expenses, and other Court-approved deductions.

16. "Notice Date" means the date on which the Claims Administrator shall cause a copy of the Notice and Proof of Claim to be mailed by First-Class Mail to all Class Members who can be identified with reasonable effort.

17. "Person" means an individual, corporation, partnership, limited partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses, heirs, predecessors, successors, representatives, or assignees.

18. "Plaintiff" means any plaintiff that filed a complaint in the litigation.

19. "Plaintiff's Counsel" means any counsel that appeared for any Plaintiff.

20. "Plan of Allocation" means a plan or formula of allocation of the Settlement Fund whereby the Settlement Fund shall be distributed to Authorized Claimants after payment of expenses of notice and administration of the settlement, Taxes and Tax Expenses, and such attorneys' fees, costs, expenses and interest, as may be awarded by the Court. Any Plan of Allocation is not part of the Settlement Agreement and neither the Released Persons nor their counsel shall have any responsibility or liability with respect thereto.

21. "Released Claims" shall collectively mean any and all claims (including Unknown Claims) arising from both the purchase of Suffolk common stock during the Class Period and the acts, facts, statements or omissions that were or could have been alleged by Lead Plaintiff in the Litigation.

22. "Released Persons" means (i) Suffolk and any and all of its current and former parents, affiliates, subsidiaries, predecessors, officers, agents, employees, insurers (including Colonial American Casualty and Surety Company and Zurich American Insurance Company), reinsurers, attorneys, auditors, accountants, successors, assigns, creditors, administrators, heirs, and legal representatives, and (ii) any and all of the Individual Defendants and any and all of their respective current or former agents, insurers (including Colonial American Casualty and Surety Company and Zurich American Insurance Company), attorneys, successors, assigns, creditors, administrators, heirs, and legal representatives.

23. "Settlement Amount" means \$2,800,000 in cash to be paid pursuant to paragraph 2.1 of the Settlement Agreement.

24. "Settlement Fund" means the Settlement Amount plus all interest and accretions thereto.

25. "Settling Parties" means, collectively, the Defendants, Lead Plaintiff and the Class.

26. "Unknown Claims" means any Released Claims that Lead Plaintiff or Class Members do not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff shall expressly waive and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code §1542, which provides:

**A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.**

Lead Plaintiff expressly waives and each of the Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to California Civil Code §1542. Lead Plaintiff and

Class Members may hereafter discover facts in addition to or different from those that he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff shall expressly settle and release and each Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, that now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to, conduct that is negligent, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the settlement of which this release is a part.

## **IX. LEAD PLAINTIFF'S CLAIMS AND THE BENEFITS OF SETTLEMENT**

Lead Plaintiff believes that the claims asserted in the Litigation have merit and that the evidence developed to date supports the claims. However, Lead Plaintiff and Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Litigation against Defendants through trial and through appeals. Lead Plaintiff and Lead Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially in complex actions such as this Litigation, as well as the difficulties and delays inherent in such litigation. Lead Plaintiff and Lead Counsel also are mindful of the inherent problems of proof under and possible defenses to the securities law violations asserted in the Litigation. Lead Plaintiff and Lead Counsel believe that the settlement set forth in the Settlement Agreement confers substantial benefits upon the Class. Based on their evaluation, Lead Plaintiff and Lead Counsel have determined that the settlement set forth in the Settlement Agreement is in the best interests of the Class.

## **X. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY**

Defendants have denied and continue to deny each and all of the claims and contentions alleged by Lead Plaintiff in the Litigation. Defendants expressly have denied and continue to deny any improper conduct or violation of the federal securities laws or any other laws or regulations and are settling the Litigation solely to avoid the burden and expense of further litigation. In addition, Defendants have denied and continue to deny all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied and continue to deny, among other allegations, the allegations that Lead Plaintiff or the Class have suffered any damage; that the price of Suffolk common stock was artificially inflated by reasons of alleged misrepresentations, non-disclosures or otherwise; that Lead Plaintiff or the Class were harmed by the conduct alleged in the Litigation; or that Defendants knew or were reckless with respect to the alleged misconduct. Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation and believe that the evidence developed to date supports their position that they acted properly at all times and that the Litigation is without merit.

Nonetheless, taking into account the uncertainty and risks inherent in any litigation, Defendants have concluded that further conduct of the Litigation would be protracted, burdensome and expensive, and that it is desirable that the Litigation be fully and finally settled and terminated in the manner and upon the terms and conditions set forth in the Settlement Agreement.

## **XI. TERMS OF THE SETTLEMENT**

A settlement has been reached in the Litigation between the Settling Parties, the terms and conditions of which are set forth in the Settlement Agreement and the Exhibits thereto which can be viewed and/or downloaded at [www.gilardi.com](http://www.gilardi.com). The following description of the proposed settlement is only a summary, and reference is made to the text of the Settlement Agreement, on file with the Court or accessible at [www.gilardi.com](http://www.gilardi.com), for a full statement of its provisions.

The settlement consists of the aggregate principal amount of \$2,800,000 in cash, plus any interest earned thereon after it is deposited ("Settlement Fund").

A portion of the settlement proceeds will be used to pay attorneys' fees and expenses to Lead Counsel, to pay for this Notice and the processing of claims submitted by Class Members, and to pay Taxes and Tax Expenses. The balance of the Settlement Fund (the "Net Settlement Fund") will be distributed, according to the Plan of Allocation described below (if approved by the Court) to Class Members who submit valid and timely Proof of Claim forms.

The effectiveness of the settlement is subject to a number of conditions and reference to the Settlement Agreement is made for further particulars regarding these conditions.

## **XII. THE RIGHTS OF CLASS MEMBERS**

If you are a Class Member, you may receive the benefit of, and you will be bound by the terms of, the settlement described in this Notice and set forth in more detail in the Settlement Agreement, upon approval of the proposed settlement by the Court.

If you are a Class Member, you have the following options:

1. You may file a Proof of Claim form as described below. If you choose this option, you will share in the proceeds of the settlement if your claim is timely, valid, and entitled to a distribution under the Plan of Allocation described below and if the settlement is finally approved by the Court, you will be bound by the Judgment and release to be entered by the Court as described below.

2. If you purchased Suffolk common stock and you do not wish to be included in the Class and you do not wish to participate in the settlement described in this Notice, you may request to be excluded. To do so, you must submit a written request for exclusion that must be postmarked on or before October 3, 2013. You must set forth: (a) your name, address, and telephone number; (b) the number of shares of Suffolk common stock purchased and sold during the Class Period and the dates of such purchase(s) and/or sale(s); (c) proper evidence of your purchases and sales of Suffolk shares during the Class Period; and (d) your wish to be excluded from the Class. The exclusion request should be addressed as follows:

Suffolk Securities Litigation  
EXCLUSIONS  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 990  
Corte Madera, CA 94976-0990

NO REQUEST FOR EXCLUSION WILL BE CONSIDERED VALID UNLESS ALL OF THE INFORMATION DESCRIBED ABOVE IS INCLUDED IN ANY SUCH REQUEST.

If you timely and validly request exclusion from the Class: (a) you are excluded from the Class, (b) you will not share in the proceeds of the settlement described herein, (c) you are not bound by any judgment entered in the Litigation, and (d) you are not precluded, by reason of your decision to request exclusion from the Class, from otherwise prosecuting an individual claim, if timely, against Defendants based on the matters complained of in the Litigation.

3. If you do not make a valid and timely request in writing to be excluded from the Class, you will be bound by any and all determinations or judgments in the Litigation in connection with the settlement approved by the Court, whether favorable or unfavorable to the Class, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons, whether or not you submit a valid Proof of Claim form.

4. You may do nothing at all. If you choose this option, you will not share in the proceeds of the settlement, but you will be bound by any judgment entered by the Court, and you shall be deemed to have, and by operation of the Judgment shall have, fully released all of the Released Claims against the Released Persons.

5. You may object to the settlement, the Plan of Allocation, and/or the application for attorneys' fees and expenses in the manner described in Section XVIII below, if you have not excluded yourself from the Class.

6. If you are a Class Member, you may, but are not required to, enter an appearance through counsel of your own choosing and at your own expense, provided that such counsel must file an appearance on your behalf on or before October 3, 2013, and must serve copies of such appearance on the attorneys listed in Section XVIII below. If you do not enter an appearance through counsel of your own choosing, you will be represented by Lead Counsel: Robbins Geller Rudman & Dowd LLP, Samuel H. Rudman and David A. Rosenfeld, 58 South Service Road, Suite 200, Melville, NY 11747.

**XIII. PLAN OF ALLOCATION**

The Net Settlement Fund will be distributed to Class Members who, in accordance with the terms of the Settlement Agreement, are entitled to a distribution from the Net Settlement Fund pursuant to a Plan of Allocation or any order of the Court and who submit a valid and timely Proof of Claim form under the Plan of Allocation described below. The Plan of Allocation provides that you will be eligible to participate in the distribution of the Net Settlement Fund only if you have an overall net loss on all of your transactions in Suffolk common stock during the Class Period.

For purposes of determining the amount an Authorized Claimant may recover under the Plan of Allocation, Lead Counsel has conferred with its economics and damages expert who concluded that only the Suffolk common stock described below were damaged by the matters alleged by the Lead Plaintiff in this Litigation, and the Plan of Allocation reflects an assessment of the damages that they believe could have been recovered by Class Members had Lead Plaintiff fully prevailed on all issues at trial.

In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, and as is more likely, the amount in the Net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

The Plan of Allocation described below is based on the following inflation per share amounts for Class Period common stock purchases and sales as well as the statutory PSLRA 90-day look-back amount of \$8.37:

Inflation Period	Inflation per Share
March 12, 2010 – October 31, 2010	\$5.83
November 1, 2010 – April 11, 2011	\$4.77
April 12, 2011	\$2.58
April 13, 2011 – May 11, 2011	\$1.53
May 12, 2011 – August 9, 2011	\$1.17
August 10, 2011	\$0.00

1. For shares of Suffolk common stock ***purchased on or between March 12, 2010 through August 9, 2011***, the recovery per share shall be as follows:

a) If sold on or between March 12, 2010 through August 9, 2011, the recovery per share shall be the lesser of (i) the inflation per share at the time of purchase less the inflation per share at the time of sale; and (ii) the difference between the purchase price and the sale price.

b) If retained at the end of August 9, 2011 and sold before November 7, 2011, the recovery per share shall be the least of (i) the inflation per share at the time of purchase; (ii) the difference between the purchase price and the sale price; and (iii) the difference between the purchase price per share and the average closing price per share up to the date of sale as set forth in the table below.

c) If retained on November 6, 2011, or sold thereafter, the recovery per share shall be the lesser of (i) the inflation per share at the time of purchase; and (ii) the difference between the purchase price per share and \$8.37 per share.

2. For shares of Suffolk common stock ***purchased on August 10, 2011***, the recovery per share shall be zero.

<b>Date</b>	<b>Closing Price</b>	<b>Average Closing Price</b>
10-Aug-11	\$9.16	\$9.16
11-Aug-11	\$9.84	\$9.50
12-Aug-11	\$9.45	\$9.48
15-Aug-11	\$9.38	\$9.46
16-Aug-11	\$8.88	\$9.34
17-Aug-11	\$8.88	\$9.27
18-Aug-11	\$8.51	\$9.16
19-Aug-11	\$8.20	\$9.04
22-Aug-11	\$8.14	\$8.94
23-Aug-11	\$8.43	\$8.89
24-Aug-11	\$8.69	\$8.87
25-Aug-11	\$8.14	\$8.81
26-Aug-11	\$8.19	\$8.76
29-Aug-11	\$8.35	\$8.73
30-Aug-11	\$8.12	\$8.69
31-Aug-11	\$8.20	\$8.66
1-Sep-11	\$8.01	\$8.62
2-Sep-11	\$7.91	\$8.58
6-Sep-11	\$7.62	\$8.53
7-Sep-11	\$7.64	\$8.49
8-Sep-11	\$7.75	\$8.45
9-Sep-11	\$8.04	\$8.43
12-Sep-11	\$8.14	\$8.42
13-Sep-11	\$8.34	\$8.42
14-Sep-11	\$8.67	\$8.43
15-Sep-11	\$8.69	\$8.44
16-Sep-11	\$9.10	\$8.46
19-Sep-11	\$8.66	\$8.47
20-Sep-11	\$8.53	\$8.47
21-Sep-11	\$8.13	\$8.46
22-Sep-11	\$8.08	\$8.45
23-Sep-11	\$8.19	\$8.44
26-Sep-11	\$8.27	\$8.43
27-Sep-11	\$8.51	\$8.44
28-Sep-11	\$8.05	\$8.43
29-Sep-11	\$8.53	\$8.43
30-Sep-11	\$8.32	\$8.43
3-Oct-11	\$7.93	\$8.41
4-Oct-11	\$7.99	\$8.40
5-Oct-11	\$7.82	\$8.39
6-Oct-11	\$7.91	\$8.38
7-Oct-11	\$7.63	\$8.36
10-Oct-11	\$8.00	\$8.35
11-Oct-11	\$8.02	\$8.34
12-Oct-11	\$8.45	\$8.34
13-Oct-11	\$8.29	\$8.34
14-Oct-11	\$8.35	\$8.34
17-Oct-11	\$7.93	\$8.33
18-Oct-11	\$8.08	\$8.33
19-Oct-11	\$8.14	\$8.33
20-Oct-11	\$8.23	\$8.32
21-Oct-11	\$8.34	\$8.32

Date	Closing Price	Average Closing Price
24-Oct-11	\$8.56	\$8.33
25-Oct-11	\$8.12	\$8.32
26-Oct-11	\$8.13	\$8.32
27-Oct-11	\$9.00	\$8.33
28-Oct-11	\$8.37	\$8.33
31-Oct-11	\$8.51	\$8.34
1-Nov-11	\$8.31	\$8.34
2-Nov-11	\$8.77	\$8.34
3-Nov-11	\$8.99	\$8.35
4-Nov-11	\$8.93	\$8.36
7-Nov-11	\$8.68	\$8.37

The date of purchase or sale is the “contract” or “trade” date as distinguished from the “settlement” date.

For Class Members who held Suffolk common stock at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the First-In, First-Out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a claim. Under the FIFO method, sales of Suffolk common stock during the Class Period will be matched, in chronological order, first against Suffolk common stock held at the beginning of the Class Period. The remaining sales of Suffolk common stock during the Class Period will then be matched, in chronological order, against Suffolk common stock purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net overall loss, after all profits from transactions in all Suffolk common stock described above during the Class Period are subtracted from all losses. However, the proceeds from sales of Suffolk common stock that have been matched against Suffolk common stock held at the beginning of the Class Period will not be used in the calculation of such net loss. No distributions will be made to Authorized Claimants who would otherwise receive a distribution of less than \$10.00.

The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. No Person shall have any claim against the Lead Plaintiff, any Plaintiff, Plaintiff’s Counsel, any claims administrator, or other Person designated by Lead Plaintiff’s counsel, or Defendants or Defendants’ counsel based on distributions made substantially in accordance with the Settlement Agreement and the settlement contained therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to complete and file a valid and timely Proof of Claim form shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Settlement Agreement, including the terms of any judgment entered and the releases given.

#### **XIV. PARTICIPATION IN THE SETTLEMENT**

**TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM FORM THAT ACCOMPANIES THIS NOTICE.** The Proof of Claim form must be postmarked on or before October 30, 2013, and delivered to the Claims Administrator at the address set forth in Section XIX below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim form, you will be barred from receiving any payments from the Net Settlement Fund, but will in all other respects be bound by the provisions of the Settlement Agreement and the Judgment.

#### **XV. DISMISSAL AND RELEASES**

If the settlement is approved, the Court will enter the Judgment. In addition, upon the Effective Date, Lead Plaintiff and each of the Class Members (except those who submit a valid and timely request for exclusion) shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged all Released Claims against the Released Persons.

#### **XVI. APPLICATION FOR FEES AND EXPENSES**

At the Settlement Hearing, Lead Counsel will request the Court to award attorneys’ fees of 30% of the Settlement Fund, plus expenses not to exceed \$15,000.00, plus interest thereon. Such sums as may be approved by the Court will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or expenses.

To date, Lead Counsel has not received any payment for its services in conducting this Litigation on behalf of Lead Plaintiff and the Class, nor has counsel been paid its expenses. The fee requested will compensate Lead Counsel for its efforts in achieving the Settlement Fund for the benefit of the Class, and for its risk in undertaking this representation on a wholly contingent basis. Lead Counsel believes that the fee requested is well within the range of fees awarded to plaintiffs’ counsel under similar circumstances in other litigation of this type.

#### **XVII. CONDITIONS FOR SETTLEMENT**

The settlement is conditioned upon the occurrence of certain events described in the Settlement Agreement. Those events include, among other things: (1) entry of the Judgment by the Court, as provided for in the Settlement Agreement; and (2) expiration of the time to appeal from the Judgment or to move to alter or amend the Judgment, or the determination of any such appeal or motion in a manner to permit the consummation of the settlement substantially as provided for in the Settlement Agreement. If, for any reason, any one of the conditions described in the Settlement Agreement is not met, the Settlement Agreement might be terminated and, if terminated, will become null and void, and the parties to the Settlement Agreement will be restored to their respective positions as of February 15, 2013. In that event, the settlement will not proceed and no payments will be made to Class Members.

## **XVIII. THE RIGHT TO BE HEARD AT THE HEARING**

Any Class Member who objects to any aspect of the settlement, the Plan of Allocation, or the application for attorneys' fees and expenses, may appear and be heard at the Settlement Hearing. Any such Person must submit a written notice of objection, such that it is **received** on or before October 3, 2013, by each of the following:

### ***To the Court:***

CLERK OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK  
225 Cadman Plaza East  
Brooklyn, NY 11201

### ***To Lead Counsel:***

ROBBINS GELLER RUDMAN  
& DOWD LLP  
JEFFREY D. LIGHT  
655 West Broadway, Suite 1900  
San Diego, CA 92101

ROBBINS GELLER RUDMAN  
& DOWD LLP  
SAMUEL H. RUDMAN  
DAVID A. ROSENFELD  
58 South Service Road, Suite 200  
Melville, NY 11747

### ***To Counsel for Defendants Suffolk and J. Gordon Huszagh:***

WACHTELL, LIPTON, ROSEN  
& KATZ  
GEORGE T. CONWAY III  
51 West 52nd Street  
New York, NY 10019

### ***To Counsel for Defendant Stacey L. Moran:***

BRACEWELL & GIULIANI LLP  
RACHEL B. GOLDMAN  
1251 Avenue of the Americas  
49th Floor  
New York, NY 10020

The notice of objection must demonstrate the objecting Person's membership in the Class, including the number of shares of Suffolk common stock purchased and sold during the Class Period and contain a statement of the reasons for objection. Only Members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

## **XIX. SPECIAL NOTICE TO BANKS, BROKERS AND OTHER NOMINEES**

Nominees who purchased the common stock of Suffolk for the beneficial interest of other Persons during the Class Period shall, within ten (10) calendar days after receipt of this Notice (1) provide the Claims Administrator with the names and addresses of such beneficial owners, or (2) forward a copy of this Notice and the Proof of Claim form by First-Class Mail to each such beneficial owner and, provide Lead Counsel with written confirmation that the Notice and Proof of Claim form have been so forwarded. Upon submission of appropriate documentation, Lead Counsel will reimburse your reasonable costs and expenses of complying with this provision out of the Settlement Fund. Additional copies of this Notice may be obtained from the Claims Administrator by writing to:

*Suffolk Securities Litigation*  
Claims Administrator  
c/o Gilardi & Co. LLC  
P.O. Box 990  
Corte Madera, CA 94976-0990

## **XX. EXAMINATION OF PAPERS**

This Notice contains only a summary of the terms of the proposed settlement and does not describe all of the details of the Settlement Agreement. For a more detailed statement of the matters involved in the Litigation, reference is made to the pleadings, to the Settlement Agreement, and to other papers filed in the Litigation, which may be inspected at the office of the Clerk of the Court, United States District Court, Eastern District of New York, 225 Cadman Plaza East, Brooklyn, NY 11201. In addition, certain settlement-related documents, including the Settlement Agreement and all of its exhibits, may be viewed and/or downloaded at [www.gilardi.com](http://www.gilardi.com).

If you have any questions about the settlement of the Litigation, you may also contact Lead Counsel at:

ROBBINS GELLER RUDMAN & DOWD LLP  
Rick Nelson  
c/o Shareholder Relations  
655 West Broadway, Suite 1900  
San Diego, CA 92101  
1-800-449-4900

**PLEASE DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.**

DATED: July 18, 2013

BY ORDER OF THE COURT  
UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK