

SOUTHERN CONNECTICUT BANCORP INC
Form DEF 14A
April 17, 2013

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN
PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. 2)

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

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

Southern Connecticut Bancorp, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

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

(1) Title of each class of securities to which transaction applies: Common Stock, \$0.01 par value per share

(2) Aggregate number of securities to which transaction applies: (i) 2,810,273 shares of Common Stock and (ii) 0 shares of Common Stock issuable upon exercise of outstanding options with an exercise price of less than \$3.76.

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

Solely for purposes of calculating the registration fee, the maximum aggregate value of the transaction was calculated as follows: 2,810,273 shares of Common Stock multiplied by \$3.76. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00013640 by the maximum aggregate value of the transaction.

(4) Proposed maximum aggregate value of transaction: \$10,566,626.48

(5) Total fee paid: \$1,441.29

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

2

SOUTHERN CONNECTICUT BANCORP, INC.

April 17, 2013

Dear Shareholder:

On behalf of the board of directors of Southern Connecticut Bancorp, Inc. ("Southern Connecticut Bancorp"), I cordially invite you to attend a special meeting of shareholders of Southern Connecticut Bancorp, to be held at The Quinnipiack Club, 221 Church Street, New Haven, Connecticut at 10:00 A.M., Eastern Time, on Wednesday, May 15, 2013.

On January 16, 2013, Southern Connecticut Bancorp entered into a definitive Merger Agreement (as defined below) pursuant to which Southern Connecticut Bancorp and its principal operating subsidiary, The Bank of Southern Connecticut, will be acquired by Liberty Bank ("Liberty"). At the special meeting, you will be asked to consider and vote upon a proposal to approve the Merger Agreement. In addition, Southern Connecticut Bancorp will solicit shareholder approval, on an advisory (non-binding) basis, of the existing compensatory arrangements between Southern Connecticut Bancorp and its named executive officers providing for "golden parachute" compensation payable in connection with the merger (which we refer to as the "golden parachute" compensation). You will also be asked to consider and vote on a proposal to adjourn the special meeting, to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Agreement.

If the merger contemplated by the Merger Agreement is completed, you will be entitled to receive \$3.76 in cash, without interest, less any applicable withholding taxes, for each share of Southern Connecticut Bancorp common stock owned by you.

After careful consideration, Southern Connecticut Bancorp's board of directors (the "Bancorp Board") has determined that the terms of the Merger Agreement and the transactions contemplated thereby, including the merger, are advisable, fair to and in the best interests of Southern Connecticut Bancorp and its shareholders, and approved and declared advisable the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement. Accordingly, the Bancorp Board recommends that you vote "FOR" approval of the proposal to approve the Merger Agreement.

In addition, the Bancorp Board recommends that you vote "FOR" approval, on an advisory (non-binding) basis, of the "golden parachute" compensation payable to Southern Connecticut Bancorp's named executive officers in connection with the merger. Approval of the Merger Agreement and approval of the "golden parachute" compensation are subject to separate votes by Southern Connecticut Bancorp's shareholders, and approval of the "golden parachute" compensation is not a condition to completion of the merger.

The Bancorp Board also recommends that you vote "FOR" approval of the proposal to adjourn the special meeting, to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger Agreement.

Approval of the proposal to approve the Merger Agreement requires the affirmative vote of holders of at least a majority of the outstanding shares of Southern Connecticut Bancorp common stock entitled to vote thereon. Your vote is very important. Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying prepaid reply envelope, or submit your proxy

by telephone or the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted. The failure to vote your shares of Southern Connecticut Bancorp common stock will have the same effect as a vote “AGAINST” approval of the proposal to approve the Merger Agreement.

If your shares of Southern Connecticut Bancorp common stock are held in “street name” by your bank, brokerage firm or other nominee, your bank, brokerage firm or other nominee will be unable to vote your shares of Southern Connecticut Bancorp common stock without instructions from you. You should instruct your bank, brokerage firm or other nominee to vote your shares of Southern Connecticut Bancorp common stock in accordance with the procedures provided by your bank, brokerage firm or other nominee. The failure to instruct your bank, brokerage firm or other nominee to vote your shares of Southern Connecticut Bancorp common stock “FOR” approval of the proposal to approve the Merger Agreement will have the same effect as voting “AGAINST” the proposal to approve the Merger Agreement.

The accompanying proxy statement provides you with detailed information about the special meeting, the Merger Agreement and the merger. A copy of the Agreement and Plan of Merger, dated as of January 16, 2013, as it may be amended from time to time, by and among Liberty and Southern Connecticut Bancorp and The Bank of Southern Connecticut (the "Merger Agreement") is attached as Annex A to the proxy statement. We encourage you to read the entire proxy statement and its annexes, including the Merger Agreement, carefully. You may also obtain additional information about Southern Connecticut Bancorp from documents we have filed with the Securities and Exchange Commission.

On behalf of the board of directors and management of Southern Connecticut Bancorp, we thank you for your support.

Best regards,

/s/ Alphonse F. Spadaro, Jr.

Alphonse F. Spadaro, Jr.
Chairman of the Board

The proxy statement is dated April 17 , 2013, and is first being mailed to our shareholders on or about April 17 , 2013.

SOUTHERN CONNECTICUT BANCORP, INC.
215 Church Street
New Haven, Connecticut 06510

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held on May 15, 2013
10:00 A.M., Eastern Time

A special meeting of shareholders of Southern Connecticut Bancorp, Inc. (“Southern Connecticut Bancorp”) will be held at 10:00 A.M., Eastern Time, on May 15, 2013 at The Quinnipiack Club, 221 Church Street, New Haven, Connecticut. Any adjournments or postponements of the special meeting will be held at the same location.

At the special meeting, you will be asked to:

1. Consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of January 16, 2013, by and among Liberty Bank and Southern Connecticut Bancorp and The Bank of Southern Connecticut. A copy of the Agreement and Plan of Merger is included as Annex A to the accompanying proxy statement;
2. Consider and vote upon a proposal to approve, by non-binding advisory vote, certain compensation arrangements for Southern Connecticut Bancorp’s named executive officers in connection with the merger;
3. Consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Agreement and Plan of Merger; and
4. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

The enclosed proxy statement describes the Agreement and Plan of Merger and the proposed merger in detail. We urge you to read these materials carefully.

The board of directors of Southern Connecticut Bancorp unanimously recommends that Southern Connecticut Bancorp shareholders vote “FOR” the proposal to approve the Agreement and Plan of Merger, “FOR” the proposal to approve, by non-binding advisory vote, certain compensation arrangements for Southern Connecticut Bancorp’s named executive officers in connection with the merger and “FOR” the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to vote in favor of the merger agreement.

The board of directors of Southern Connecticut Bancorp has fixed the close of business on April 12, 2013 as the record date for determining the shareholders entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting.

Your vote is very important. Your proxy is being solicited by the Southern Connecticut Bancorp board of directors and all expenses associated with the solicitation of proxies will be borne by Southern Connecticut Bancorp.

The proposal to approve the Agreement and Plan of Merger must be approved by the affirmative vote of holders of at least a majority of the outstanding shares of Southern Connecticut Bancorp common stock entitled to vote in order for the proposed merger to be consummated. Whether or not you plan to attend the special meeting in person, we urge you to complete and mail the enclosed proxy card, in the accompanying envelope, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the special meeting. If you attend the special meeting and vote in person, your proxy vote will not be used. The failure to vote your shares of Southern Connecticut Bancorp common stock will have the same effect as a vote "AGAINST" approval of the proposal to approve the Merger Agreement.

Southern Connecticut Bancorp shareholders do not have appraisal rights because, under Connecticut law, appraisal rights are not available to holders of securities listed on the NYSE MKT, which includes Southern Connecticut Bancorp. See “Questions and Answers About the Merger and the Special Meeting” on page 1 and “No Appraisal Rights” on page 22.

By Order of the Board of Directors

/s/ Rosemarie A. Romano
Rosemarie A. Romano
Corporate Secretary
New Haven, Connecticut

April 17, 2013

-ii-

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING	1
IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2013	5
SUMMARY	6
The Companies	6
The Special Meeting of Southern Connecticut Bancorp Shareholders	7
The Merger	8
Number of Holders of Common Stock and Number of Shares Outstanding	13
Stock Prices and Dividends	13
RISK FACTORS RELATING TO THE MERGER	14
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS	16
THE COMPANIES	17
Liberty Bank	17
Southern Connecticut Bancorp.	17
THE SPECIAL MEETING OF SOUTHERN CONNECTICUT BANCORP SHAREHOLDERS	19
Date, Time and Place of the Special Meeting	19
Purpose of the Special Meeting	19
Recommendation of the Southern Connecticut Bancorp Board of Directors	19
Record Date; Outstanding Shares; Shares Entitled to Vote	19
Quorum; Vote Required	19
Share Ownership of Management	20
Voting of Proxies	20
How to Revoke Your Proxy	21
Voting in Person	21
Abstentions and Broker Non-Votes	21
Proxy Solicitation	22
No Appraisal Rights	22
Stock Certificates	22
DESCRIPTION OF THE MERGER (PROPOSAL 1)	23
General	23
Background of the Merger	23
Southern Connecticut Bancorp's Reasons for the Merger	25
Recommendation of the Southern Connecticut Bancorp Board of Directors	26
Fairness Opinion of Southern Connecticut Bancorp's Financial Advisor	26
Projected Financial Information	33
Deregistration of Southern Connecticut Bancorp Common Stock Following the Merger	35
INTERESTS OF SOUTHERN CONNECTICUT BANCORP DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER	36
	10

Employment Agreements with Executive Officers	36
Indemnification	37
Directors' and Officers' Insurance	37
Advisory Board	37
Stock Ownership and Voting Power	37
THE MERGER AGREEMENT	38
Structure of the Merger	38
Closing of the Merger	38
Merger Consideration	38
Exchange of Southern Connecticut Bancorp Stock Certificates for Cash	38
Stock Options	39
Conditions to the Merger	39

Termination	41
Termination Fee	42
No Solicitation	44
Southern Connecticut Bancorp Shareholders Meeting	45
Directors' and Officers' Insurance	45
Conduct of Business Pending the Merger	45
Employee Benefits	48
Representations and Warranties	49
Expenses	51
Amendments	51
Regulatory Approvals Required for the Merger	51
MATERIAL FEDERAL INCOME TAX CONSEQUENCES	52
Receipt of Merger Consideration	52
Backup Withholding	52
Other Tax Consequences	52
SOUTHERN CONNECTICUT BANCORP STOCK OWNERSHIP	53
MERGER-RELATED EXECUTIVE COMPENSATION ARRANGEMENTS (PROPOSAL 2)	55
Recommendation of the Southern Connecticut Bancorp Board of Directors	55
PROPOSAL TO APPROVE ADJOURNMENTS OF THE SPECIAL MEETING (PROPOSAL 3)	56
Recommendation of the Southern Connecticut Bancorp Board of Directors	56
WHERE YOU CAN FIND MORE INFORMATION	57
PROPOSALS OF SHAREHOLDERS	57
ANNUAL REPORT ON FORM 10-K/A	58
Annex Agreement and Plan of Merger	
A Fairness Opinion of Sterne, Agee & Leach, Inc.	
Annex Certificate of Incorporation of Liberty Bank	
B	
Annex	
C	

QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: Why am I receiving this document?

A: Southern Connecticut Bancorp and Liberty Bank have agreed to the acquisition of Southern Connecticut Bancorp by Liberty Bank under the terms of a merger agreement that is described in this document. A copy of the merger agreement is attached to this document as Annex A. In order to complete the merger, the shareholders of Southern Connecticut Bancorp must vote to approve the merger agreement. Southern Connecticut Bancorp will hold a special meeting of its shareholders to obtain this approval. This document contains important information about the merger, the merger agreement, the special meeting of Southern Connecticut Bancorp's shareholders, and other related matters, and you should read it carefully. The enclosed voting materials allow you to vote your shares of Southern Connecticut Bancorp common stock without attending the special meeting.

Q: What will happen in the merger?

A: In the proposed merger, a special purpose subsidiary of Liberty Bank will merge with and into Southern Connecticut Bancorp, with Southern Connecticut Bancorp being the surviving corporation, and Southern Connecticut Bancorp will then be merged with and into Liberty Bank, with Liberty Bank being the surviving entity. This will result in Liberty Bank owning all the assets and liabilities of Southern Connecticut Bancorp. Separately, The Bank of Southern Connecticut, the principal operating subsidiary of Southern Connecticut Bancorp, will merge into Liberty Bank, with Liberty Bank being the surviving entity.

Q: What will Southern Connecticut Bancorp shareholders receive in the merger?

A: You will receive \$3.76 in cash in exchange for each share of Southern Connecticut Bancorp common stock that you own immediately prior to the effective time of the merger.

Q: What are the material federal income tax consequences of the merger to Southern Connecticut Bancorp shareholders?

A: You will generally recognize either a gain or loss for federal income tax purposes on each share of Southern Connecticut Bancorp common stock surrendered in an amount equal to the difference between your adjusted tax basis for that share and \$3.76 upon completion of the merger. We strongly urge you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

Q: What are the conditions to completion of the merger?

A: The obligations of Southern Connecticut Bancorp and Liberty Bank to complete the merger are subject to the satisfaction or waiver of certain closing conditions contained in the merger agreement, including the receipt of required regulatory approvals and approval of the merger agreement by Southern Connecticut Bancorp shareholders at the special meeting.

Q: When is the merger expected to be completed?

A: We will complete the merger when all of the conditions to completion contained in the merger agreement are satisfied or waived, including obtaining the approval of the merger agreement by Southern Connecticut Bancorp shareholders at the special meeting and receiving all required regulatory approvals. Fulfilling some of these conditions, such as receiving required regulatory approvals, is not entirely within our control. We currently expect to complete the merger during the second calendar quarter of 2013 or as soon thereafter as practicable; however,

because the merger is subject to these conditions, we cannot be certain of the actual timing.

1

Q: What shareholder approval is required to complete the merger?

A: The affirmative vote of holders of at least a majority of the shares of Southern Connecticut Bancorp common stock outstanding and entitled to vote at the Southern Connecticut Bancorp special meeting is required to approve the merger agreement.

Q: Are shareholders entitled to appraisal rights?

A: No. Since the common stock of Southern Connecticut Bancorp is traded on the NYSE MKT, Connecticut law does not provide for appraisal rights.

Q: Why are shareholders being asked to approve, on a nonbinding advisory basis, certain merger-related executive compensation arrangements?

A: The Securities and Exchange Commission has adopted rules that require Southern Connecticut Bancorp to seek a nonbinding advisory vote with respect to certain payments that may be made to Southern Connecticut Bancorp's named executive officers in connection with the merger.

Q: What will happen if shareholders do not approve certain merger-related executive compensation arrangements at the special meeting?

A: Approval of merger-related executive compensation arrangements, payable under existing agreements, that certain named executive officers of Southern Connecticut Bancorp may receive in connection with the merger is not a condition to completion of the merger. The vote with respect to the merger-related executive compensation arrangements is an advisory vote and will not be binding on Southern Connecticut Bancorp. Therefore, if the merger agreement is approved by Southern Connecticut Bancorp shareholders, the merger-related executive compensation arrangements may still be paid to the named executive officers of Southern Connecticut Bancorp if and to the extent required or allowed under applicable law.

Q: When and where is the special meeting of Southern Connecticut Bancorp shareholders?

A: The special meeting of shareholders of Southern Connecticut Bancorp will be held at The Quinnipiack Club, 221 Church Street, New Haven, Connecticut, on Wednesday, May 15, 2013 at 10:00 A.M., Eastern Time.

Q: Who is entitled to vote at the special meeting of Southern Connecticut Bancorp shareholders?

A: Holders of shares of Southern Connecticut Bancorp common stock at the close of business on April 12, 2013, which is the record date, are entitled to vote on the proposal to approve the merger agreement and the other proposals in this proxy statement. As of the record date, 2,810,273 shares of Southern Connecticut Bancorp common stock were outstanding and entitled to vote.

Q: What will happen at the special meeting of Southern Connecticut Bancorp shareholders?

A: At the special meeting, you will consider and vote upon a proposal to approve the merger agreement and upon a proposal to approve, by non-binding advisory vote, certain compensation arrangements for Southern Connecticut Bancorp's named executive officers in connection with the merger. If, at the time of the special meeting, there are not sufficient votes to approve the merger agreement, you may be asked to consider and vote upon a proposal to adjourn the special meeting, so that Southern Connecticut Bancorp can solicit additional proxies.

Q: Does the Southern Connecticut Bancorp board of directors recommend voting in favor of the merger agreement, the merger-related executive compensation arrangements and the proposal to adjourn the special meeting, if necessary?

A: Yes. After careful consideration, the Southern Connecticut Bancorp board of directors unanimously recommends that Southern Connecticut Bancorp shareholders vote “FOR” approval of the merger agreement, “FOR” approval of the non-binding proposal regarding certain merger-related executive compensation arrangements and “FOR” the proposal to adjourn the special meeting, if necessary.

Q: Are there any risks that I should consider in deciding whether to vote for approval of the merger agreement?

A: Yes. You should read and carefully consider the risk factors set forth in the section in this document titled “Risk Factors Relating to the Merger” beginning on page 14.

Q: What do I need to do now to vote my shares of Southern Connecticut Bancorp common stock?

A: You should carefully read and consider the information contained or incorporated by reference into this proxy statement, including its annexes. After you have read and carefully considered the information contained or incorporated by reference into this proxy statement, including its annexes, please complete, sign, date and mail your proxy card in the enclosed return envelope or vote by telephone or on the Internet as soon as possible. This will enable your shares to be represented at the special meeting. You may also vote in person at the special meeting. If you do not return a properly executed proxy card and do not vote at the special meeting, this will have the same effect as a vote against the merger agreement but will have no effect on the proposal regarding certain merger-related executive compensation arrangements and the proposal regarding adjournment of the special meeting. If you sign, date and send in your proxy card, or vote by telephone or on the Internet, but you do not indicate how you want to vote, your proxy will be voted in favor of approval of the merger agreement, the proposal regarding certain merger-related executive compensation arrangements and an adjournment of the special meeting, if necessary. You may change your vote or revoke your proxy before the special meeting by filing with the Secretary of Southern Connecticut Bancorp a duly executed revocation of proxy, submitting a new proxy card with a later date, or voting in person at the special meeting.

Q: If my shares are held in “street name” by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares of Southern Connecticut Bancorp common stock on the proposal to approve the merger agreement, the proposal regarding certain merger-related executive compensation arrangements or the proposal regarding adjournment of the special meeting, unless you provide instructions on how to vote. Please instruct your broker how to vote your shares, following the directions that your broker provides. If you do not provide instructions to your broker on the proposal to approve the merger agreement, the proposal regarding certain merger-related executive compensation arrangements or the proposal regarding adjournment of the special meeting, your shares will not be voted, and this will have the effect of voting against approval of the merger agreement but will have no effect on the proposal regarding certain merger-related executive compensation arrangements and the proposal regarding adjournment. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

Q: What if I fail to return my proxy card or vote by telephone or on the Internet or fail to instruct my broker, bank or other nominee?

A: If you fail to return your proxy card or vote by telephone or on the Internet or fail to instruct your broker, bank or other nominee to vote your shares, your shares will not be voted and this will have the same effect as a vote against

approval of the merger agreement but will have no effect on the proposal regarding certain merger-related executive compensation arrangements and the proposal regarding adjournment of the special meeting.

Q: Can I attend the Southern Connecticut Bancorp special meeting and vote my shares in person?

A: Yes. Although the Southern Connecticut Bancorp board of directors requests that you return the proxy card accompanying this proxy statement or vote by telephone or on the Internet, all Southern Connecticut Bancorp shareholders are invited to attend the special meeting in person. Southern Connecticut Bancorp shareholders of record on April 12, 2013 can vote in person at the Southern Connecticut Bancorp special meeting. If your shares are held by a broker, bank or other nominee, then you are not the shareholder of record and you must bring to the special meeting appropriate documentation from your broker, bank or other nominee to enable you to vote at the special meeting.

Q: If I plan to attend the special meeting in person, should I still return my proxy?

A: Yes. Whether or not you plan to attend the special meeting of shareholders of Southern Connecticut Bancorp, you should complete and return the enclosed proxy card or vote by telephone or on the Internet. The failure of a Southern Connecticut Bancorp shareholder to vote in person or by proxy will have the same effect as a vote against approval of the merger agreement but will have no effect on the proposal regarding certain merger-related executive compensation arrangements and the proposal regarding adjournment of the special meeting.

Q: Can I change my vote after I have mailed my signed proxy card or voted by telephone or on the Internet?

A: Yes. If you have not voted through your broker, bank or other nominee, there are three ways you can change your vote at any time after you have sent in your proxy card or voted by telephone or on the Internet and before your proxy is voted at the Southern Connecticut Bancorp special meeting.

You may deliver a written notice bearing a date later than the date of your proxy card or vote by telephone or on the Internet to the Secretary of Southern Connecticut Bancorp, stating that you revoke your proxy.

You may complete and deliver to the Secretary of Southern Connecticut Bancorp a new proxy card relating to the same shares and bearing a later date.

You may attend the special meeting and vote in person, although attendance at the Southern Connecticut Bancorp special meeting will not, by itself, revoke a proxy.

You should send any notice of revocation or your completed new proxy card, as the case may be, to Southern Connecticut Bancorp at the following address:

Southern Connecticut Bancorp, Inc.
215 Church Street
New Haven, Connecticut 06510
Attn: Rosemarie Romano, Secretary

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

Q: Should Southern Connecticut Bancorp shareholders send in their stock certificates now?

A: No. You will receive separate written instructions for surrendering your certificates for shares of Southern Connecticut Bancorp common stock in exchange for the merger consideration promptly following the effective date

of the merger. In the meantime, you should retain your stock certificate(s) because they are still valid. Please do not send in your stock certificate(s) with your proxy card.

Q: Where can I find more information about Southern Connecticut Bancorp?

A: You can find more information about Southern Connecticut Bancorp from the various sources described under the section of this document titled “The Companies – Southern Connecticut Bancorp” beginning on page 17 and “Where You Can Find More Information” on page 57 .

Q: Whom should I call with questions?

A: You may contact Southern Connecticut Bancorp at (203) 782-1100. Please ask to speak with Rosemarie Romano, Secretary.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 15, 2013

This proxy statement and our annual report on Form 10-K/A for 2012 are available at:
<http://www.cfproxy.com/5124>.

SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To more fully understand the merger and for a more complete description of the legal terms of the merger, you should read this entire proxy statement, including the materials attached as annexes, as well as the other documents to which we have referred you. See “Where You Can Find More Information” on page 57. The page references in parentheses included in this summary will direct you to a more detailed description of each topic presented.

Unless the context otherwise requires, throughout this document, “Southern Connecticut Bancorp” refers collectively to Southern Connecticut Bancorp, Inc. and its subsidiaries; “The Bank of Southern Connecticut” refers to The Bank of Southern Connecticut and its subsidiaries; and “Liberty” refers to Liberty Bank and its subsidiaries. Also, we refer to the merger between Southern Connecticut Bancorp and Liberty as the “merger” and the Agreement and Plan of Merger, dated as of January 16, 2013, by and among Liberty and Southern Connecticut Bancorp and The Bank of Southern Connecticut as the “merger agreement.”

The Companies

Liberty Bank (page 17)

Liberty Bank was chartered in 1825 as a Connecticut mutual savings bank. The principal business of Liberty is to provide financial services to individuals, businesses, not-for-profit organizations and government entities through its commercial and consumer lending divisions, corporate services, retail banking and investment management services. Banking activities are conducted primarily within central and eastern Connecticut. Liberty operates through a network of 44 branches throughout central, eastern and shoreline Connecticut.

At December 31, 2012, Liberty had capital in excess of \$500 million, total assets of approximately \$3.5 billion, loans of approximately \$2.4 billion, deposits of approximately \$2.9 billion, more than 200,000 Connecticut customers and a Community Reinvestment Act rating of “Outstanding.”

Liberty’s principal executive offices are located at 315 Main Street, Middletown, Connecticut 06457, and its telephone number is (860) 344-7200.

Southern Connecticut Bancorp (page 17)

Southern Connecticut Bancorp is a bank holding company headquartered in New Haven, Connecticut that was incorporated on November 8, 2000. Southern Connecticut Bancorp’s strategic objective is to serve as a bank holding company for a community-based commercial bank serving primarily New Haven County (the “Greater New Haven Market”). Southern Connecticut Bancorp owns 100% of the capital stock of The Bank of Southern Connecticut, a Connecticut-chartered bank with its headquarters in New Haven, Connecticut, and 100% of the capital stock of SCB Capital, Inc., an inactive corporation. Southern Connecticut Bancorp and its subsidiaries focus on meeting the financial service needs of consumers and small to medium-sized businesses, professionals and professional corporations, and their owners and employees in the Greater New Haven Market. The Bank of Southern Connecticut operates branches at four locations, including downtown New Haven, the Amity/Westville section of New Haven, Branford and North Haven.

At December 31, 2012, Southern Connecticut Bancorp had total consolidated assets of approximately \$ 121.5 million, gross loans receivable of approximately \$ 105.5 million, deposits of approximately \$ 108.3 million and shareholders’ equity of approximately \$ 11.5 million.

Southern Connecticut Bancorp's principal executive offices are located at 215 Church Street, New Haven, Connecticut 06510, and its telephone number is (203) 782-1100.

The Special Meeting of Southern Connecticut Bancorp Shareholders

Date, Time, Place and Purpose of the Special Meeting (page 19)

The special meeting of shareholders of Southern Connecticut Bancorp will be held at The Quinnipiack Club, 221 Church Street, New Haven, Connecticut, on Wednesday, May 15, 2013 at 10:00 A.M., Eastern Time. At the special meeting, Southern Connecticut Bancorp shareholders as of the record date will be asked to vote on a proposal to approve the merger agreement by and among Liberty and Southern Connecticut Bancorp and The Bank of Southern Connecticut and a proposal regarding certain merger-related executive compensation arrangements. You may also be asked to vote to adjourn the special meeting, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the meeting to approve the merger agreement with Liberty.

Recommendation of the Southern Connecticut Bancorp Board of Directors (pages 26, 55 and 56)

The Southern Connecticut Bancorp board of directors unanimously recommends that you vote “FOR” approval of the merger agreement, “FOR” approval of the non-binding proposal regarding certain merger-related executive compensation arrangements and “FOR” the proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger agreement.

Record Date; Outstanding Shares; Shares Entitled to Vote (page 19)

Only holders of record of Southern Connecticut Bancorp common stock at the close of business on the record date of April 12, 2013, are entitled to notice of and to vote at the special meeting. As of the record date, there were 2,810,273 shares of Southern Connecticut Bancorp common stock outstanding, held of record by approximately 100 shareholders.

Quorum; Vote Required (page 19)

A quorum of Southern Connecticut Bancorp shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of outstanding shares of Southern Connecticut Bancorp common stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. Southern Connecticut Bancorp will include proxies marked as abstentions and broker non-votes in determining the number of shares present at the special meeting.

Approval of the merger agreement requires the affirmative vote of at least a majority of the outstanding shares of Southern Connecticut Bancorp common stock. Because approval is based on the affirmative vote of at least a majority of the outstanding shares, a failure to vote or an abstention or broker non-vote will have the same effect as a vote against approval of the merger agreement.

Approval of the non-binding proposal regarding certain merger-related executive compensation arrangements requires that the votes cast in person or by proxy at the special meeting in favor of the proposal exceed the votes cast against the proposal. A failure to vote or an abstention or broker non-vote will have no effect on the outcome of this proposal.

Approval of the proposal to adjourn the special meeting, if necessary, requires that the votes cast in person or by proxy at the special meeting in favor of the proposal exceed the votes cast against the proposal. A failure to vote or an abstention or broker non-vote will have no effect on the outcome of this proposal.

Share Ownership of Management (page 20)

As of the record date, the directors and executive officers of Southern Connecticut Bancorp and their affiliates collectively owned 198,525 shares of Southern Connecticut Bancorp common stock, or approximately 7.06% of Southern Connecticut Bancorp's outstanding shares. The directors and executive officers of Southern Connecticut Bancorp, as a group, have agreed to vote their shares in favor of approval of the merger agreement at the special meeting.

7

Proxies, Voting and Revocation (pages 20 and 21)

The Southern Connecticut Bancorp board of directors requests that you return the proxy card accompanying this document for use at the special meeting. Please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. You may also vote by telephone or on the Internet by following the instructions on the proxy card. All properly signed proxies received prior to the special meeting and not revoked before the vote at the special meeting will be voted at the special meeting according to the instructions indicated on the proxies or, if no instructions are given, to approve the merger agreement, to approve certain merger-related executive compensation arrangements and to approve an adjournment of the special meeting, if necessary.

You may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the special meeting:

delivering a written notice bearing a date later than the date of your proxy card or vote by telephone or on the Internet to the Secretary of Southern Connecticut Bancorp, stating that you revoke your proxy;

signing and delivering to the Secretary of Southern Connecticut Bancorp a new proxy card relating to the same shares and bearing a later date; or

attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

No Appraisal Rights (page 22)

Southern Connecticut Bancorp is incorporated as a Connecticut corporation. Pursuant to the provisions of Section 33-856 of the Connecticut General Statutes, Southern Connecticut Bancorp shareholders are not entitled to assert appraisal rights because the common stock of Southern Connecticut Bancorp is traded on the NYSE MKT.

The Merger

Structure of the Merger (page 38)

Southern Connecticut Bancorp, The Bank of Southern Connecticut and Liberty entered into an Agreement and Plan of Merger on January 16, 2013. The merger agreement provides for the merger of a special purpose subsidiary of Liberty with and into Southern Connecticut Bancorp, with Southern Connecticut Bancorp being the surviving corporation, and the subsequent merger of Southern Connecticut Bancorp with and into Liberty, with Liberty being the sole surviving entity. This will result in Liberty owning all the assets and liabilities of Southern Connecticut Bancorp. The merger agreement also calls for the merger of The Bank of Southern Connecticut with and into Liberty, with Liberty being the sole surviving entity.

The merger will occur following approval of the proposal described in this document by the shareholders of Southern Connecticut Bancorp and satisfaction or waiver of all other conditions to the merger. The merger agreement is attached to this proxy statement as Annex A. We encourage you to read the merger agreement because it is the legal document that governs the merger.

Merger Consideration (page 38)

If the merger is completed, each share of Southern Connecticut Bancorp common stock will be converted into the right to receive \$3.76 in cash.

Treatment of Southern Connecticut Bancorp Stock Options (page 39)

If the merger is completed, each outstanding option to purchase Southern Connecticut Bancorp common stock, whether vested or unvested, and which has not been previously exercised or cancelled, will be converted to the right to receive the positive difference between \$3.76 and the exercise price multiplied by the number of shares of common stock which the option entitled the holder to purchase.

Fairness Opinion of Southern Connecticut Bancorp's Financial Advisor (page 3 6)

In deciding to adopt the merger agreement and recommend its approval to Southern Connecticut Bancorp shareholders, the Southern Connecticut Bancorp board of directors consulted with senior management, its financial advisor, Sterne, Agee & Leach, Inc. ("Sterne Agee"), and its legal counsel, and considered, among other things, an opinion from its financial advisor. Sterne Agee has delivered an opinion to the Southern Connecticut Bancorp board of directors that, as of January 16, 2013 and based on and subject to the matters set forth in its opinion, the merger consideration was fair, from a financial point of view, to the holders of Southern Connecticut Bancorp common stock. The full text of the written opinion is attached to this proxy statement as Annex B. We encourage you to read the opinion carefully in its entirety. The opinion of Sterne Agee is directed to the Southern Connecticut Bancorp board of directors and is not a recommendation to any shareholder on how to vote on approval of the merger agreement.

Interests of Southern Connecticut Bancorp's Directors and Executive Officers in the Merger (page 36)

Some of Southern Connecticut Bancorp's management and board of directors may be deemed to have interests in the merger that are in addition to or different from their interests as shareholders of Southern Connecticut Bancorp generally. The Southern Connecticut Bancorp board of directors was aware of these interests and considered them in recommending that Southern Connecticut Bancorp shareholders approve the merger agreement.

Conditions to the Merger (page 39)

Southern Connecticut Bancorp and Liberty will not complete the merger unless a number of conditions are satisfied or waived, including:

- the shareholders of Southern Connecticut Bancorp must approve the merger agreement;
- there must be no order, decree or injunction in effect, which enjoins or prohibits consummation of the merger;
- Southern Connecticut Bancorp and Liberty must receive all required regulatory approvals, authorizations and consents, any waiting periods required by law must have passed, and none of the regulatory approvals may include any condition or requirement that would materially and adversely affect the combined enterprise of Southern Connecticut Bancorp and Liberty or otherwise materially impair the value of Southern Connecticut Bancorp to Liberty;
- the representations and warranties of each of Southern Connecticut Bancorp and Liberty in the merger agreement must be true and correct in all material respects, subject to exceptions that would not have a material adverse effect;
- Southern Connecticut Bancorp and Liberty must each have performed in all material respects all obligations required to be performed by it;
-

Southern Connecticut Bancorp and Liberty must obtain all material permits, authorizations, consents, waivers, clearances or approvals for the consummation of the merger and the related transactions;

- no event or development must have occurred with respect to Southern Connecticut Bancorp that has had, or would reasonably be expected to have, a material adverse effect on Southern Connecticut Bancorp or The Bank of Southern Connecticut; and
- any order or supervisory action by any bank regulator, the Securities and Exchange Commission or the NYSE MKT received by Southern Connecticut Bancorp or The Bank of Southern Connecticut must not be applicable to Liberty.

Limitations on Considering Other Acquisition Proposals (page 44)

The merger agreement restricts Southern Connecticut Bancorp's ability to solicit or otherwise facilitate any inquiries or the making of any proposal or engage in negotiations with a third party regarding a merger or similar transaction, a sale or transfer of 25% or more of its assets or the acquisition of 25% or more of its outstanding stock. However, if Southern Connecticut Bancorp receives a bona fide unsolicited written proposal relating to any of the above from a third party that, in the good faith determination of the Southern Connecticut Bancorp board of directors, after consultation with its financial advisor, is at least as likely to be consummated as the merger and would, if consummated, result in a transaction that is more favorable to Southern Connecticut Bancorp shareholders from a financial point of view than the merger, and if the Southern Connecticut Bancorp board of directors determines in good faith, after consultation with outside counsel, that it is required to take such action to comply with its fiduciary duties to its shareholders under applicable law, Southern Connecticut Bancorp may furnish nonpublic information to that third party, subject to conditions specified in the merger agreement, engage in negotiations or discussions regarding an acquisition proposal with that third party, or recommend such proposal to Southern Connecticut Bancorp shareholders. If the Southern Connecticut Bancorp board of directors determines in good faith, after consultation with counsel and its financial advisor, that it desires to accept such superior proposal, it must provide Liberty with notice of such determination and provide Liberty an opportunity to increase the merger consideration to an amount at least equal to that of the superior proposal. If Liberty does so, Southern Connecticut Bancorp may not enter into an agreement with such third party or recommend acceptance of such proposal to Southern Connecticut Bancorp shareholders.

Termination of the Merger Agreement (page 41)

Southern Connecticut Bancorp and Liberty may mutually agree to terminate the merger agreement before the merger has been completed, and either company may terminate the merger agreement if:

- the other party materially breaches any of its representations, warranties, covenants or agreements contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach;
- if the merger has not occurred on or before August 30, 2013, provided that such date shall be automatically extended to September 30, 2013 if required regulatory approvals have not been received by June 28, 2013 and both parties are acting in good faith to obtain such approvals, unless the failure of the merger to occur on or before such date was due to the terminating party's breach of any obligations under the merger agreement;
 - the shareholders of Southern Connecticut Bancorp do not approve the merger agreement;
 - any required regulatory approval for consummation of the merger is not obtained;
 - a court or other governmental authority permanently enjoins or prohibits the merger; or

·if the conditions precedent to the obligations of such party to consummate the merger cannot be satisfied or fulfilled by August 30, 2013 or September 30, 2013 as provided above (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement).

Liberty may terminate the merger agreement if the Southern Connecticut Bancorp board of directors:

- fails to make its recommendation to the Southern Connecticut Bancorp shareholders to vote in favor of the merger agreement or has withdrawn, modified or changed such recommendation;
- fails to call, give notice of, convene and hold the Southern Connecticut Bancorp special meeting; or
- recommends that Southern Connecticut Bancorp shareholders tender their shares in a tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock or otherwise fails to recommend that Southern Connecticut Bancorp shareholders reject such tender or exchange offer.

Southern Connecticut Bancorp has the right to terminate the merger agreement if it decides to enter into a definitive agreement to effect a superior proposal after Liberty does not make an offer to Southern Connecticut Bancorp that the Southern Connecticut Bancorp board of directors determines is at least as favorable as the superior proposal. Southern Connecticut Bancorp may also terminate the merger agreement if the conditions precedent to its obligations to consummate the merger cannot be satisfied or fulfilled by June 28, 2013, provided that if required regulatory approvals have not been received and both parties are acting in good faith to obtain such approvals, such date shall automatically be extended to September 30, 2013 (provided that Southern Connecticut Bancorp is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement).

Termination Fee (page 42)

Under the terms of the merger agreement, Southern Connecticut Bancorp must pay Liberty a termination fee of \$450,000 if:

(a) The merger agreement is terminated:

- By Liberty as a result of the Southern Connecticut Bancorp board of directors' (i) failure at any time prior to the special meeting to recommend approval of the merger agreement, (ii) withdrawal of such recommendation, (iii) changing of such recommendation in a manner adverse to Liberty or (iv) failure to call or hold the special meeting;
- By Liberty as a result of the commencement of a tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock and the recommendation of the Southern Connecticut Bancorp board of directors that Southern Connecticut Bancorp shareholders tender their shares in such tender or exchange offer or the Southern Connecticut Bancorp board of directors otherwise fails to recommend within ten business days that Southern Connecticut Bancorp shareholders reject such tender or exchange offer; or
- By Southern Connecticut Bancorp at any time prior to the special meeting in connection with Southern Connecticut Bancorp entering into an acquisition agreement with respect to a superior proposal, but only if, after five business days after Liberty's receipt of written notice from Southern Connecticut Bancorp advising Liberty that it is prepared to enter an agreement with respect to the superior proposal, Liberty does not make an offer to Southern Connecticut Bancorp that the Southern Connecticut Bancorp board determines is at least as favorable as the superior proposal.

(b) The merger agreement is terminated for any of the following reasons and an acquisition proposal is publicly announced or otherwise communicated to Southern Connecticut Bancorp prior to the termination of the merger agreement in the case of the first two reasons below and prior to the taking of the vote of shareholders of Southern Connecticut Bancorp at the special meeting in the case of the third reason below:

- By Liberty as a result of the breach by Southern Connecticut Bancorp of any of its representations or warranties contained in the merger agreement (provided that Liberty is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach;
- By Liberty as a result of the failure by Southern Connecticut Bancorp to perform or comply with any of its covenants or agreements contained in the merger agreement (provided that Liberty is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the failure cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach; or
- By Liberty or Southern Connecticut Bancorp because the Southern Connecticut Bancorp shareholders have voted at the special meeting and the required approval of the merger agreement, the merger and the transactions contemplated by the merger agreement has not been obtained.

An “acquisition proposal” means any proposal or offer with respect to (i) any merger, consolidation, business combination or similar transaction, (ii) any sale lease or other disposition of 25% or more of its consolidated assets, (iii) any tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock or (iv) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

Under the circumstances set forth in clause (a) above, Southern Connecticut Bancorp shall pay Liberty a termination fee of \$450,000 within three business days of the termination of the merger agreement. Under the circumstances set forth in clause (b) above, Southern Connecticut Bancorp shall pay Liberty a termination fee of \$225,000 within three business days of the termination of the merger agreement and, if within one year of such termination, Southern Connecticut Bancorp enters into an agreement with respect to, or consummates, an acquisition transaction, Southern Connecticut Bancorp shall pay Liberty a termination fee of an additional \$225,000 within three business days of the date of execution or consummation of the acquisition agreement. An “acquisition transaction” means any (i) merger, consolidation, business combination or similar transaction, (ii) any sale, lease or other disposition of 25% or more of its consolidated assets or (iii) any tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock.

In addition, in the event of a termination by Liberty or Southern Connecticut Bancorp if the other party has:

- breached any of its representations or warranties contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach; or
- failed to perform or comply with any of its covenants or agreements contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the failure cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach,

as a result of the willful conduct or gross negligence of the breaching party, the breaching party shall pay to the other party up to \$350,000 of documented reasonable out-of-pocket costs and expenses incurred in connection with entering the merger agreement and the carrying out of the acts contemplated by the merger agreement.

Effective Time of the Merger (page 38)

We expect that the merger will be completed as soon as practicable following the approval of the merger agreement by the shareholders of Southern Connecticut Bancorp at the Southern Connecticut Bancorp special meeting, if all other conditions have been satisfied or waived. The parties cannot be certain whether or when any of the conditions to the merger will be satisfied or waived where permissible. We expect that the merger will close during the second calendar quarter of 2013 or as soon thereafter as practicable.

Required Regulatory Approvals (page 51)

To complete the merger, Southern Connecticut Bancorp and Liberty need the prior approval of the State of Connecticut Department of Banking and the Federal Deposit Insurance Corporation. Southern Connecticut Bancorp and Liberty have filed all necessary applications and notices with the applicable regulatory authorities. Southern Connecticut Bancorp and Liberty cannot predict, however, whether or when the required regulatory approvals will be obtained or whether any such approvals will impose any burdensome condition upon Liberty.

Material Federal Income Tax Consequences (page 52)

Shareholders of Southern Connecticut Bancorp will recognize either a gain or a loss upon the receipt of the merger consideration.

Number of Holders of Common Stock and Number of Shares Outstanding

As of April 12 , 2013, the record date for the special meeting, there were approximately 100 shareholders of record of Southern Connecticut Bancorp common stock who held an aggregate of 2,810,273 shares of Southern Connecticut Bancorp common stock.

Copies of the governing corporate instruments of Southern Connecticut Bancorp are available, without charge, by following the instructions listed under the section in this document titled “Where You Can Find More Information” on page 57 .

Stock Prices and Dividends

Southern Connecticut Bancorp common stock is traded on the NYSE MKT under the symbol “SSE.” The following table lists the high and low prices per share for Southern Connecticut Bancorp common stock for each of the periods indicated. Southern Connecticut Bancorp does not pay a cash dividend on its common stock.

Quarter Ended	High	Low
June 30, 2013 (through April 5 , 2013)	\$ 3.75	\$ 3.69
March 31, 2013	\$ 3.75	\$ 1.89
December 31, 2012	\$ 2.32	\$ 1.00
September 30, 2012	\$ 1.54	\$ 0.92
June 30, 2012	\$ 1.86	\$ 1.19
March 31, 2012	\$ 2.29	\$ 1.48
December 31, 2011	\$ 2.54	\$ 1.51
September 30, 2011	\$ 3.25	\$ 1.65
June 30, 2011	\$ 4.53	\$ 3.10
March 31, 2011	\$ 4.74	\$ 4.15

The high and low prices per share of Southern Connecticut Bancorp common stock on January 16, 2013, the last trading day before the public announcement of the merger agreement, were \$2.48 and \$2.42 and on April 5 , 2013, the last full trading day for which prices were available prior to the printing of this proxy statement, were \$ 3.75 and \$ 3.75 .

Southern Connecticut Bancorp is prohibited by the merger agreement from declaring any dividends on Southern Connecticut Bancorp common stock until the merger is completed.

RISK FACTORS RELATING TO THE MERGER

In addition to the other information included in this proxy statement and incorporated by reference in this document, you should consider carefully the risk factors described below in deciding how to vote. You should keep these risk factors in mind when you read forward-looking statements in this document and in the documents incorporated by reference in this proxy statement. Please refer to the section in this document titled “Special Note Regarding Forward-Looking Statements” on page 16.

If the merger is not completed, The Bank of Southern Connecticut will continue to be subject to a Consent Order with the FDIC and the State of Connecticut Department of Banking and enhanced capital ratios.

The Bank of Southern Connecticut is a party to a Consent Order with the FDIC and the State of Connecticut Department of Banking pursuant to which The Bank of Southern Connecticut agreed to take certain measures relating to the conduct of its business and to maintain enhanced capital requirements, as more fully described under “The Companies – Southern Connecticut Bancorp” beginning on page 17. If the merger is not completed, these factors may limit the conduct of The Bank of Southern Connecticut’s business and may result in a reduction of profits of The Bank of Southern Connecticut. Among the actions that Southern Connecticut Bancorp may be required to take to comply with the Consent Order and the enhanced capital requirements include obtaining additional capital, but there can be no assurance that it will be successful in doing so or if the additional capital is obtained, that it would be on terms favorable to Southern Connecticut Bancorp and not detrimental to the interests of Southern Connecticut Bancorp shareholders.

The need for regulatory approvals may delay the date of completion of the merger or may diminish the benefits of the merger.

Liberty is required to obtain the approvals of several bank regulatory agencies prior to completing the merger. Satisfying any requirements of these regulatory agencies may delay the date of completion of the merger. In addition, it is possible that, among other things, restrictions on the combined operations of the two companies, including divestitures, may be sought by governmental agencies as a condition to obtaining the required regulatory approvals. This may diminish the benefits of the merger to Liberty. Liberty has the right to terminate the merger agreement if a governmental agency, as part of its authorization or approval, imposes any condition or requirement, excluding standard conditions that are normally imposed by the regulatory authorities in bank merger transactions, that would, in the good faith reasonable judgment of the Board of Trustees of Liberty, materially and adversely affect the business, operations, financial condition, property or assets of the combined enterprise of Southern Connecticut Bancorp, The Bank of Southern Connecticut and Liberty or otherwise materially impair the value of Southern Connecticut Bancorp or The Bank of Southern Connecticut to Liberty.

The merger may distract management from their other responsibilities.

The merger could cause the management of Southern Connecticut Bancorp to focus its time and energies on matters relating to the merger that otherwise would be directed to the business and operations of Southern Connecticut Bancorp. Any such distraction on the part of Southern Connecticut Bancorp’s management, if significant, could affect its ability to service existing business and develop new business and adversely affect the business and earnings of Southern Connecticut Bancorp if the merger is not consummated.

If the merger is not completed, Southern Connecticut Bancorp will have incurred substantial expenses without its shareholders realizing the expected benefits.

Southern Connecticut Bancorp has incurred substantial expenses in connection with the transactions described in this proxy statement. If the merger is not completed, Southern Connecticut Bancorp expects to incur approximately \$75,000 in merger-related expenses, exclusive of any termination fee or costs and expenses paid to Liberty. These expenses would not likely have a material adverse impact on the financial condition of Southern Connecticut Bancorp. There can be no assurance that the merger will be completed.

The termination fee and the restrictions on solicitation contained in the merger agreement may discourage other companies from trying to acquire Southern Connecticut Bancorp.

Until the completion of the merger, Southern Connecticut Bancorp is prohibited from soliciting, initiating, encouraging, or with some exceptions, considering any inquiries or proposals that may lead to a proposal or offer for a merger or other business combination transaction with any entity other than Liberty. In addition, Southern Connecticut Bancorp has agreed to pay a termination fee of up to \$450,000 and to reimburse up to \$350,000 of Liberty's out-of-pocket expenses in specified circumstances. See "The Merger Agreement – Termination Fee" beginning on page 42. These provisions could discourage other companies from trying to acquire Southern Connecticut Bancorp even though those other companies might be willing to offer greater value to Southern Connecticut Bancorp shareholders than Liberty has offered in the merger. The payment of the termination fee also could have a material adverse effect on Southern Connecticut Bancorp's financial condition.

Certain of Southern Connecticut Bancorp's executive officers and directors have interests that are different from, or in addition to, interests of Southern Connecticut Bancorp shareholders generally.

You should be aware that the directors and executive officers of Southern Connecticut Bancorp have interests in the merger that are different from, or in addition to, the interests of Southern Connecticut Bancorp shareholders generally. These include: change in control payments that certain executive officers may receive under existing employment agreements; provisions in the merger agreement relating to indemnification of directors and officers and insurance for directors and officers of Southern Connecticut Bancorp for events occurring before the merger; and the establishment of an advisory board of directors comprised of Southern Connecticut Bancorp board members. For a more detailed discussion of these interests, see "Interests of Southern Connecticut Bancorp Directors and Executive Officers in the Merger" beginning on page 36.

The fairness opinion obtained by Southern Connecticut Bancorp from its financial advisor will not reflect changes in circumstances subsequent to the date of the fairness opinion.

Sterne Agee, Southern Connecticut Bancorp's financial advisor in connection with the merger, has delivered to the Southern Connecticut Bancorp board of directors its opinion dated as of January 16, 2013. The opinion of Sterne Agee stated that as of such date, and based upon and subject to the factors and assumptions set forth therein, the merger consideration to be paid to the holders of the outstanding shares of Southern Connecticut Bancorp common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The opinion does not reflect changes that may occur or may have occurred after the date of the opinion, including changes to the operations and prospects of Southern Connecticut Bancorp, changes in general market and economic conditions or regulatory or other factors. Any such changes, or changes in other factors on which the opinion is based, may materially alter or affect the relative value of Southern Connecticut Bancorp.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement contains statements that may be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You can identify these statements by forward-looking words such as “may,” “could,” “should,” “would,” “intend,” “will,” “expect,” “anticipate,” “believe,” “estimate,” “continue” or similar words. Southern Connecticut Bancorp and Liberty intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and are including this statement for purposes of complying with these safe harbor provisions. You should read statements that contain these words carefully because they discuss the relevant company’s future expectations, contain projections of the relevant company’s future results of operations or financial condition, or state other “forward-looking” information.

There may be events in the future that Southern Connecticut Bancorp is not able to predict accurately or control and that may cause actual results to differ materially from the expectations described in these forward-looking statements. Investors are cautioned that all forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in this proxy statement, including the documents incorporated by reference in this proxy statement. These differences may be the result of various factors, including those factors described in the “Risk Factors Relating to the Merger” beginning on page 14 and other risk factors identified from time to time in Southern Connecticut Bancorp’s periodic filings with the Securities and Exchange Commission (the “SEC”).

The factors referred to above include many, but not all, of the factors that could impact Southern Connecticut Bancorp’s ability to achieve the results described in any forward-looking statements. You should not place undue reliance on forward-looking statements, which speak only as of the date of this proxy statement or the date of any document incorporated by reference in this proxy statement. You should be aware that the occurrence of the events described above and elsewhere in this proxy statement, including the documents incorporated by reference, could harm Southern Connecticut Bancorp’s business, prospects, operating results or financial condition. Southern Connecticut Bancorp undertakes no obligation to update any forward-looking statements as a result of future events or developments.

THE COMPANIES

Liberty Bank

Liberty Bank was chartered in 1825 as a Connecticut mutual savings bank. The principal business of Liberty is to provide financial services to individuals, businesses, not-for-profit organizations and government entities through its commercial and consumer lending divisions, corporate services, retail banking and investment management services. Banking activities are conducted primarily within central and eastern Connecticut. Liberty operates through a network of 44 branches throughout central, eastern and shoreline Connecticut.

At December 31, 2012, Liberty had capital in excess of \$500 million, total assets of approximately \$3.5 billion, loans of approximately \$2.4 billion, deposits of approximately \$2.9 billion, more than 200,000 Connecticut customers and a Community Reinvestment Act rating of "Outstanding."

Liberty's certificate of incorporation is attached to this proxy statement as Annex C.

Liberty's principal executive offices are located at 315 Main Street, Middletown, Connecticut 06457, and its telephone number is (860) 344-7200.

Southern Connecticut Bancorp

Southern Connecticut Bancorp is a bank holding company headquartered in New Haven, Connecticut that was incorporated on November 8, 2000. Southern Connecticut Bancorp's strategic objective is to serve as a bank holding company for a community-based commercial bank serving primarily New Haven County (the "Greater New Haven Market"). Southern Connecticut Bancorp owns 100% of the capital stock of The Bank of Southern Connecticut, a Connecticut-chartered bank with its headquarters in New Haven, Connecticut, and 100% of the capital stock of SCB Capital, Inc., an inactive corporation. Southern Connecticut Bancorp and its subsidiaries focus on meeting the financial service needs of consumers and small to medium-sized businesses, professionals and professional corporations, and their owners and employees in the Greater New Haven Market.

The Bank of Southern Connecticut operates branches at four locations, including downtown New Haven, the Amity/Westville section of New Haven, Branford and North Haven. The Bank of Southern Connecticut's branches have a consistent, attractive appearance. Each location has an open lobby, comfortable waiting area, offices for the branch manager and a loan officer, and a conference room. The design of the branches complements the business development strategy of The Bank of Southern Connecticut, affording an appropriate space to deliver personalized banking services in professional, confidential surroundings.

The Bank of Southern Connecticut focuses on serving the banking needs of small to medium-sized businesses, professionals and professional corporations, and their owners and employees in the Greater New Haven Market. The Bank of Southern Connecticut's target commercial customer has between \$1.0 and \$30.0 million in revenues, 15 to 150 employees, and borrowing needs of up to \$3.0 million. The primary focus on this commercial market enables The Bank of Southern Connecticut to move deftly in responding to the needs of its clients. The Bank of Southern Connecticut has been successful in winning business by offering a combination of competitive pricing for its services, quick decision making processes and a high level of personalized, "high touch" customer service.

On July 3, 2012, Southern Connecticut Bancorp's bank subsidiary, The Bank of Southern Connecticut, entered into a Consent Order with the Federal Deposit Insurance Corporation ("FDIC") and the State of Connecticut Department of Banking ("Connecticut Department of Banking").

By entering the Consent Order, The Bank of Southern Connecticut agreed to take certain measures in a number of areas, including, without limitation, the following: (i) having and retaining qualified management and reviewing and revising its assessment of senior management; (ii) notifying the FDIC and Connecticut Department of Banking of resignations or terminations of any members of its Board of Directors or senior executive officers; (iii) having its Board of Directors maintain its participation in the affairs of the Bank, including monthly meetings to review certain specified activities; (iv) maintaining minimum specified capital levels and developing and submitting a capital plan in the event any of its capital ratios fall below such minimum specified capital levels; (v) formulating and submitting a profit and budget plan consisting of goals and strategies consistent with sound banking practices and implementing such plan; (vi) formulating and submitting a plan to reduce classified assets and implementing such plan; (vii) reviewing and improving the loan and credit risk management policies and procedures; (viii) developing and implementing action plans addressing all other recommendations identified within its most recent Report of Examination; (ix) complying with the Interagency Policy Statement on Internal Audit Function and its Outsourcing; and (x) not accepting, renewing or rolling over any brokered deposits unless The Bank of Southern Connecticut is in compliance with regulations governing the solicitation and acceptance of brokered deposits. The Consent Order also provides that The Bank of Southern Connecticut will obtain prior regulatory approval before the payment of any dividends. The Bank of Southern Connecticut has already adopted and implemented many of the actions prescribed in the Consent Order.

The Consent Order requires The Bank of Southern Connecticut to maintain a minimum Tier 1 leverage ratio of at least 8.0%, a Tier 1 risk-based capital ratio of at least 9% and a total risk-based capital ratio of at least 10%. At December 31, 2012, The Bank of Southern Connecticut's capital ratios exceeded such minimums set forth in the Consent Order. In September 2012, The Bank of Southern Connecticut also submitted a revised capital plan outlining its strategy for increasing its capital amounts and ratios to the FDIC and the Connecticut Department of Banking for their approval. The capital plan included a profit and budget plan and a plan to reduce classified assets. In October 2012, The Bank of Southern Connecticut received regulatory approval for its revised capital plan. If the merger with Liberty does not take place, Southern Connecticut Bancorp and The Bank of Southern Connecticut will seek to implement the plan to increase capital as soon as practicable. Further regulatory action is possible if The Bank of Southern Connecticut does not continue to maintain the minimum capital ratios set forth in the Consent Order.

The Bank of Southern Connecticut has an Oversight Committee that is responsible for supervising the implementation of the Consent Order. The Oversight Committee meets monthly and is currently composed of Southern Connecticut Bancorp's Chairman of the Board, two additional directors, the Chief Executive Officer, the President and Senior Loan Officer and the Chief Financial Officer.

The Consent Order was the result of ongoing discussions between The Bank of Southern Connecticut and its regulatory agencies based on a regulatory examination conducted in early 2012. The Consent Order will remain in effect until it is modified or terminated by the FDIC and the Connecticut Department of Banking. The Bank of Southern Connecticut's customer deposits remain fully insured to the highest limit set by the FDIC.

At December 31, 2012, Southern Connecticut Bancorp had total consolidated assets of approximately \$ 121.5 million, gross loans receivable of approximately \$ 105.5 million, deposits of approximately \$ 108.3 million and shareholders' equity of approximately \$ 11.5 million.

Southern Connecticut Bancorp's principal executive offices are located at 215 Church Street, New Haven, Connecticut 06510, and its telephone number is (203) 782-1100.

You can find additional information about Southern Connecticut Bancorp. in Southern Connecticut Bancorp's filings with the SEC referenced in the section in this proxy statement titled "Where You Can Find More Information" on page 57 .

THE SPECIAL MEETING OF SOUTHERN CONNECTICUT BANCORP SHAREHOLDERS

Date, Time and Place of the Special Meeting

The special meeting of shareholders of Southern Connecticut Bancorp will be held at The Quinnipiack Club, 221 Church Street, New Haven, Connecticut, on Wednesday, May 15, 2013 at 10:00 A.M., Eastern Time.

Purpose of the Special Meeting

At the special meeting, Southern Connecticut Bancorp's shareholders as of the record date will be asked to:

1. Consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of January 16, 2013, by and among Liberty Bank and Southern Connecticut Bancorp and The Bank of Southern Connecticut. A copy of the Agreement and Plan of Merger is included as Annex A;
2. Consider and vote upon a proposal to approve, by non-binding advisory vote, certain compensation arrangements for Southern Connecticut Bancorp's named executive officers in connection with the merger;
3. Consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Agreement and Plan of Merger; and
4. Transact such other business as may be properly presented at the special meeting and any adjournments or postponements of the special meeting.

Recommendation of the Southern Connecticut Bancorp Board of Directors

THE SOUTHERN CONNECTICUT BANCORP, INC. BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT YOU VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT, "FOR" APPROVAL OF THE NON-BINDING PROPOSAL REGARDING CERTAIN MERGER-RELATED EXECUTIVE COMPENSATION ARRANGEMENTS AND "FOR" THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY.

Record Date; Outstanding Shares; Shares Entitled to Vote

Only holders of record of Southern Connecticut Bancorp common stock at the close of business on the record date of April 12, 2013, are entitled to notice of and to vote at the Southern Connecticut Bancorp special meeting. As of the record date, there were 2,810,273 shares of Southern Connecticut Bancorp common stock outstanding, held of record by approximately 100 shareholders. A list of Southern Connecticut Bancorp shareholders as of the record date will be available for review by any Southern Connecticut Bancorp shareholder or the shareholder's agent or attorney at Southern Connecticut Bancorp's principal office during regular business hours beginning two business days after notice of the special meeting is given and continuing through the special meeting. The list will also be available for inspection at the special meeting at any time during the special meeting.

Each holder of Southern Connecticut Bancorp common stock is entitled to one vote for each share of Southern Connecticut Bancorp common stock owned as of the record date.

Quorum; Vote Required

A quorum of Southern Connecticut Bancorp shareholders is necessary to hold a valid meeting. If the holders of at least a majority of the total number of the outstanding shares of Southern Connecticut Bancorp common stock entitled to vote are represented in person or by proxy at the special meeting, a quorum will exist. Southern Connecticut Bancorp will include proxies marked as abstentions and broker non-votes in determining the number of shares present at the special meeting.

Approval of the merger agreement requires the affirmative vote of at least a majority of the outstanding shares of Southern Connecticut Bancorp common stock. Because approval is based on the affirmative vote of at least a majority of the outstanding shares, a failure to vote or an abstention or broker non-vote will have the same effect as a vote against approval of the merger agreement.

Approval of the non-binding proposal regarding certain merger-related executive compensation arrangements requires that the votes cast in person or by proxy at the special meeting in favor of the proposal exceed the votes cast against the proposal. A failure to vote or an abstention or broker non-vote will have no effect on the outcome of this proposal.

Approval of the proposal to adjourn the special meeting, if necessary, requires that the votes cast in person or by proxy at the special meeting in favor of the proposal exceed the votes cast against the proposal. A failure to vote or an abstention or broker non-vote will have no effect on the outcome of this proposal.

Southern Connecticut Bancorp expects to seek adjournment of the special meeting if a quorum is not present or, if a quorum is present, the affirmative vote of the holders of at least a majority of the outstanding shares of Southern Connecticut Bancorp common stock has not been obtained on the proposal to approve the merger agreement.

Share Ownership of Management

As of the record date, the directors and executive officers of Southern Connecticut Bancorp and their affiliates collectively owned 198,525 shares of Southern Connecticut Bancorp common stock, or approximately 7.06% of Southern Connecticut Bancorp's outstanding shares. The directors and executive officers of Southern Connecticut Bancorp, as a group, have agreed to vote their shares in favor of approval of the merger agreement at the special meeting.

Voting of Proxies

If you are a Southern Connecticut Bancorp shareholder, the Southern Connecticut Bancorp board of directors requests that you promptly return the proxy card accompanying this proxy statement or that you vote by telephone or on the Internet by following the instructions on the proxy card. Please complete, date and sign the proxy card and return it in the enclosed pre-paid envelope or vote by telephone or on the Internet. All properly signed proxies received prior to the special meeting and not revoked before the vote at the special meeting will be voted at the special meeting according to the instructions indicated on the proxies or, if no instructions are given, the shares will be voted "FOR" approval of the merger agreement, "FOR" approval of the non-binding proposal regarding certain merger-related executive compensation arrangements and "FOR" an adjournment of the special meeting to solicit additional proxies, if necessary, and in the proxies' discretion with respect to such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

We do not expect that any matters other than those set forth in the notice for the special meeting will be brought before the special meeting. If other matters are properly presented and are within the purpose of the special meeting, however, the persons named as proxies will vote on such matters in such manner as shall be determined by a majority of the Southern Connecticut Bancorp board of directors.

If you need assistance in completing or submitting your proxy card or voting by telephone or on the Internet, please contact Rosemarie Romano, Secretary, at the following address and telephone number:

Southern Connecticut Bancorp, Inc.
215 Church Street
New Haven, Connecticut 06510

(203) 782-1100

How to Revoke Your Proxy

If you are a Southern Connecticut Bancorp shareholder, you may revoke your proxy at any time by taking any of the following actions before your proxy is voted at the special meeting:

- delivering a written notice bearing a date later than the date of your proxy card or vote by telephone or on the Internet to the secretary of Southern Connecticut Bancorp, stating that you revoke your proxy;
- signing and delivering to the Secretary of Southern Connecticut Bancorp a new proxy card relating to the same shares and bearing a later date; or
- attending the special meeting and voting in person, although attendance at the special meeting will not, by itself, revoke a proxy.

You should send any notice of revocation or your completed new proxy card, as the case may be, to Rosemarie Romano, Secretary, at the following address:

Southern Connecticut Bancorp, Inc.
215 Church Street
New Haven, Connecticut 06510

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

Voting in Person

If you are a Southern Connecticut Bancorp shareholder and plan to attend the Southern Connecticut Bancorp special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting in person, you must bring additional documentation from the broker, bank or other nominee in order to vote your shares.

Abstentions and Broker Non-Votes

Only shares affirmatively voted for approval of the merger agreement, including shares represented by properly executed proxies that do not contain voting instructions, will be counted as votes “FOR” approval of the merger agreement.

Brokers who hold shares of Southern Connecticut Bancorp common stock in street name for a customer who is the beneficial owner of those shares may not exercise voting authority on the customer’s shares with respect to the actions proposed in this proxy statement without specific instructions from the customer. Proxies submitted by a broker that do not exercise this voting authority are referred to as broker non-votes. If your broker holds your Southern Connecticut Bancorp stock in street name, your broker will vote your shares only if you provide instructions on how to vote by filling out the voter instruction form sent to you by your broker with this document.

Accordingly, you are urged to mark and return the enclosed proxy card or vote by telephone or on the Internet to indicate your vote, or fill out the voter instruction form, if applicable.

Abstentions and broker non-votes will be included in determining the presence of a quorum at the special meeting, but will have the same effect as a vote against approval of the merger agreement. Abstention and broker non-votes will

have no effect on the outcome of the vote on the proposal regarding certain merger-related executive compensation arrangements and the proposal regarding adjournment of the special meeting.

Proxy Solicitation

The enclosed proxy is solicited by and on behalf of the Southern Connecticut Bancorp board of directors. Southern Connecticut Bancorp will pay the expenses of soliciting proxies to be voted at the special meeting. Following the original mailing of the proxies and other soliciting materials, Southern Connecticut Bancorp and its agents also may solicit proxies by mail, telephone, facsimile or in person. No additional compensation will be paid to directors, officers or other employees of Southern Connecticut Bancorp for making these solicitations. Southern Connecticut Bancorp intends to reimburse persons who hold Southern Connecticut Bancorp common stock of record but not beneficially, such as brokers, custodians, nominees and fiduciaries, for their reasonable expenses in forwarding copies of proxies and other soliciting materials to, and requesting authority for the exercise of proxies from, the persons for whom they hold the shares.

No Appraisal Rights

Southern Connecticut Bancorp is incorporated as a Connecticut corporation. Pursuant to the provisions of Section 33-856 of the Connecticut General Statutes, Southern Connecticut Bancorp shareholders are not entitled to assert appraisal rights because the common stock of Southern Connecticut Bancorp is traded on the NYSE MKT.

Stock Certificates

If you are a Southern Connecticut Bancorp shareholder, you should not send in any certificates representing Southern Connecticut Bancorp common stock at this time. Shortly after the closing of the merger, you will receive instructions for the exchange of certificates representing Southern Connecticut Bancorp common stock.

DESCRIPTION OF THE MERGER (PROPOSAL 1)

General

Under the terms and conditions set forth in the merger agreement, in a series of transactions, Southern Connecticut Bancorp and The Bank of Southern Connecticut will merge with and into Liberty, resulting in Liberty being the sole surviving entity. At the effective time of the merger, shares of common stock of Southern Connecticut Bancorp, par value \$.01 per share, outstanding immediately prior to the effective time of the merger will, by virtue of the merger and without any action on the part of a Southern Connecticut Bancorp shareholder, be converted into the right to receive \$3.76 in cash for each share of Southern Connecticut Bancorp common stock held by the Southern Connecticut Bancorp shareholder.

Shares of Southern Connecticut Bancorp common stock held by Liberty or Southern Connecticut Bancorp, other than in a fiduciary capacity or in satisfaction of a debt previously contracted, will not be converted into the right to receive the merger consideration upon consummation of the merger.

Background of the Merger

As part of its ongoing oversight of Southern Connecticut Bancorp, management and the board of directors of Southern Connecticut Bancorp regularly review Southern Connecticut Bancorp's strategic and financial prospects including its prospects as an independent entity, its prospects for raising capital and the alternative of merging with another institution. In June of 2012, management and the board of directors of Southern Connecticut Bancorp met with representatives from Sterne Agee to evaluate the strategic alternatives of Southern Connecticut Bancorp including a potential capital raise and merger with another institution. On June 4, 2012, Southern Connecticut Bancorp engaged Sterne Agee to assist Southern Connecticut Bancorp in exploring the possibility of raising additional capital. The decision to retain Sterne Agee was made by the board of directors after reviewing the qualifications of Sterne Agee and other potential advisors, Sterne Agee's prior experience with Southern Connecticut Bancorp, its expertise and reputation in similar recent transactions, and the fee arrangements negotiated with Sterne Agee.

From June to September of 2012, Southern Connecticut Bancorp and Sterne Agee had conversations with several potential investors regarding the possibility of investing in Southern Connecticut Bancorp. During this period, management and the board of directors considered a variety of factors including, but not limited to, the amount and expected price of a capital raise, the amount of dilution to existing shareholders and the ability of investors to obtain the necessary regulatory approvals.

On September 11, 2012, Sterne Agee met with the board of directors of Southern Connecticut Bancorp to discuss the risks and benefits of raising additional capital as well as possible merger partners and potential prices that might be achieved in a sale of control to another financial institution. After a thorough discussion of the merits and risk of each approach, the board of directors decided to work together with Sterne Agee in forming a list of potential investors as well as potential institutions to approach about a business combination with Southern Connecticut Bancorp. These institutions were selected based on their size and geographic location, likelihood of possible interest in a combination with Southern Connecticut Bancorp, and ability to effectuate an investment into or combination with Southern Connecticut Bancorp. Sterne Agee, together with the management and board of directors of Southern Connecticut Bancorp, developed a list of twelve institutions to contact, including two institutions that had previously expressed an interest in investing capital into Southern Connecticut Bancorp. On September 27, 2012, Southern Connecticut Bancorp entered into a written engagement letter with Sterne Agee to act as its financial adviser for a potential sale or recapitalization of the company.

Over the next month, Sterne Agee together with management prepared a confidential information memorandum about Southern Connecticut Bancorp to provide to interested parties. In early October, Sterne Agee contacted each of the twelve parties to assess their interest in a transaction with Southern Connecticut Bancorp. Of these twelve parties, eleven executed confidentiality agreements and were provided with a copy of the confidential information memorandum and access to a virtual data room containing information on Southern Connecticut Bancorp. Four parties, including Liberty, subsequently submitted initial indications of interest with respect to engaging in a merger transaction with Southern Connecticut Bancorp. One party submitted an initial indication of interest with respect to investing capital into Southern Connecticut Bancorp.

On November 9, 2012, the board of directors of Southern Connecticut Bancorp met with Sterne Agee and its legal counsel, Day Pitney LLP (“Day Pitney”), to review the initial indications of interest received. Sterne Agee reviewed the financial and non-financial aspects of each bid, including historical financial information regarding each potential party and the pro forma financial analysis of the financial impact of a merger on each potential merger partner. Three of the four merger proposals specified a range of prices per share at which the bidding party would be interested in acquiring Southern Connecticut Bancorp. Because of the close nature of the three highest bids and the potential risk of one or more bidders dropping out of the process, the Southern Connecticut Bancorp board of directors determined to allow three parties, Liberty, Company B and Company C, to conduct further due diligence including an on-site review of Southern Connecticut Bancorp.

All three parties initiated and completed their due diligence review in November 2012.

On December 7, 2012, Company C communicated verbally to Sterne Agee that, based on its additional due diligence, it was no longer interested in a business combination with Southern Connecticut Bancorp.

On December 13, 2012, the board of directors of Southern Connecticut Bancorp met with Day Pitney and Sterne Agee to review the final indications of interest from Liberty and Company B. Liberty submitted an all cash offer, whereas Company B proposed a mixture of cash and stock consideration based on a fixed exchange ratio. The board of directors of Southern Connecticut Bancorp considered the fixed exchange pricing and the ability of Southern Connecticut Bancorp shareholders to participate in any upside appreciation in Company B’s stock prior to the closing of a transaction compared to the 100% cash proposal of Liberty. The board of directors also considered the risks and prospects of Southern Connecticut Bancorp remaining independent against the benefits of combining with a larger institution. Based on all of these considerations, the board of directors of Southern Connecticut Bancorp determined the bids were too close to choose which proposal was superior and instructed Sterne Agee to contact the bidders and request that each party consider submitting a revised proposal to be considered at a special board meeting to be held on December 18, 2012.

On December 18, 2012, the board of directors of Southern Connecticut Bancorp met with Day Pitney and Sterne Agee to discuss the final proposals of Liberty and Company B. Liberty's final proposal was for a price per share that was higher than Company B's final proposal. After careful consideration of such information and the ability of Liberty to consummate and integrate a merger transaction, the board of directors of Southern Connecticut Bancorp voted to select Liberty as the party with which Southern Connecticut Bancorp would negotiate going forward.

In December 2012 and January 2013, Southern Connecticut Bancorp, along with its advisors, received, reviewed and negotiated the terms of the merger agreement and related documents with Liberty and its advisors.

On January 16, 2013, the board of directors of Southern Connecticut Bancorp met with Day Pitney and Sterne Agee to review in detail the merger agreement. Legal counsel discussed the fiduciary obligations of the board of directors with respect to merger transactions. Also, at this meeting, representatives of Sterne Agee discussed with the board of directors a range of matters, including the matters set forth in “-Opinion of Southern Connecticut Bancorp’s Financial Advisor.” After this discussion, Sterne Agee provided the board of directors its oral opinion, which it subsequently confirmed in writing, that as of the date of the merger agreement and based upon and subject to the considerations described in its opinion, the proposed merger consideration was fair, from a financial point of view to holders of Southern Connecticut Bancorp common stock. Following the presentations, the board of directors engaged in discussions about the proposed transaction, the proposed merger agreement and other transaction documents and the effect of the transaction on the customers and employees of Southern Connecticut Bancorp. Members of the board of directors asked its advisors about the proposed transaction and their fiduciary duties to shareholders. After further reviewing the consideration per share offered by Liberty and after giving consideration to the other factors described under “Southern Connecticut Bancorp’s Reasons for the Merger,” the members of the board of directors of Southern

Connecticut Bancorp unanimously voted to approve the merger agreement.

The transaction was announced after the close of the stock markets on the afternoon of January 16, 2013.

Southern Connecticut Bancorp's Reasons for the Merger

In reaching its decision to approve the merger agreement and related transactions and recommend their approval to shareholders, the Southern Connecticut Bancorp board of directors consulted with senior management, its financial advisor, Sterne Agee, and its legal counsel, Day Pitney LLP, and considered a number of factors, including, among others, the following, which are not presented in order of priority:

- the business strategy and strategic plan of Southern Connecticut Bancorp, its prospects for the future, projected financial results, and expectations relating to the proposed merger, based on discussions with management of Southern Connecticut Bancorp;
- a review of the risks and prospects of Southern Connecticut Bancorp remaining independent, including the challenges to maintaining a small community bank subsidiary in the prevailing financial and regulatory climate versus aligning Southern Connecticut Bancorp with a well capitalized, well run larger organization;
- a review of the historical financial statements and condition of Southern Connecticut Bancorp and certain other internal information, primarily financial in nature, relating to the respective businesses, earnings and balance sheets of Southern Connecticut Bancorp;
- the current and prospective regulatory environment in which Southern Connecticut Bancorp operates, including pursuant to the consent order between The Bank of Southern Connecticut and the Federal Deposit Insurance Corporation and the Connecticut Department of Banking described under "The Companies – Southern Connecticut Bancorp" beginning on page 17;
- the potential advantages and disadvantages of cash consideration and the amount of the merger consideration, its premium to market and comparability with respect to other premiums;
- the merger consideration which could reasonably be expected from other potential acquirers with apparent ability to consummate the acquisition of Southern Connecticut Bancorp, including bank holding companies and depository institutions that had expressed an interest in acquiring a community bank holding company such as Southern Connecticut Bancorp;
- the relative financial strength of Liberty as a merger partner compared to other potential acquirers based on Liberty's historical revenues and revenue expectations over the near and long term;
 - the ability of Liberty to pay the merger consideration;
- the ability of Liberty to execute a merger transaction from a financial and regulatory perspective and its history of being able to successfully integrate merged institutions into its existing franchise;
 - the geographic fit and increased customer convenience of the branch networks of the combined entity;
- the anticipated effect of the acquisition on Southern Connecticut Bancorp's employees (including the fact that Liberty anticipates offering employment to substantially all of the employees of The Bank of Southern Connecticut following the consummation of the merger);
- the effect on The Bank of Southern Connecticut's customers and the communities served by The Bank of Southern Connecticut and Liberty's longstanding history of serving the customers and communities through its own efforts and through the contributions of its charitable foundation;

- the terms of the merger agreement, including the representations and warranties of the parties, the covenants, the consideration, the benefits to The Bank of Southern Connecticut's employees, the circumstances under which the Southern Connecticut Bancorp board of directors may consider a superior proposal, and the absence of burdensome contingencies in the merger agreement;
- the increased legal lending limit available to borrowers by reason of the merger;
- the likelihood of expeditiously obtaining the necessary regulatory approvals without unusual or burdensome conditions; and
- the long-term and short-term interests of Southern Connecticut Bancorp and its shareholders, the interests of the employees, customers, creditors and suppliers of Southern Connecticut Bancorp, and community and societal considerations including those of the communities in which Southern Connecticut Bancorp maintains offices.

Based on the factors described above, the Southern Connecticut Bancorp board of directors determined that the merger with Liberty would be advisable and in the best interests of Southern Connecticut Bancorp shareholders and other constituencies and unanimously approved the merger agreement and related transactions contemplated by those documents. In reaching its determination to approve and recommend the merger agreement and related transactions, the Southern Connecticut Bancorp board of directors did not assign any specific or relative weights to any of the factors listed above. The Southern Connecticut Bancorp board weighed these factors against the potential risks of the merger. These risks are discussed in the section of this document titled "Risk Factors Relating to the Merger" beginning on page 14.

Recommendation of the Southern Connecticut Bancorp Board of Directors

THE SOUTHERN CONNECTICUT BANCORP BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND RECOMMENDS THAT SOUTHERN CONNECTICUT BANCORP SHAREHOLDERS VOTE "FOR" APPROVAL OF THE MERGER AGREEMENT.

Fairness Opinion of Southern Connecticut Bancorp's Financial Advisor

Sterne Agee is acting as financial advisor to Southern Connecticut Bancorp in connection with the merger. Sterne Agee is a nationally recognized investment banking firm with substantial expertise in transactions similar to the merger. As part of its investment banking activities, Sterne Agee is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. Sterne Agee acted as financial advisor to Southern Connecticut Bancorp in connection with the proposed merger and participated in certain negotiations leading to the execution of the merger agreement. Sterne Agee had previously been engaged by and received compensation from Southern Connecticut Bancorp to provide financial advisory and capital raising services in June 2012.

On January 16, 2013, Sterne Agee rendered its oral opinion, which was subsequently confirmed in writing, to the Board of Directors of Southern Connecticut Bancorp that, as of such date, the per share consideration to be received by the holders of Southern Connecticut Bancorp common stock from Liberty in connection with the merger was fair to Southern Connecticut Bancorp shareholders as of that date, from a financial point of view.

The full text of Sterne Agee's written opinion dated January 16, 2013, which sets forth the assumptions made, procedures followed, matters considered and limitations of the review undertaken, is attached as Annex B to this proxy statement and is incorporated herein by reference. Holders of Southern Connecticut Bancorp common stock are urged to read this opinion carefully and in its entirety in connection with this proxy statement. The summary of the opinion of Sterne Agee set forth in this proxy statement is qualified in its entirety by reference to the full text of such opinion. The opinion of Sterne Agee will not reflect any developments that may occur or may have occurred after the date of its opinion and prior to the completion of the merger.

Sterne Agee's opinion speaks only as of the date of the opinion. The opinion is directed to the Southern Connecticut Bancorp board of directors and addresses only the fairness, from a financial point of view, of the consideration offered to the Southern Connecticut Bancorp shareholders. It does not address the underlying business decision to proceed with the merger and does not constitute a recommendation to any Southern Connecticut Bancorp shareholder as to how the shareholder should vote at the Southern Connecticut Bancorp Special Meeting on the merger or any related matter.

In connection with rendering its opinion on January 16, 2013, Sterne Agee:

- Reviewed the merger agreement dated January 16, 2013;
- Reviewed certain publicly-available financial and business information of Southern Connecticut Bancorp, Liberty and their affiliates which we deemed to be relevant;
- Reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities, liquidity and prospects of Southern Connecticut Bancorp and Liberty;
- Reviewed materials detailing the merger prepared by Southern Connecticut Bancorp, Liberty and their affiliates and by their legal and accounting advisors;
- Conducted conversations with members of senior management and representatives of both Southern Connecticut Bancorp and Liberty regarding the matters described in the above clauses, as well as their respective businesses and prospects before and after giving effect to the merger;
- Compared certain financial metrics of Southern Connecticut Bancorp and Liberty to other selected banks and thrifts;
- Analyzed the terms of the merger relative to selected prior mergers and acquisitions involving a depository institution as the selling entity;
- Analyzed the impact of the merger on certain balance sheet and capital ratios of Liberty as of September 30, 2012;
- Analyzed the consideration offered relative to Southern Connecticut Bancorp's book value and tangible book value as of September 30, 2012;
- Analyzed the consideration offered relative to Southern Connecticut Bancorp's stand-alone estimated earnings per share for the projected fiscal years ending December 31, 2013 and 2014;
- Reviewed the overall environment for depository institutions in the United States; and
- Conducted such other financial studies, analyses and investigations and took into account such other matters as it deemed appropriate for purposes of its opinion, including its assessment of general economic, market and monetary conditions.

In preparing the opinion, Sterne Agee assumed and relied upon, without independent verification, the accuracy and completeness of the information provided by Southern Connecticut Bancorp, Liberty and their affiliates for the purposes of the opinion. In addition, where appropriate, Sterne Agee relied upon publicly available information, without independent verification, that Sterne Agee believed to be reliable, accurate, and complete; however, Sterne Agee cannot guarantee the reliability, accuracy, or completeness of any such publicly available information. Sterne Agee was not engaged to express, and is not expressing, any opinion with respect to any other transactions or alternative proposed transactions, if any, between Southern Connecticut Bancorp and Liberty. With respect to the financial forecasts supplied to Sterne Agee, Sterne Agee has assumed that they were reasonably prepared and reflect the best currently available estimates and judgments of Southern Connecticut Bancorp as to future operating and financial performance of Southern Connecticut Bancorp and its affiliates. In addition, Sterne Agee has assumed that the merger agreement is a valid, binding and enforceable agreement upon the parties and their affiliates and will not be terminated or breached by either party. Sterne Agee has also assumed that there have been no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of Southern Connecticut Bancorp, Liberty and their affiliates since either (i) the date of the last financial statements made available to Sterne Agee and (ii) the date of the merger agreement, and that no legal, political, economic, regulatory or other developments have occurred or will occur that will adversely affect these entities. Sterne Agee did not make an independent evaluation of the assets or liabilities of Southern Connecticut Bancorp, Liberty or their affiliates, including, but not limited to, any derivative or off-balance sheet assets or liabilities. Sterne Agee has relied upon and assumed, without assuming any responsibility for independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information provided to, discussed with or reviewed by Sterne Agee. Sterne Agee has assumed that all required governmental, regulatory, shareholder and third party approvals have or will be received in a timely fashion and without any conditions or requirements that could adversely affect the merger.

The projections furnished to Sterne Agee and used by it in certain of its analyses were prepared by Southern Connecticut Bancorp's senior management teams. The projections were based on numerous variables and assumptions, which are inherently uncertain, including factors related to general economic and competitive conditions. Accordingly, actual results could vary significantly from those set forth in the projections.

For purposes of rendering its opinion, Sterne Agee assumed that, in all respects material to its analyses:

- the merger will be completed substantially in accordance with the terms set forth in the merger agreement with no additional payments or adjustments to the merger consideration;
- The representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement are true and correct;
- each party to the merger agreement and all related documents will perform all of the covenants and agreements required to be performed by such party under such documents;
- all conditions to the completion of the merger will be satisfied without any waiver; and
- In the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, will be imposed that will have a material adverse effect on the future results of operations or financial condition of the combined entity or the contemplated benefits of the merger, including the cost savings and related expenses expected to result from the merger.

Sterne Agee further assumed that the merger will be accounted for as a purchase transaction under generally accepted accounting principles.

In performing its analyses, Sterne Agee made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of Sterne Agee, Southern Connecticut Bancorp and Liberty. Any estimates contained in the analyses performed by Sterne Agee are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the Sterne Agee opinion was among several factors taken into consideration by the Southern Connecticut Bancorp board of directors in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Southern Connecticut Bancorp board of directors with respect to the fairness of the merger consideration.

The following is a summary of the material analyses presented by Sterne Agee to the Southern Connecticut Bancorp board of directors on January 16, 2013, in connection with its fairness opinion. The summary is not a complete description of the analyses underlying the Sterne Agee opinion or the presentation made by Sterne Agee to the Southern Connecticut Bancorp board of directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. In arriving at its opinion, Sterne Agee did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. Accordingly, Sterne Agee believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

Summary of Proposal.

Sterne Agee reviewed the financial terms of the proposed merger, in which, pursuant to the terms of the merger agreement, each outstanding share of common stock of Southern Connecticut Bancorp will be converted into the right to receive an amount of cash equal to \$3.76 per share payable upon surrender of the certificate that formerly evidenced such Southern Connecticut Bancorp shares.

Sterne Agee also considered additional shares of Southern Connecticut Bancorp restricted stock that were scheduled to vest prior to the consummation of the merger and adjusted Southern Connecticut Bancorp's September 30, 2012 financial information to reflect the additional shares. Based upon the financial information, as adjusted, at September 30, 2012, Sterne Agee calculated the following transaction ratios:

Transaction Value / Tangible	89.8%
Book Value per Share	
Transaction Value / Last Twelve	NM
Months Earnings per Share	
Tangible Equity	(1.3%)
Premium/(Discount) to Core	
Deposits	

Public Comparable Analysis.

Sterne Agee reviewed publicly available information related to comparable publicly traded banks and thrifts. The selected comparables included eleven companies involving banks and thrifts headquartered in the United States. Additionally, the selected comparables meet the following criteria:

- The company's total assets were between \$100.0 million and \$300.0 million;
- The company's non-performing assets to total assets ratio was between 4.0% and 10.0%;
- The company's last twelve months return on average assets ratio was less than 0.25%;
- The company's tangible common equity to tangible assets ratio was between 8.0% and 11.0%;

- The company was not the target of announced merger; and
- The company was not a mutual holding company.

The comparables included in the analysis were:

Comparables
 Carolina Trust Bank
 Cardinal Bankshares
 Corporation
 Central Federal Corporation
 Virginia Community
 Bankshares, Inc.
 Citizens Financial Corp.
 Harvest Community Bank
 Alaska Pacific Bancshares,
 Inc.
 United Commerce Bancorp
 Colonial Virginia Bank
 Feliciana B&T Company
 CCSB Financial Corp.

For each company, Sterne Agee derived and compared, among other things, the implied ratio of price per common share of each comparable company to:

- Tangible book value per share of the comparable company based on the most recent reported financial statements of the company; and
- Tangible equity premium to core deposits (total deposits less time deposits greater than \$100,000) based on the most recent reported financial statements of the company (“Core Deposit Premium/(Discount)”).

The results of the analysis are set forth in the following table:

Market Data as of 1/4/13	Merger Consideration		Comparable Companies Minimum		Comparable Companies Median		Comparable Companies Maximum	
Tangible Book Value	89.8	%	29.6	%	48.9	%	86.0	%
Core Deposit Premium/ (Discount)	(1.3	%)	(9.2	%)	(6.4	%)	(5.3	%)

Applying these comparable multiples to Southern Connecticut Bancorp’s adjusted September 30, 2012 period ended financials, results in the following implied Southern Connecticut Bancorp per share values:

Market Data as of 1/4/13	Merger Consideration		Comparable Companies Minimum		Comparable Companies Median		Comparable Companies Maximum	
Tangible Book Value	\$ 3.76		\$ 1.24		\$ 2.05		\$ 3.60	
Core Deposit Premium/(Discount)	\$ 3.76		\$ 1.13		\$ 2.05		\$ 2.43	

During the meeting of Southern Connecticut Bancorp’s board of directors on January 16, 2013, Sterne Agee noted that the offer price of \$3.76 per share for Southern Connecticut Bancorp includes a control premium which is not reflected in the comparable companies’ per share values. Sterne Agee stated that the excess of the \$3.76 offer price over the comparable companies’ median and maximum values of \$2.05 and \$3.60, respectively, reflected an appropriate control

premium range for the shares of Southern Connecticut Bancorp. In its review of the Public Comparable Analysis, the board of directors considered the lack of any control premium associated with the comparable companies' per share values.

No company used as a comparison in the above analysis is identical to Southern Connecticut Bancorp or Liberty. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Comparable Transaction Analysis.

Sterne Agee reviewed publicly available information related to comparable mergers and acquisitions. The selected transactions included nine transactions announced from January 1, 2012 through December 31, 2012 involving target banks and thrifts headquartered in the United States. Additionally, the selected transactions meet the following criteria at the time the transaction was announced:

- Deal value information is publicly available;
- Buyer was a bank or bank holding company or a thrift or thrift holding company;
- The target company's total assets were less than \$300.0 million;
- The target company's non-performing assets to total assets ratio was between 4.0% and 10.0%; and
- The target company's last twelve months return on average assets ratio was less than 0.25%.

The transactions included in the analysis were:

Acquiror	Target
Liberty Bancorp, Inc.	Patriots Bank
Heritage Financial Corporation	Northwest Commercial Bank
SKBHC Holdings LLC	ICB Financial
Main Banc, Inc.	Bank 1st Financial Corporation
Drummond Banking Company	Williston Holding Company
Kopernik Federal Bank	Hull Federal Savings Bank
Horizon Bancorp	Heartland Bancshares, Inc.
CapStar Bank	American Security Bank and Trust Company
First Volunteer Corporation	Gateway Bancshares, Inc.

Transaction multiples for the merger were derived from an offer price of \$3.76 per share for Southern Connecticut Bancorp. For each precedent transaction, Sterne Agee derived and compared, among other things, the implied ratio of price per common share paid for the acquired company to:

- Tangible book value per share of the acquired company based on the most recent reported financial statements of the company available prior to the announcement of the acquisition; and

Core Deposit Premium/(Discount)

The results of the analysis are set forth in the following table:

	Merger		Comparable Transactions		Comparable Transactions		Comparable Transactions	
Transaction Price to:	Consideration	%	Minimum	%	Median	%	Maximum	%
Tangible Book Value	89.8	%	40.9	%	78.5	%	96.0	%
Core Deposit Premium/(Discount)	(1.3	%)	(7.3	%)	(2.5	%)	(0.1	%)

Applying these transaction multiples to Southern Connecticut Bancorp's adjusted September 30, 2012 period ended financials results in the following implied Southern Connecticut Bancorp per share values:

Implied Transaction Value Per Share:	Merger Consideration	Comparable Transactions Minimum	Comparable Transactions Median	Comparable Transactions Maximum
Tangible Book Value	\$ 3.76	\$ 1.71	\$ 3.29	\$ 4.02
Core Deposit Premium	\$ 3.76	\$ 1.75	\$ 3.37	\$ 4.15

No company or transaction used as a comparison in the above analysis is identical to Southern Connecticut Bancorp, Liberty or the merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies.

Net Present Value Analysis.

Sterne Agee performed an analysis that estimated the net present value per share of Southern Connecticut Bancorp common stock under various assumptions. In performing this analysis, Sterne Agee used financial projections supplied by Southern Connecticut Bancorp's management team for the years ending December 31, 2012 through December 31, 2016. A range of net present values was determined by adding (1) the present value of projected excess cash flows from December 31, 2012 to December 31, 2016 and (2) the present value of the terminal value of Southern Connecticut Bancorp's common stock as of December 31, 2016. In determining cash flows available to stockholders, Sterne Agee assumed that Southern Connecticut Bancorp would maintain a tangible common equity/tangible assets ratio of 8.00% and would retain sufficient earnings to maintain that level. Any earnings in excess of what would need to be retained represented excess cash flows. In calculating the terminal value of Southern Connecticut Bancorp, Sterne Agee applied multiples ranging from 10.0x to 14.0x net income for the twelve month period ending December 31, 2016. This resulted in the following range of net present values for Southern Connecticut Bancorp:

Discount Rate	Terminal Multiple						
		10.0	x	12.3	x	14.0	x
10.0	%	\$ 1.87		\$ 2.23		\$ 2.50	
11.0	%	\$ 1.81		\$ 2.16		\$ 2.42	
11.2	%	\$ 1.80		\$ 2.15		\$ 2.40	
12.0	%	\$ 1.76		\$ 2.10		\$ 2.34	
13.0	%	\$ 1.71		\$ 2.03		\$ 2.27	

During the meeting of Southern Connecticut Bancorp's board of directors on January 16, 2013, Sterne Agee stated that the net present value analysis is a widely used valuation methodology but noted that it relies on numerous assumptions, including assets and earnings growth rates, terminal values and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Southern Connecticut Bancorp.

Pro Forma Results and Capital Ratios.

Sterne Agee analyzed certain pro forma effects of the merger on the combined balance sheet and projected income statement for Southern Connecticut Bancorp and Liberty. Assumptions regarding the accounting treatment, acquisition adjustments and cost savings were used to calculate the financial impact that the merger would have on certain projected financial results of Liberty. The analysis indicated that, following the effects of the merger, Liberty would maintain capital ratios in excess of the regulatory guidelines for "well capitalized" status.

For all of the above analyses, the actual results achieved by Liberty following the merger will vary from the projected results, and the variations may be material.

Sterne Agee acted as Southern Connecticut Bancorp's financial advisor in connection with the merger and will receive a transaction fee of \$250,000 for its services. Southern Connecticut Bancorp has paid Sterne Agee a cash fee of \$50,000 associated with Sterne Agee's rendering of a fairness opinion and a cash fee of \$25,000 associated with its previous engagement in June 2012. The entire \$75,000 of fees paid thus far will be credited against the transaction fee owed at the completion of the merger. Additionally, Southern Connecticut Bancorp has also agreed to reimburse Sterne Agee for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify it against certain liabilities, including liabilities under the federal securities laws.

In the ordinary course of its business as a broker-dealer, Sterne Agee may, from time to time, purchase securities from and sell securities to Southern Connecticut Bancorp, Liberty or their affiliates.

Projected Financial Information

Southern Connecticut Bancorp has not historically and does not currently, as a matter of course, publicly disclose projections as to its future financial performance or earnings for periods other than the current fiscal year due to the unpredictability of the underlying assumptions and estimates.

In mid-2012, Southern Connecticut Bancorp's management prepared and provided multi-year financial projections of Southern Connecticut Bancorp's operating performance and financial condition to its board of directors in connection with a capital plan that The Bank of Southern Connecticut was required to submit to the Federal Deposit Insurance Corporation and the Connecticut Department of Banking. The projections were prepared as of June 30, 2012 and made available to Sterne Agee, which included a summary of the projections in the confidential information memorandum that was provided to the initial interested acquirers, including Liberty, after confidentiality agreements were executed with the interested acquirers. The projections were also included in the virtual data room containing information on Southern Connecticut Bancorp that was accessible by Liberty and the other potential acquirers. It is not known to what extent, if any, the projections were considered by Liberty and the other potential acquirers.

In late 2012, the projections were subsequently updated as of September 30, 2012 in connection with The Bank of Southern Connecticut's filing of a revised capital plan with the Federal Deposit Insurance Corporation and the Connecticut Department of Banking. The updated projections were only provided to Liberty since the board of directors of Southern Connecticut Bancorp had previously voted to select Liberty as the party with which Southern Connecticut Bancorp would continue negotiations subsequent to December 18, 2012.

Southern Connecticut Bancorp has included summaries of the projections as of June 30, 2012 and the projections as of September 30, 2012 in this proxy statement. The inclusion of such summaries in this proxy statement should not be regarded as a representation by Southern Connecticut Bancorp, its board of directors, Liberty, Sterne Agee or any other person that it considered, or now considers, any of the projections to be necessarily representative of actual future results.

Southern Connecticut Bancorp believes that the assumptions used by its management as a basis for the projections were, in each case, reasonable at the time the projections were prepared, given information that Southern Connecticut Bancorp's management had at the time of preparation. However, except to the extent required by applicable federal securities laws, Southern Connecticut Bancorp does not intend, and expressly disclaims any responsibility, to update or otherwise revise the projections to reflect circumstances existing after the date when prepared or to reflect the occurrence of future events even in the event that any of the assumptions underlying the projections are shown to be in error. The assumptions upon which these projections were based are subjective in many respects and are subject to various interpretations.

Although the projections are presented with numerical specificity, the projections reflect numerous assumptions with respect to industry performance, general business, economic, market, regulatory and financial conditions and other

matters, all of which are difficult to predict and many of which are beyond Southern Connecticut Bancorp's control. The projections are also subject to significant uncertainties in connection with changes to Southern Connecticut Bancorp's business and its financial condition and results of operations, and include numerous estimates and assumptions related to Southern Connecticut Bancorp's business that are inherently subject to significant economic, political and competitive uncertainties, all of which are difficult to predict and many of which are beyond Southern Connecticut Bancorp's control. As a result, although the projections set forth below were prepared in good faith based upon assumptions believed to be reasonable at the time the projections were prepared, there can be no assurance that the projected results will be realized or that actual results will not be significantly higher or lower than projected. Since the projections cover multiple years, such information by its nature becomes less reliable with each successive year. For the foregoing reasons, the inclusion of projections in this proxy statement should not be regarded as an indication that such projections will be necessarily predictive of actual future events, and they should not be relied on as such.

The projections were not prepared with a view to public disclosure and are included in this proxy statement only because such information was made available to Southern Connecticut Bancorp's board of directors in connection with its consideration of a possible merger transaction, as well as to Liberty and its advisors, in whole or in part, in connection with their due diligence review of Southern Connecticut Bancorp. The projections were not prepared with a view to compliance with published guidelines of the SEC regarding projections, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, or United States generally accepted accounting principles ("GAAP"). Furthermore, Southern Connecticut Bancorp's independent registered public accounting firm has not examined, compiled or otherwise applied procedures to the projections and, accordingly, assumes no responsibility for, and expresses no opinion on, them.

The projections assume that Southern Connecticut Bancorp raises \$2.0 million of additional equity capital necessary to support future growth. Other assumptions include minimal growth in 2012 in response to the need to focus on resolving troubled assets and restructuring parts of the balance sheet, as well as increases in the allowance for loan losses. The projections represent The Bank of Southern Connecticut's stand-alone budget going forward, and do not include potential non-interest expense cost savings that could result from a merger.

The projections as of June 30, 2012 were as follows:

Financial Projections

(\$000s)	Actual FYE 12/31/2011	12/31/2012	Projected FYE, 12/31/2013	12/31/2014
Interest Income	\$ 7,109	\$ 6,222	\$ 6,677	\$ 7,785
Interest Expense	1,945	1,071	981	1,519
Net Interest Income	5,164	5,151	5,696	6,266
Provision for Loan Losses	3,036	602	400	248
Total Non-interest Income	633	710	717	731
Total Non-interest Expense	5,386	5,221	5,355	5,622
Pre-Provision Net Revenue	411	640	1,058	1,374
Net Income before Taxes	(2,625)	38	658	1,126
Provision for Taxes	-	-	-	-
Effective Tax Rate (%)	0 %	0 %	0 %	0 %
Net Income to Common	\$ (2,625)	\$ 38	\$ 658	\$ 1,126

The updated projections as of September 30, 2012 were as follows:

Financial Projections

(\$000s)	Actual FYE 12/31/2011	12/31/2012	Projected FYE, 12/31/2013	12/31/2014
Interest Income	\$ 7,109	\$ 6,176	\$ 6,488	\$ 7,218
Interest Expense	1,945	1,081	963	1,020
Net Interest Income	5,164	5,095	5,525	6,197
Provision for Loan Losses	3,036	440	484	254
Total Non-interest Income	633	655	678	702
Total Non-interest Expense	5,386	5,115	5,354	5,623
Pre-Provision Net Revenue	411	635	849	1,276
Net Income before Taxes	(2,625)	196	365	1,023
Provision for Taxes	-	-	-	-
Effective Tax Rate (%)	0 %	0 %	0 %	0 %
Net Income to Common	\$ (2,625)	\$ 196	\$ 365	\$ 1,023

Readers of this proxy statement are cautioned not to place undue reliance on the projections set forth above. No one has made or makes any representation to you regarding the information included in the projections or the future financial results of Southern Connecticut Bancorp.

Deregistration of Southern Connecticut Bancorp Common Stock Following the Merger

If the merger is completed, Southern Connecticut Bancorp common stock will be deregistered under the Securities Exchange Act of 1934, as amended.

INTERESTS OF SOUTHERN CONNECTICUT BANCORP DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER

Some of the members of Southern Connecticut Bancorp's management and board of directors may be deemed to have interests in the merger that are in addition to their interests as shareholders of Southern Connecticut Bancorp generally. The board of directors was aware of these interests and considered them in recommending that Southern Connecticut Bancorp shareholders approve the merger agreement and the transactions contemplated by the merger agreement.

Employment Agreements with Executive Officers

Southern Connecticut Bancorp and The Bank of Southern Connecticut are parties to employment agreements with Joseph J. Greco, Chief Executive Officer, Sunil Pallan, President and Senior Loan Officer, and Stephen V. Ciancarelli, Senior Vice President and Chief Financial Officer.

Pursuant to Mr. Greco's employment agreement, in the event of a "Change-in-Control" as defined in Mr. Greco's employment agreement, such as the merger with Liberty, Mr. Greco shall have "Good Reason" to voluntarily terminate his employment and Southern Connecticut Bancorp and The Bank of Southern Connecticut shall be obligated to pay Mr. Greco a lump sum payment equal to his then current annual base salary; provided, however, that no payment will be made to Mr. Greco if such payment would constitute a "golden parachute payment" and is made after the occurrence of certain events specified under regulations promulgated by the Federal Deposit Insurance Corporation (the "FDIC"), including the determination by the FDIC that The Bank of Southern Connecticut is in "troubled condition." Any lump sum payment made to Mr. Greco is also subject to claw back by Southern Connecticut Bancorp and The Bank of Southern Connecticut if it is later determined that Mr. Greco committed or is substantially responsible for certain acts or omissions prohibited under regulations promulgated by the FDIC. Mr. Greco will also be entitled to receive such individual and/or family health benefits coverage for a period of twelve months following his termination (or such other period prescribed by the then applicable COBRA law), with Southern Connecticut Bancorp, The Bank of Southern Connecticut and Mr. Greco paying the same portion of the cost of such coverage as existed at the time of his termination.

Pursuant to Mr. Pallan's employment agreement, in the event (i) Southern Connecticut Bancorp and The Bank of Southern Connecticut enter into a "Business Combination" as defined in Mr. Pallan's employment agreement, such as the merger with Liberty, and (ii) Mr. Pallan (a) is not offered the same position at his current base salary with the surviving entity, (b) determines in his sole discretion that the position offered by the surviving entity is inconsistent with his current position, including diminution in title, authority, duties or responsibilities, (c) has his office relocated more than 25 miles from its current location or (d) is terminated within 2 years following the "Business Combination," Mr. Pallan will be entitled to receipt of a lump sum payment equal to his then current annual base salary; provided, however, that no payment will be made to Mr. Pallan if such payment would constitute a "golden parachute payment" and is made after the occurrence of certain events specified under regulations promulgated by the FDIC, including the determination by the FDIC that The Bank of Southern Connecticut is in "troubled condition." Any lump sum payment made to Mr. Pallan is also subject to claw back by Southern Connecticut Bancorp and The Bank of Southern Connecticut if it is later determined that Mr. Pallan committed or is substantially responsible for certain acts or omissions prohibited under regulations promulgated by the FDIC.

Pursuant to Mr. Ciancarelli's employment agreement, in the event (i) Southern Connecticut Bancorp and The Bank of Southern Connecticut enter into a "Business Combination" as defined in the employment agreements, such as the merger with Liberty, and (ii) Mr. Ciancarelli (a) is not offered the same position at his current base salary with the surviving entity, (b) determines in his sole discretion that the position offered by the surviving entity is inconsistent with his current position, including diminution in title, authority, duties or responsibilities, (c) has his office relocated more than 25 miles from its current location or (d) is terminated within 2 years following the "Business Combination,"

Mr. Ciancarelli will be entitled to receipt of a lump sum payment equal to his then current annual base salary; provided, however, that no payment will be made to Mr. Ciancarelli if such payment would constitute a “golden parachute payment” and is made after the occurrence of certain events specified under regulations promulgated by the FDIC, including the determination by the FDIC that The Bank of Southern Connecticut is in “troubled condition.” Any lump sum payment made to Mr. Ciancarelli is also subject to claw back by Southern Connecticut Bancorp and The Bank of Southern Connecticut if it is later determined that Mr. Ciancarelli committed or is substantially responsible for certain acts or omissions prohibited under regulations promulgated by the FDIC.

The following table sets forth the estimated potential severance benefits to Southern Connecticut Bancorp's named executive officers on termination of employment in connection with a change in control. This table does not include the value of benefits that the named executive officers are vested in without regard to the occurrence of a change in control.

Executive	Cash\$(1)	Equity(\$)	Pension/ NQDC(\$)	Perquisites/ Benefits(\$)(2)	Tax Reimburse-ments(\$)	Other (\$)	Total (\$)
Joseph J. Greco	\$ 245,000	\$ —	\$ —	\$ 21,100	\$ —	\$ —	\$ 266,100
Sunil Pallan	\$ 175,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 175,000
Stephen V. Ciancarelli	\$ 165,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 165,000

(1) Assumes date of termination of employment in connection with a change in control is June 21, 2013.

(2) Consists of projected employer premiums of \$21,100 for twelve months of medical and dental insurance coverage continuation.

Indemnification

Pursuant to the merger agreement, Liberty has agreed to indemnify the directors of Southern Connecticut Bancorp as provided under applicable state or federal law and under Southern Connecticut Bancorp's certificate of incorporation and bylaws.

Directors' and Officers' Insurance

Liberty has agreed to provide Southern Connecticut Bancorp's officers and directors with directors' and officers' liability insurance coverage on terms not less favorable than the terms of Southern Connecticut Bancorp's current directors' and officers' liability insurance for six years following the effective date of the merger for errors and omissions committed by an officer or director in his or her capacity as such and that occurred prior to the effective date of the merger. Under the terms of the merger agreement, the aggregate cost of the insurance extension may not exceed \$132,000.

Advisory Board

In accordance with the merger agreement, Liberty shall establish an advisory board to facilitate Liberty's expansion in the New Haven, Connecticut marketplace following completion of the merger. Liberty shall invite board members of Southern Connecticut Bancorp to serve on the advisory board. Each member of the advisory board who is not an employee of Liberty shall receive reasonable compensation as set by the board of directors of Liberty for attendance at quarterly meetings of the advisory board. The initial compensation to be provided members of the advisory board shall be \$250 per meeting attended.

Stock Ownership and Voting Power

As of the record date, the directors and executive officers of Southern Connecticut Bancorp beneficially owned approximately 7.06% of the total outstanding shares of common stock of Southern Connecticut Bancorp entitled to vote at the special meeting.

THE MERGER AGREEMENT

The following is a brief summary of the significant provisions of the merger agreement by and among Liberty and Southern Connecticut Bancorp and The Bank of Southern Connecticut. The summary is not complete and is qualified in its entirety by reference to the merger agreement, which is attached to this document as Annex A and is incorporated into this document by reference. You should read the entire merger agreement carefully and in its entirety.

Structure of the Merger

The merger agreement provides for the merger of a subsidiary of Liberty with and into Southern Connecticut Bancorp, with Southern Connecticut Bancorp being the surviving corporation, followed immediately by the merger of Southern Connecticut Bancorp with and into Liberty, with Liberty being the surviving bank. This will result in Liberty owning all the assets and liabilities of Southern Connecticut Bancorp. Separately, The Bank of Southern Connecticut will merge with and into Liberty, with Liberty being the surviving bank.

Closing of the Merger

The closing of the merger will occur on a date determined in the sole discretion of Liberty upon five business day's prior written notice to Southern Connecticut Bancorp and The Bank of Southern Connecticut, but in no event later than 30 days after the last condition precedent to the merger has been fulfilled or waived, or such other date as Southern Connecticut Bancorp, The Bank of Southern Connecticut and Liberty shall mutually agree. The merger will become effective upon the filing of the merger agreement and the approval of the Commissioner of the Connecticut Department of Banking with the Secretary of the State of Connecticut.

We currently expect that the merger will become effective during the second quarter of 2013 or as soon thereafter as practicable; however, because the merger is subject to a number of conditions, we cannot predict the actual timing.

Merger Consideration

In the merger, each outstanding share of Southern Connecticut Bancorp common stock will be converted into the right to receive \$3.76 in cash and each outstanding option to acquire shares of Southern Connecticut Bancorp common stock will be cancelled and converted into the right to receive cash equal to the product of (i) the positive difference, if any, between \$3.76 and the exercise price of such option multiplied by (ii) the number of shares of Southern Connecticut Bancorp common stock underlying such option.

Exchange of Southern Connecticut Bancorp Stock Certificates for Cash

On or before the closing date of the merger, Liberty will cause to be delivered to the exchange agent (which will be selected by Liberty and reasonably acceptable to Southern Connecticut Bancorp), an amount of cash sufficient to pay the aggregate amount of cash payable to all holders of Southern Connecticut Bancorp common stock and options.

Within five days following the effective time of the merger, the exchange agent will mail to each Southern Connecticut Bancorp shareholder of record at the effective time of the merger a letter of transmittal and instructions for use in surrendering the shareholder's Southern Connecticut Bancorp stock certificates. When such Southern Connecticut Bancorp shareholders deliver their Southern Connecticut Bancorp stock certificates to the exchange agent along with a properly completed and duly executed letter of transmittal and any other required documents, the Southern Connecticut Bancorp shareholders will receive, in exchange, a check representing the amount of cash that they are entitled to receive in respect of the stock certificates surrendered.

The surrendered stock certificates will then be cancelled.

A check will be issued in a name other than the name in which a surrendered Southern Connecticut Bancorp stock certificate is registered only if the exchange agent is presented with all documents required to show and effect the unrecorded transfer of ownership, together with evidence that any applicable stock transfer taxes have been paid.

Stock Options

In the merger, each outstanding option to purchase Southern Connecticut Bancorp common stock which has not been previously exercised or cancelled, whether vested or unvested, will be converted to the right to receive the positive difference between \$3.76 and the exercise price multiplied by the number of shares of common stock which the option entitled the holder to purchase.

Conditions to the Merger

The obligations of Southern Connecticut Bancorp and Liberty to complete the merger are subject to the fulfillment of the following conditions:

- the merger agreement has been approved by the requisite vote of the shareholders of Southern Connecticut Bancorp and The Bank of Southern Connecticut;
- Neither Liberty, Southern Connecticut Bancorp or The Bank of Southern Connecticut shall be subject to any order, decree or injunction which enjoins or prohibits the consummation of the transactions contemplated by the merger agreement; and
 - All necessary approvals, authorizations and consents of all governmental authorities required to consummate the transactions contemplated by the merger agreement have been obtained and all waiting periods have expired, and none of the approvals, authorizations or consents shall include any condition or requirement that would, in the good faith reasonable judgment of the board of directors of Liberty, materially and adversely affect the business, operations, financial condition, property or assets of the combined enterprise of Southern Connecticut Bancorp and Liberty or otherwise materially impair the value of Southern Connecticut Bancorp to Liberty.

In addition, the obligation of Liberty to complete the merger is subject to the fulfillment or written waiver, where permissible, of the following conditions:

- each of the representations and warranties of Southern Connecticut Bancorp contained in the merger agreement shall be true and correct in all material respects as of the date of the merger agreement and as of the closing date of the merger, unless the failure of those representations and warranties to be true and correct does not constitute, individually or in the aggregate, a material adverse effect on Southern Connecticut Bancorp, taken as a whole;
- Southern Connecticut Bancorp and The Bank of Southern Connecticut shall have performed in all material respects all obligations and complied in all material respects with all agreements and covenants of Southern Connecticut Bancorp and The Bank of Southern Connecticut required to be performed under the merger agreement at or prior to the closing date of the merger, unless the failure to perform or comply does not, individually or in the aggregate, have a material adverse effect on Southern Connecticut Bancorp and The Bank of Southern Connecticut, taken as a whole, or materially adversely affect consummation of the merger and the other transactions contemplated by the merger agreement;
- Southern Connecticut Bancorp and The Bank of Southern Connecticut shall have obtained any and all material permits, authorizations, consents, waivers, clearances or approvals required for the lawful consummation of the

merger and the transactions contemplated by the merger agreement, unless the failure to obtain these would not have a material adverse effect on Southern Connecticut Bancorp and The Bank of Southern Connecticut, taken as a whole;

- since September 30, 2012, no event has occurred or circumstance has arisen that, individually or in the aggregate, has had or is reasonably likely to have a material adverse effect on Southern Connecticut Bancorp or The Bank of Southern Connecticut; and

- Any order or supervisory action by any bank regulator, the Securities and Exchange Commission or the NYSE MKT received by Southern Connecticut Bancorp or The Bank of Southern Connecticut must not be applicable to Liberty.

The obligations of Southern Connecticut Bancorp to complete the merger are subject to the fulfillment or written waiver, where permissible, of the following additional conditions:

- each of the representations and warranties of Liberty contained in the merger agreement shall be true and correct in all material respects as of the date of the merger agreement and as of the closing date of the merger, unless the failure of those representations and warranties to be true and correct does not constitute, individually or in the aggregate, a material adverse effect on Liberty;

- Liberty shall have performed in all material respects all obligations and complied in all material respects with all agreements and covenants of Liberty required to be performed under the merger agreement at or prior to the closing date of the merger, unless the failure to perform or comply does not, individually or in the aggregate, have a material adverse effect on Liberty or materially adversely affect consummation of the merger and the other transactions contemplated by the merger agreement;

- Liberty shall have obtained any and all material permits, authorizations, consents, waivers, clearances or approvals required for the lawful consummation of the merger and the transactions contemplated by the merger agreement, unless the failure to obtain these would not have a material adverse effect on Liberty and its subsidiaries, taken as a whole; and

- Liberty shall have delivered to the exchange agent an amount of cash sufficient to pay the aggregate amount of cash payable to all holders of Southern Connecticut Bancorp common stock and options.

“Material adverse effect,” when used in reference to Southern Connecticut Bancorp or Liberty, means any effect that (i) is material and adverse to the financial condition, results of operations or business of Southern Connecticut Bancorp and The Bank of Southern Connecticut, taken as a whole, or Liberty and its subsidiaries, taken as a whole, or (ii) materially impairs the ability of either Southern Connecticut Bancorp or Liberty to consummate the transactions contemplated by the merger agreement. However, “material adverse effect” shall not be deemed to include the impact of:

- changes in laws and regulations affecting banks and their holding companies generally;
- changes in Generally Accepted Accounting Principles or regulatory accounting principles generally applicable to banks;

- actions and omissions of either party taken with the prior written consent of the other party;

- changes in economic conditions affecting financial institutions generally, including but not limited to changes in market interest rates or the projected future interest rate environment;

- the direct effects of compliance with the merger agreement on the operating performance of the parties;

-

any facts or circumstances existing on the date of the merger agreement that were disclosed on the disclosure schedules of the parties; and

· expenses incurred in connection with the merger agreement and the transactions contemplated thereby consistent with those expenses disclosed to Liberty in the merger agreement.

Termination

The merger agreement may be terminated at any time prior to the closing and the transactions contemplated by the merger agreement terminated as follows:

· by mutual written consent of the parties;

· by Liberty or Southern Connecticut Bancorp if the other party has breached any of its representations or warranties contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach;

· by Liberty or Southern Connecticut Bancorp if the other party has failed to perform or comply with any of its covenants or agreements contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the failure cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach;

· by Liberty or Southern Connecticut Bancorp if the merger has not occurred on or before August 30, 2013, provided that such date shall be automatically extended to September 30, 2013 if all required regulatory approvals and non-objections of regulatory authorities have not been received by June 28, 2013 and both parties are acting in good faith to obtain such approvals and non-objections, unless the failure of the merger to occur on or before such date was due to the terminating party's breach of any obligations under the merger agreement;

· by Liberty or Southern Connecticut Bancorp if Southern Connecticut Bancorp shareholders have voted at the Special Meeting and the required vote to approve the merger agreement, the merger and the transactions contemplated by the merger agreement has not been obtained;

· by Liberty or Southern Connecticut Bancorp if final action has been taken by any regulatory authority whose approval or non-objection is required for connection with the merger agreement or the transactions contemplated by the merger agreement, which final action has become nonappealable action and does not approve or state a non-objection to the merger agreement or the transactions contemplated by the merger agreement; if any regulatory authority whose approval or non-objection is required in connection with the merger agreement or the transactions contemplated by the merger agreement has stated in writing that it will not issue the required approval or non-objection; or if any court or governmental entity has issued a final nonappealable order, decree, ruling or taken any other action restraining, enjoining or otherwise prohibiting the merger and the transactions contemplated by the merger agreement;

· by Southern Connecticut Bancorp if the conditions precedent to its obligations to consummate the merger and the transactions contemplated by the merger agreement cannot be satisfied or fulfilled by June 28, 2013, provided that if all required regulatory approvals have not been received and both parties are acting in good faith to obtain such approvals, such date shall automatically be extended to September 30, 2013 (provided that Southern Connecticut Bancorp is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement);

· by Liberty or Southern Connecticut Bancorp if any of the conditions precedent to the obligations of such party to consummate the merger or the transactions contemplated by the merger agreement cannot be satisfied or fulfilled by August 30, 2013 or September 30, 2013 if required regulatory approvals have not been received and both parties are acting in good faith to obtain such approvals (provided that the terminating party is not then in material breach of

any representation, warranty, covenant or other agreement contained in the merger agreement);

- by Liberty if at any time prior to the Special Meeting, the Southern Connecticut Bancorp board fails to recommend approval of the merger agreement, withdraws such recommendation or changes such recommendation in a manner adverse to Liberty or has failed to call or hold the Special Meeting by May 31, 2013;
- by Liberty if a tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock is commenced and the Southern Connecticut Bancorp board recommends that Southern Connecticut Bancorp shareholders tender their shares in such tender or exchange offer or otherwise fails to recommend within ten business days that Southern Connecticut Bancorp shareholders reject such tender or exchange offer; and
- by Southern Connecticut Bancorp at any time prior to the special meeting in connection with entering into an acquisition agreement with respect to a superior proposal, but only if, after five business days after Liberty's receipt of written notice from Southern Connecticut Bancorp advising Liberty that it is prepared to enter an agreement with respect to the superior proposal, Liberty does not make an offer to Southern Connecticut Bancorp that the Southern Connecticut Bancorp board determines is at least as favorable as the superior proposal. A "superior proposal" means any offer or proposal involving Southern Connecticut Bancorp in (i) any merger, consolidation, business combination or similar transaction, (ii) any sale, lease or other disposition of 25% or more of its consolidated assets, (iii) any tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock or (iv) any public announcement of a proposal, plan or intention to do any of the foregoing that the Southern Connecticut Bancorp board determines in good faith is at least as likely to be consummated, and if consummated, would result in a transaction more favorable to Southern Connecticut Bancorp shareholders from a financial point of view than the merger.

Termination Fee

Under the terms of the merger agreement, Southern Connecticut Bancorp must pay Liberty a termination fee of \$450,000 if:

(a) The merger agreement is terminated:

- by Liberty as a result of the Southern Connecticut Bancorp board of directors' (i) failure at any time prior to the Special Meeting to recommend approval of the merger agreement, (ii) withdrawal of such recommendation, (iii) changing of such recommendation in a manner adverse to Liberty or (iv) failure to call or hold the Special Meeting;
- by Liberty as a result of the commencement of a tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock and the recommendation of the Southern Connecticut Bancorp board of directors that Southern Connecticut Bancorp shareholders tender their shares in such tender or exchange offer or the Southern Connecticut Bancorp board of directors otherwise fails to recommend within ten business days that Southern Connecticut Bancorp shareholders reject such tender or exchange offer; or
 - by Southern Connecticut Bancorp at any time prior to the Special Meeting in connection with Southern Connecticut Bancorp entering into an acquisition agreement with respect to a superior proposal, but only if, after five business days after Liberty's receipt of written notice from Southern Connecticut Bancorp advising Liberty that it is prepared to enter an agreement with respect to the superior proposal, Liberty does not make an offer to Southern Connecticut Bancorp that the Southern Connecticut Bancorp board determines is at least as favorable as the superior proposal.

(b) The merger agreement is terminated for any of the following reasons and an acquisition proposal is publicly announced or otherwise communicated to Southern Connecticut Bancorp prior to the termination of the merger agreement in the case of the first two reasons below and prior to the taking of the vote of shareholders of Southern

Connecticut Bancorp at the Special Meeting in the case of the third reason below:

42

- by Liberty as a result of the breach by Southern Connecticut Bancorp of any of its representations or warranties contained in the merger agreement (provided that Liberty is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach;
- by Liberty as a result of the failure by Southern Connecticut Bancorp to perform or comply with any of its covenants or agreements contained in the merger agreement (provided that Liberty is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the failure cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach; or
- by Liberty or Southern Connecticut Bancorp because the Southern Connecticut Bancorp shareholders have voted at the Special Meeting and the required approval of the merger agreement, the merger and the transactions contemplated by the merger agreement has not been obtained.

An “acquisition proposal” means any proposal or offer with respect to (i) any merger, consolidation, business combination or similar transaction, (ii) any sale, lease or other disposition of 25% or more of its consolidated assets, (iii) any tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock or (iv) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

Under the circumstances set forth in clause (a) above, Southern Connecticut Bancorp shall pay Liberty a termination fee of \$450,000 within three business days of the termination of the merger agreement. Under the circumstances set forth in clause (b) above, Southern Connecticut Bancorp shall pay Liberty a termination fee of \$225,000 within three business days of the termination of the merger agreement and, if within one year of such termination, Southern Connecticut Bancorp or The Bank of Southern Connecticut enters into an agreement with respect to, or consummates, an acquisition transaction, Southern Connecticut Bancorp shall pay Liberty a termination fee of an additional \$225,000 within three business days of the date of execution or consummation of the acquisition agreement. An “acquisition transaction” means any (i) merger, consolidation, business combination or similar transaction, (ii) any sale, lease or other disposition of 25% or more of its consolidated assets or (iii) any tender or exchange offer for 25% or more of the Southern Connecticut Bancorp common stock.

In addition, in the event of a termination by Liberty or Southern Connecticut Bancorp if the other party has:

- breached any of its representations or warranties contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the breach cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach; or
- failed to perform or comply with any of its covenants or agreements contained in the merger agreement (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained in the merger agreement), and the failure cannot be cured prior to the closing or has not been cured within 30 days of written notice of the breach,

as a result of the willful conduct or gross negligence of the breaching party, the breaching party shall pay to the other party up to \$350,000 of documented reasonable out-of-pocket costs and expenses incurred in connection with entering the merger agreement and the carrying out of the acts contemplated by the merger agreement.

No Solicitation

Southern Connecticut Bancorp has agreed that neither it nor its subsidiaries, and has agreed to use its best efforts in good faith to cause its and any subsidiaries' respective officers, directors, employees, investment bankers, financial advisors, attorneys, accountants, affiliates and other of its agents (which Southern Connecticut Bancorp sometimes refers to as its representatives), not to, directly or indirectly:

- initiate, solicit, knowingly encourage or otherwise facilitate any inquiries or the making of any proposal or offer with respect to an acquisition proposal; or
- engage in any negotiations concerning, or provide any confidential information or data to, or have any discussions with, any person relating to an acquisition proposal, or knowingly facilitate any effort or attempt to make an acquisition proposal.

However, neither Southern Connecticut Bancorp nor its board of directors is prohibited from (i) providing information in response to a request from a person who has made an unsolicited bona fide written acquisition proposal if the person enters a confidentiality agreement; (ii) engaging in any negotiations or discussions with any person who has made an unsolicited bona fide written acquisition proposal or (iii) recommending such an acquisition proposal to Southern Connecticut Bancorp shareholders if:

- the Southern Connecticut Bancorp board of directors determines in good faith, after consultation with outside counsel, that such action is required for the directors to comply with their fiduciary duties under applicable law; and
- the Southern Connecticut Bancorp board of directors determines in good faith, after consultation with its financial advisor, that such acquisition proposal, if accepted, is at least as reasonably likely to be consummated as the merger and if consummated, would result in a transaction more favorable to Southern Connecticut Bancorp shareholders from a financial point of view than the merger (a "superior proposal").

Southern Connecticut Bancorp has agreed to immediately, within 24 hours, notify Liberty if any such inquiries, proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with Southern Connecticut Bancorp or any of its representatives. Any such notice will identify the person making such inquiry, proposal or offer and the substance thereof. Southern Connecticut Bancorp is also required to keep Liberty informed of any material developments with respect thereto immediately upon the occurrence thereof.

If the Southern Connecticut Bancorp board of directors determines in good faith, after consultation with its financial advisor and upon advice from outside counsel, that it desires to accept a superior proposal, it shall notify Liberty in writing that it intends to terminate the merger agreement in order to enter into an agreement with respect to, or recommend acceptance of, the superior proposal, identifying all the material terms and conditions of the superior proposal and identifying the person making the superior proposal. Liberty shall have 5 business days to respond to the notice. If Liberty, within such 5 business days, notifies Southern Connecticut Bancorp in writing that it shall increase the merger consideration to an amount at least equal to that of the superior proposal, then Southern Connecticut Bancorp may not enter into an acquisition agreement with respect to the superior proposal nor may the Southern Connecticut Bancorp board of directors recommend to Southern Connecticut Bancorp shareholders acceptance of the superior proposal. However, if the Southern Connecticut Bancorp board of directors determines in good faith, upon the advice of its financial advisor and outside counsel, that the Liberty proposal is not at least equal to the superior proposal, Southern Connecticut Bancorp may terminate the merger agreement in order to execute an acquisition agreement with respect to, or recommend to Southern Connecticut Bancorp shareholders acceptance of, the superior proposal.

Southern Connecticut Bancorp Shareholders Meeting

Southern Connecticut Bancorp has agreed, in accordance with Connecticut law and its certificate of incorporation and bylaws, as promptly as reasonably practicable, to call, give notice of, convene and hold a meeting of its shareholders to approve the merger agreement and the transactions contemplated thereby. Southern Connecticut Bancorp has also agreed, subject to the fiduciary duty of the Southern Connecticut Bancorp board of directors as advised by counsel, to recommend to Southern Connecticut Bancorp shareholders approval of the merger agreement and the transactions contemplated thereby and oppose any third party proposal or other action that is inconsistent with the merger agreement and the transactions contemplated thereby.

Directors' and Officers' Insurance

Liberty has agreed to maintain in effect for six years after the effective time of the merger the current directors' and officers' liability insurance policies maintained by Southern Connecticut Bancorp, subject to Liberty's right to substitute policies with at least the same coverage containing terms and conditions which are not materially less favorable, with regard to matters occurring before the effective time of the merger. Alternatively, Liberty may purchase "tail coverage" for a period of six years with coverage containing terms and conditions which are not less favorable than in Southern Connecticut Bancorp's current policies. However, Liberty is not required to expend in excess of \$132,000 for such coverage.

In addition, Liberty has agreed to indemnify, defend and hold harmless each present or past director of Southern Connecticut Bancorp against all losses, claims, damages, costs, expenses (including reasonable attorney's fees), liabilities or judgments or amounts that are paid in settlement of or in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, investigative or administrative, in which such director is, or is threatened to be made, a party or witness in whole or in part on or arising in whole or in part out of the fact that such person is or was a director of Southern Connecticut Bancorp or any of its subsidiaries if such matter pertains to any fact arising, existing or occurring at or before the merger, as provided under applicable state or federal law and under Southern Connecticut Bancorp's certificate of incorporation and bylaws. Liberty shall pay expenses in advance of the final disposition of any such action or proceeding to the full extent permitted by applicable state or federal law upon receipt of an undertaking by the director to repay such advance payments if the director shall be adjudicated or determined not to be entitled to indemnification.

Conduct of Business Pending the Merger

Pursuant to the merger agreement, Southern Connecticut Bancorp has agreed that, until the effective time of the merger, Southern Connecticut Bancorp and its subsidiaries will:

- operate its business in the usual, regular and ordinary course;
- use reasonable best efforts in good faith to preserve intact its business organization and assets, keep available the present services of its employees, maintain its rights and franchises, and preserve the goodwill of its customers and others with whom business relationships exist; or
- not voluntarily take any action that would or be reasonably likely to (i) adversely affect the ability of either Southern Connecticut Bancorp or The Bank of Southern Connecticut to obtain any necessary regulatory approvals required for the transactions contemplated by the merger agreement or increase the period of time necessary to obtain such approvals or (ii) adversely affect its ability to perform any of its covenants or agreements under the merger agreement.

Also pursuant to the merger agreement, Southern Connecticut Bancorp has agreed that until the effective time of the merger, except as specifically permitted or required by the merger agreement and except to the extent required by law or regulation or any governmental entity, or as consented to in writing by Liberty, Southern Connecticut Bancorp and its subsidiaries will not:

45

- change or waive any provision of Southern Connecticut Bancorp’s certificate of incorporation or The Bank of Southern Connecticut’s charter or their bylaws, except as required by law;
 - change the number of shares of its authorized capital stock;
- issue any capital stock or issue or grant or accelerate the vesting of any option, restricted stock award, warrant, call, commitment, subscription, right to purchase or agreement of any character relating to the authorized or issued capital stock of Southern Connecticut Bancorp or any of its subsidiaries, or any securities convertible into shares of such stock; except that Southern Connecticut Bancorp may issue shares of Southern Connecticut Bancorp common stock or permit treasury shares to become outstanding to satisfy currently outstanding and fully vested options in accordance with the terms of the Southern Connecticut Bancorp equity plans;
- effect any recapitalization, reclassification, stock dividend, stock split or like change in capitalization, or redeem, repurchase or otherwise acquire any shares of its capital stock;
- declare or pay any dividends or other distributions with respect to Southern Connecticut Bancorp common stock;
- enter into or terminate any contract or agreement (including without limitation any settlement agreement with respect to litigation) except in the ordinary course of business or as disclosed by Southern Connecticut Bancorp in its disclosure schedules to the merger agreement;
- incur any liabilities or obligations (excluding customer deposit accounts, retail repurchase agreements, Federal Home Loan Bank advances and federal funds purchased with securities sold under agreement to repurchase in the ordinary course of business consistent with parameters established with Liberty’s Chief Financial Officer and consistent with prudent management and past practices of Southern Connecticut Bancorp) in excess of \$10,000 individually or \$25,000 in the aggregate, whether directly or by way of guaranty, including any obligation for borrowed money whether or not evidenced by a note, bond, debenture or similar instrument;
- make any capital expenditures in excess of \$5,000 individually or \$10,000 in the aggregate, except (i) pursuant to binding commitments existing on the date of the merger agreement as disclosed by Southern Connecticut Bancorp in its disclosure schedules to the merger agreement and (ii) expenditures reasonable and necessary to maintain assets in good repair;
- except for commitments issued prior to the date of the merger agreement which have not expired and renewals of existing credit facilities which are not rated Special Mention or a more severe risk rating that were disclosed by Southern Connecticut Bancorp in its disclosure schedules to the merger agreement, make any new loan (including leasing transactions) or other credit facility commitment or increase any loan or other credit facility commitment to any borrower or group of affiliated borrowers in excess of the following limitations without prior consultation with and approval from Liberty’s Chief Lending Officer:
 - residential first mortgage loans which do not fully conform to secondary market underwriting standards;
 - owner occupied and/or “under contract” residential construction loan in excess of \$250,000;
 - commercial and industrial loan in excess of \$100,000 or \$200,000 if properly secured with real estate collateral;
 - commercial real estate loan in excess of \$200,000 for owner-occupied and in excess of \$100,000 for non-owner occupied;
 - commercial construction loan in excess of \$100,000;
 - consumer loans (including home equity loans) in excess of \$25,000;
 - residential development, acquisition, and construction loan in excess of \$75,000;
 - renewal of existing lines of credit subject to Special Mention or a more severe risk rating; and

·loans of new monies to borrowers or borrowing relationships with Special Mention or higher risk rated credits in any amount.

- except as disclosed by Southern Connecticut Bancorp in its disclosure schedules to the merger agreement, grant any increase in rates of compensation to its non-officer employees other than in the ordinary course of business consistent with past practice provided that no such increase shall result in an annual adjustment of more than 3% without prior consultation with and approval from Liberty's Senior Vice President of Human Resources or Liberty's Chief Financial Officer; grant any increase in rates of compensation to, or pay or agree to pay any bonus or severance to, or provide any other new employee benefit or incentive to its directors or to its officers except for non-discretionary payments required by agreements existing as of the date of the merger agreement and disclosed by Southern Connecticut Bancorp in its disclosure schedules to the merger agreement without prior consultation with and approval from Liberty; grant any bonuses to its non-officer employees other than in the ordinary course of business consistent with past practice and bonuses that are reasonable and necessary to compensate employees through the effective date of the merger, in consultation with Liberty's Senior Vice President of Human Resources or Liberty's Chief Financial Officer; enter into any employment, severance or similar agreements or arrangements with any director or employee; adopt or amend or terminate any employee benefit plan, pension plan or incentive plan except as required by law or the terms of such plan or as provided in Southern Connecticut Bancorp's disclosure schedules to the merger agreement, or permit the vesting of any material amount of benefits under any such plan other than pursuant to the provisions thereof as in effect on the date of the merger agreement; or make any contributions to any Southern Connecticut Bancorp employee plan not in the ordinary course of business consistent with past practice;
- increase the number of (i) non-officer personnel employed by Southern Connecticut Bancorp or any of its subsidiaries over the staffing level previously authorized as set forth in Southern Connecticut Bancorp's disclosure schedules to the merger agreement or (ii) officers employed by Southern Connecticut Bancorp or any of its subsidiaries over the number of such officers employed at the time of the merger agreement, without the prior consent of Liberty's Senior Vice President of Human Resources or Liberty's Chief Financial Officer;
- make application for the opening or closing of any, or open or close any, branch or automated banking facility;
- make any equity investment or commitment to make such an investment in real estate or in any real estate development project including foreclosures, settlements in lieu of foreclosure or troubled loan or debt restructuring;
- subject to the provisions governing acquisition proposals and superior proposals in the merger agreement, merge into, consolidate with, affiliate with, or be purchased or acquired by, any other person, or permit any other person to be merged, consolidated or affiliated with it or be purchased or acquired by it, or, except to realize upon collateral in the ordinary course of business, acquire a significant portion of the assets of any other person, or sell a significant portion of its assets;
- make any change in its accounting methods or practices, except changes as may be required by Generally Accepted Accounting Principles ("GAAP") or by law or regulatory requirements;
- enter into any off-balance sheet transaction involving interest rate and currency swaps, options and futures contracts, or any other similar derivative transactions;
- invest in or commit to invest in, or otherwise increase, decrease or alter its investment in, any existing or new joint venture;
- except as disclosed in Southern Connecticut Bancorp's disclosure schedules to the merger agreement, make any material change in policies in existence as of the date of the merger agreement with regard to the extension of credit, the establishment of reserves with respect to the possible loss thereon or the charge off of losses incurred thereon, investment, asset/liability management or other material banking policies, except as may be required by changes in

applicable law or regulations or by GAAP;

- waive, release, grant or transfer any rights of value or modify or change any existing agreement or indebtedness to which Southern Connecticut Bancorp or any of its subsidiaries is a party, other than in the ordinary course of business, consistent with past practice;
- purchase any debt securities or any equity securities, or purchase any security for its investment portfolio, or otherwise take any action that would materially alter the mix, maturity, credit or interest rate risk profile of its portfolio of investment securities;
 - enter into, renew, extend or modify any other transaction with any affiliate;
- except for the execution of the merger agreement, and actions taken or to be taken in accordance with the provisions of the merger agreement and performance thereunder, take any action that would give rise to a right of payment to any individual under any employment or severance agreement or similar agreement;
- except for the execution of the merger agreement, and actions taken or to be taken in accordance with the provisions of the merger agreement and performance thereunder, take any action that would give rise to an acceleration of the right to payment to any individual under any Southern Connecticut Bancorp employee plan;
- without the prior consultation and consent of Liberty's Chief Financial Officer, sell any participation interest in any existing or newly originated loan other than as permitted under the merger agreement or acquire a participation in any loan except as set forth in and subject to the restrictions in the merger agreement;
 - enter into any new or depart from any existing line of business;
- without prior consultation with Liberty's Chief Financial Officer, increase or decrease the rate of interest paid on deposits, except within 25 basis points of rates paid by Liberty for comparable deposits;
 - take any action that (i) would, or is reasonably likely to, prevent or impede the merger or bank merger from qualifying as a qualified stock purchase within the meaning of Section 338 of the Internal Revenue Code of 1986, as amended, or (ii) is intended or is reasonably likely to result in (x) any of its representations and warranties set forth in the merger agreement being or becoming untrue in any material respect at or prior to the effective time of the merger, (y) any of the conditions to the merger not being satisfied or (z) a material violation of any provision of the merger agreement or the bank merger agreement, except, in each case, as may be required by applicable law or regulation;
- take any action in violation of any outstanding enforcement action, or violate any law, rule, regulation or other formal or informal supervisory action involving a bank regulator, the SEC or NYSE MKT; or
 - agree to do any of the foregoing.

The agreements relating to the conduct of Southern Connecticut Bancorp's business contained in the merger agreement are complicated and not easily summarized. You are urged to carefully read Article VI of the merger agreement attached to this document as Annex A.

Employee Benefits

Under the terms of the merger agreement, Liberty anticipates offering employment to substantially all of the employees of Southern Connecticut Bancorp, subject to review of personnel files and such employment criteria for particular positions as Liberty customarily applies.

Each employee of Southern Connecticut Bancorp who remains employed by Liberty following the merger (each, a “continuing employee”) will be entitled to participate in (i) such of the employee benefit plans, deferred compensation arrangements, bonus or incentive plans and other compensation and benefit plans of Southern Connecticut Bancorp that Liberty may continue, and (ii) whatever employee benefit plans and other compensation and benefit plans that Liberty may maintain for the benefit of its similarly situated employees if such continuing employee is not otherwise then participating in a similar Southern Connecticut Bancorp plan that Liberty continues.

Each continuing employee will be credited with service as a Southern Connecticut Bancorp employee for purposes of determining his or her status under Liberty’s policies with respect to vacation, sick and other leave. With respect to the Liberty defined benefit pension plan, each continuing employee will be credited with hours of service as a Southern Connecticut Bancorp employee for the prior employment period with Southern Connecticut Bancorp in order to determine when the employee would be eligible to participate in the plan, but not for purposes of calculating benefits under the plan. With respect to the Liberty defined contribution plan, each continuing employee will be eligible to participate, but will not be credited with prior years of service as a Southern Connecticut Bancorp employee for purposes of vesting. With respect to any Liberty plan which is a health, life or disability insurance plan, each continuing employee will not be subject to any pre-existing condition limitation for conditions covered under such plans. No provision in the merger agreement shall limit the ability of Liberty to amend or terminate any of the Liberty employee plans in accordance with their terms at any time.

Liberty will honor the terms of all employment, change in control, severance and similar agreements, arrangements, policies or programs with any employee or director of Southern Connecticut Bancorp or any of its subsidiaries that were disclosed on Southern Connecticut Bancorp’s disclosure schedules to the merger agreement unless Liberty and the affected employee, officer or director agree otherwise. Following the merger, any continuing employee whose employment is terminated by Liberty other than for cause within six months of the closing of the merger or any Southern Connecticut Bancorp employee who is not offered a position with Liberty, other than employees who are parties to an existing employment, change in control, stay bonus or severance agreement, shall receive three weeks salary for each year of service with a maximum payment based on fifteen weeks salary. Notwithstanding the immediately preceding sentence, Liberty has indicated to Southern Connecticut Bancorp that (i) Liberty will provide a minimum payment based on fifteen weeks salary to any Southern Connecticut Bancorp employee who is not offered a position with Liberty, other than employees who are parties to an existing employment, change in control, stay bonus or severance agreement, or any continuing employee whose employment is terminated by Liberty other than for cause within six months of the closing of the merger and (ii) there will no longer be a maximum payment limitation and any payments to such affected employees will be based on three weeks salary for each year of service subject to the minimum payment set forth in clause (i) above.

Representations and Warranties

The merger agreement contains reciprocal representations and warranties of Southern Connecticut Bancorp and Liberty and their subsidiaries relating to:

capital structure;

due organization, existence and good standing;

corporate power and authority to conduct its business;

deposit insurance;

corporate power and authority to enter the merger agreement and to consummate the transactions contemplated thereby;

· the merger agreement and the transactions contemplated do not violate or breach organizational documents, agreements and governmental orders;

financial statements;

no material adverse change since December 31, 2011;

compliance with applicable laws;

information included in this proxy statement not containing any untrue statement of a material fact or omission of any material fact necessary to make such information, in light of the circumstances, not misleading;

disclosures and representations and warranties not containing any untrue statement of a material fact or omission of any material fact necessary to make such information or document, in light of the circumstances, not misleading; and

brokers and finders.

The merger agreement contains additional representations and warranties by Southern Connecticut Bancorp and its subsidiaries relating to:

SEC documents and filings and bank regulatory reports and filings;

environmental matters;

tax matters;

legal proceedings;

employee benefit plans;

certain contracts;

insurance;

properties;

labor matters;

off-balance sheet transactions;

fairness opinion;

loans and nonperforming and classified assets;

required vote and inapplicability of anti-takeover laws;

material interests of certain persons;

joint ventures; and

intellectual property.

The merger agreement also contains additional representations and warranties by Liberty relating to:

· Community Reinvestment Act rating; and

· financial ability and sufficiency of funds to complete the merger.

None of the representations and warranties by either party survives the effective time of the merger. The representations and warranties in the merger agreement are complicated and not easily summarized. You are urged to carefully read Articles IV and V of the merger agreement attached to this document as Annex A.

Expenses

Each party will pay all fees and expenses such party incurs in the merger agreement and the transactions contemplated thereby.

Amendments

Southern Connecticut Bancorp and Liberty may amend the merger agreement by executing a written amendment approved by the boards of Southern Connecticut Bancorp and Liberty. However, after approval of the merger agreement by the shareholders of Southern Connecticut Bancorp, no amendment of the merger agreement may be made which reduces the amount or value of, or changes the form of, consideration to be delivered to Southern Connecticut Bancorp shareholders without obtaining their approval.