

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1 Issuer's name</b>		<b>2 Issuer's employer identification number (EIN)</b>	
PATHFINDER BANCORP, INC.		38-3941859	
<b>3 Name of contact for additional information</b>	<b>4 Telephone No. of contact</b>	<b>5 Email address of contact</b>	
JAMES DOWD	315-343-0057	JADOWD@PATHFINDERBANK.COM	
<b>6 Number and street (or P.O. box if mail is not delivered to street address) of contact</b>		<b>7 City, town, or post office, state, and Zip code of contact</b>	
214 WEST FIRST STREET		OSWEGO, NY 13126	
<b>8 Date of action</b>		<b>9 Classification and description</b>	
OCTOBER 16, 2014		PATHFINDER BANCORP, INC. COMMON STOCK	
<b>10 CUSIP number</b>	<b>11 Serial number(s)</b>	<b>12 Ticker symbol</b>	<b>13 Account number(s)</b>
70320A103		PBHC	

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

**14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action** ▶ On October 16, 2014, Pathfinder Bancorp, Inc., a newly formed Maryland corporation ("New Pathfinder") completed its public stock offering in connection with the conversion of Pathfinder Bancorp, MHC, from a mutual holding company to the stock holding company form of organization (the "Conversion"). As a result, the interests in Pathfinder Bancorp, Inc. ("Pathfinder-Federal") that were held by the public shareholders were exchanged for shares of New Pathfinder common stock so that Pathfinder's existing shareholders will own approximately the same percentage of New Pathfinder's common stock as they owned of Pathfinder-Federal's common stock immediately prior to the conversion, subject to certain adjustments. New Pathfinder's EIN is 38-3941859, the CUSIP Number is 70320A103 and the ticker symbol is PBHC. New Pathfinder's common stock is traded on the NASDAQ Capital Market. New Pathfinder's mailing address is 214 West First Street, Oswego, NY 13126.

**15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis** ▶ The Conversion qualifies as a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986 (as amended). As such, in general, each stockholder's aggregate basis in his or her New Pathfinder Common Stock (including fractional share interests deemed to be received and exchanged for cash) received in the exchange will be the same as the aggregate basis of Pathfinder-Federal common stock surrendered in exchange therefor, less any basis attributable to fractional share interests for which cash is received.

**16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates** ▶ Pathfinder Bancorp, Inc. (New Pathfinder) sold 2,636,053 of common stock at \$10.00 per share. Shareholders of Pathfinder-Federal received 1.6472 shares of New Pathfinder's common stock for each share of Pathfinder-Federal's common stock they owned immediately prior to completion of the transaction. Cash in lieu of fractional shares will be paid based on the offering price of \$10.00 per share. As a result of the offering and the exchange of shares, New Pathfinder has 4,352,306 shares outstanding, subject to adjustment for fractional shares. See Attachment 1 for further details.

**Part II Organizational Action (continued)**

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based Internal Revenue Code Sections 368(a)(1)(A); 354(a); 302(a); 1223(1); 1223(2); 362(b); 356(a); 358(a); and 1012.

18 Can any resulting loss be recognized? A shareholder who received solely New Pathfinder common stock in exchange for all of his or her Pathfinder-Federal common stock would not recognize any loss. A shareholder who received cash in lieu of a fractional share may recognize loss, but only with respect to the fractional share, if the amount of cash received is less than the tax basis in the fractional share.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year In general, any adjustment to the tax basis that causes gain or loss to be recognized by the New Pathfinder shareholder as a result of the conversion and stock offering should be reported for the taxable year which includes October 16, 2014 (i.e.- a calendar year taxpayer would report the transaction on his or her federal income tax return filed for the 2014 calendar year).

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *JAMES A. DOWD* Date ▶ 11/26/14  
Print your name ▶ JAMES A. DOWD Title ▶ CFO

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Paul E. Fries	<i>PEF</i>	11/25/2014		P00359050
Firm's name ▶ Bonadio & Co. LLP	Firm's address ▶ 171 Sully's Trail Pittsford, NY 14534		Firm's EIN ▶ 16-1131146	Phone no.

**Attachment 1**

**Pathfinder, Bancorp, Inc.**

**Form 8937**

**Line 16**

The following example illustrates the method by which a former shareholder of Pathfinder Bancorp, Inc. ("Pathfinder-Federal") could determine his or her basis in the common stock of Pathfinder Bancorp, Inc. ("New Pathfinder") received in the second step conversion and stock offering (the "Conversion"). The example assumes that the shareholder is an individual U.S. citizen or resident who acquired his or her shares of Pathfinder-Federal in one block at the same price for cash and holds such shares as capital assets. The example does not address any special rules that may apply to a particular shareholder (including shares received as compensation), nor does it address the consequences of any state, local or foreign tax laws.

**Example:**

**Number of shares of Pathfinder-Federal held prior to the Conversion - 100**

**Tax basis in each share of Pathfinder-Federal - \$10**

**Aggregate tax basis in Pathfinder-Federal shares - \$1,000**

**Cash paid in lieu of fractional shares - \$10.00 times the fractional share**

**Exchange ratio – 1.6472**

- |  |                    |
|--|--------------------|
| <b>1. Cost Basis in Pathfinder-Federal stock: (100 x \$10)</b> | <b>\$ 1,000.00</b> |
| <b>2. Shares of New Pathfinder received: (100 x 1.6472)</b>    | <b>164.00</b>      |
| <b>3. Taxable gain on fractional share:</b>                    |                    |

<b>Cash paid in lieu of fractional share (.72 x \$10.00)</b>	<b>\$ 7.20</b>
<b>Less: basis attributable to fractional share</b>	
<b>\$10.00 per share / 1.6472 exchange ratio = \$6.0709 /share</b>	
<b>\$6.0709 x .72 =</b>	<b>\$ 4.37</b>
<b>Taxable gain</b>	<b>\$ 2.83</b>

**4. Tax basis in New Pathfinder shares received in the Conversion**

<b>Basis in shares received (including fractional share)</b>	<b>\$ 1,000.00</b>
<b>Less: Basis attributable to fractional share</b>	<b><u>\$ 4.37</u></b>
<b>Basis in New Pathfinder shares</b>	<b>\$ 995.63</b>
<b>Per share basis (\$995.63/164 shares)</b>	<b>\$ 6.07</b>

**The calculations set forth above are for illustrative purposes only and should not be considered tax advice. You are urged to discuss your specific tax situation with your tax advisor.**

**\*\*\*\*\***

**The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used for the purposes of (1) avoiding penalties under Internal Revenue Code or (2) promoting, marketing or recommending any transaction or matter addressed herein.**

**Posted to the Pathfinder Bancorp, Inc. website on November 28, 2014.**