

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information
1a	Name of plan SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
1b	Three-digit plan number (PN) ▶ 001
1c	Effective date of plan 01/01/1989
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) SUSQUEHANNA BANCSHARES, INC. C/O SBI FINANCE TAX DEPT. LITITZ, PA 17543 26 N. CEDAR STREET LITITZ, PA 17543
2b	Employer Identification Number (EIN) 23-2201716
2c	Sponsor's telephone number 717-626-4721
2d	Business code (see instructions) 522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	MICHAEL SQUIERDO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2010	MICHAEL SQUIERDO
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") SUSQUEHANNA BANCSHARES, INC. C/O SBI FINANCE TAX DEPT. 26 N. CEDAR STREET LITITZ, PA 17543	3b Administrator's EIN 23-2201716 <hr/> 3c Administrator's telephone number 717-626-4721
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	4871
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	2812
b Retired or separated participants receiving benefits.....	6b	633
c Other retired or separated participants entitled to future benefits.....	6c	985
d Subtotal. Add lines 6a , 6b , and 6c	6d	4430
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	50
f Total. Add lines 6d and 6e	6f	4480
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	196
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1C

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☐ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>SUSQUEHANNA BANCSHARES, INC.</u>	D Employer Identification Number (EIN) <u>23-2201716</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>
2	Assets:
a	Market value 2a <u>90960218</u>
b	Actuarial value 2b <u>90960218</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>643</u> <u>32995312</u>
b	For terminated vested participants 3b <u>980</u> <u>16302091</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>2512812</u>
(2)	Vested benefits 3c(2) <u>38521077</u>
(3)	Total active 3c(3) <u>3248</u> <u>41033889</u>
d	Total 3d <u>4871</u> <u>90331292</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.54</u> %
6	Target normal cost 6 <u>5053914</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	
Signature of actuary <u>STEVEN P. GDOWIK</u>	Date <u>08-00273</u>
Type or print name of actuary <u>AON CONSULTING</u>	Most recent enrollment number <u>610-834-2100</u>
Firm name <u>555 EAST LANCASTER AVE, SUITE 300</u> <u>0</u> <u>RADNOR, PA 19087-7300</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	17448928	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	17448928	0
10	Interest on item 9 using prior year's actual return of <u>-13.16</u> %	-2296279	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		8257774
b	Interest on (a) using prior year's effective rate of <u>6.20</u> %		511982
c	Total available at beginning of current plan year to add to prefunding balance		8769756
d	Portion of (c) to be added to prefunding balance.....		8769756
12	Reduction in balances due to elections or deemed elections.....	710656	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	14441993	8769756

Part III Funding percentages			
14	Funding target attainment percentage.....	14	75.00 %
15	Adjusted funding target attainment percentage.....	15	100.70 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	107.33 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/21/2009	20000000				
Totals ►			18(b)	20000000	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 18808166
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of Quarter of this plan year	
(1) 1st	(2) 2nd
0	0
(3) 3rd	(4) 4th
0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.32 %	2nd segment: 6.45 %	3rd segment: 6.69 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	5053914
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	5053914
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	3270851	0
36 Additional cash requirement (item 34 minus item 35).....	36	1783063
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	18808166
38 Interest-adjusted excess contributions for current year (see instructions).....	38	17025103
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<div>A</div> <div>Name of plan</div> <div>SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN</div>	<div>B</div> <div>Three-digit plan number (PN)</div> <div>▶</div> <div>001</div>
<div>C</div> <div>Plan sponsor's name as shown on line 2a of Form 5500</div> <div>SUSQUEHANNA BANCSHARES, INC.</div>	<div>D</div> <div>Employer Identification Number (EIN)</div> <div>23-2201716</div>

Part I

Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1

Information on Persons Receiving Only Eligible Indirect Compensation

a

Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....

☐ Yes

☒ No

b

If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b)

Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b)

Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DIVERSIFIED INVESTMENT ADVISORS

4333 EDGEWOOD RD NE
MAIL STOP 0001
CEDAR RAPIDS, IA 52499-0001

13-3689044

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
12 15 28 50 59 62 63 64	RECORDKEEPER	13118	Yes ☐ No ☒	Yes ☐ No ☒	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<div>SCHEDULE D</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div>		<div>DFE/Participating Plan Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>		<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection.</div>	
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009					
A Name of plan SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN				B Three-digit plan number (PN) ▶ 001	
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 SUSQUEHANNA BANCSHARES, INC.				D Employer Identification Number (EIN) 23-2201716	
Part I Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)					
a Name of MTIA, CCT, PSA, or 103-12 IE: COMMON COLLECTIVE TRUST FUNDS					
b Name of sponsor of entity listed in (a): DIVERSIFIED INVESTMENT ADVISORS					
c EIN-PN 13-3689044-001		d Entity code C		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2380365	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:					
b Name of sponsor of entity listed in (a):					
c EIN-PN		d Entity code		e Dollar value of interest in MT	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 SUSQUEHANNA BANCSHARES, INC.	D Employer Identification Number (EIN) 23-2201716	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	549643	305868
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	13892423	6794949
(2) U.S. Government securities.....	1c(2)	28410779	10186833
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	7960848	10889814
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)	32183974	30844519
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)	4268798	2380365
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	2761007	54113261
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	988259	1267434

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	91015731	116783043

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	91015731	116783043
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	20000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		20000000

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	34522	
(B) U.S. Government securities	2b(1)(B)	1014024	
(C) Corporate debt instruments	2b(1)(C)	560414	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	678	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		1609638

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	1014654	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	595051	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1609705

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	54045303	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	52848293	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		1197010

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	3543815	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		3543815
(6) Net investment gain (loss) from common/collective trusts	2b(6)		113105
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		1722812
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		29796085

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4004470	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		4004470
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	13118	
(4) Other	2i(4)	11185	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		24303
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		4028773

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		25767312
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: REINSEL KUNTZ LESHAR LLP

(2) EIN: 23-2108173

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		50000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>SUSQUEHANNA BANCSHARES, INC.</u>	D Employer Identification Number (EIN) <u>23-2201716</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>13-3689044</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>218</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☒ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 27% Investment-Grade Debt: 66% High-Yield Debt: 1% Real Estate: _____% Other: 6%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☒ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

SUSQUEHANNA BANCSHARES, INC.

CASH BALANCE PENSION PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULES

DECEMBER 31, 2009 AND 2008

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INDEPENDENT AUDITORS' REPORT

Administrative Committee of the
Susquehanna Bancshares, Inc.
Cash Balance Pension Plan
Lititz, Pennsylvania

We have audited the accompanying statements of net assets available for benefits of Susquehanna Bancshares, Inc. Cash Balance Pension Plan (Plan) as of December 31, 2009 and 2008, and the related statements of changes in net assets available for benefits for the years then ended and the statement of accumulated plan benefits as of December 31, 2008 and the related statement of changes in accumulated plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Plan's net assets available for benefits as of December 31, 2009 and 2008, and changes therein for the years then ended and its financial status as of December 31, 2008, and changes therein for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Reinsel Kuntz Lesher LLP".

Lancaster, Pennsylvania
October 5, 2010

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	<u>DECEMBER 31,</u> <u>2009</u>	<u>DECEMBER 31,</u> <u>2008</u>
ASSET		
Investments, at fair value:		
Registered investment companies	\$ 54,113,261	\$ 2,761,007
U.S. government agencies	10,186,833	28,410,779
Municipal bonds	355,996	125,946
Foreign bonds	911,438	862,313
Corporate bonds and notes	10,889,814	7,960,848
Common stocks	30,844,519	32,183,974
Common collective trust funds	2,380,365	4,268,798
Temporary cash investment	<u>6,794,949</u>	<u>13,892,423</u>
	116,477,175	90,466,088
Accrued interest paid on purchases	-	55,513
Accrued investment income	<u>305,868</u>	<u>494,130</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$116,783,043</u>	<u>\$ 91,015,731</u>

The accompanying notes are an integral part of the financial statements.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	<u>YEAR ENDED</u>	
	<u>DECEMBER 31,</u> <u>2009</u>	<u>DECEMBER 31,</u> <u>2008</u>
Contributions -		
Employer contributions	\$ 20,000,000	\$ 15,000,000
Investment activities:		
Realized and unrealized net appreciation		
(depreciation) of investments	4,740,825	(10,117,902)
Interest and dividend income	3,219,343	2,652,296
Net investment gain (loss) from registered		
investment companies	1,722,812	(1,964,518)
Net investment gain (loss) from common		
collective trust funds	<u>113,105</u>	<u>(2,873,956)</u>
INCREASE (DECREASE) IN NET ASSETS		
AVAILABLE FOR BENEFITS DERIVED		
FROM INVESTMENT ACTIVITIES	9,796,085	(12,304,080)
Deductions:		
Benefit payments to participants	(4,004,470)	(3,795,077)
Administrative expenses	<u>(24,303)</u>	<u>(55,096)</u>
TOTAL DEDUCTIONS	<u>(4,028,773)</u>	<u>(3,850,173)</u>
INCREASE (DECREASE) PRIOR TO		
TRANSFER	25,767,312	(1,154,253)
Transfer in due to merger	<u>-</u>	<u>7,238,074</u>
NET INCREASE	25,767,312	6,083,821
Net assets available for benefits at beginning		
of year	<u>91,015,731</u>	<u>84,931,910</u>
NET ASSETS AVAILABLE FOR		
BENEFITS AT END OF YEAR	<u>\$116,783,043</u>	<u>\$ 91,015,731</u>

The accompanying notes are an integral part of the financial statements.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

STATEMENT OF ACCUMULATED PLAN BENEFITS

DECEMBER 31, 2008

Actuarial present value of accumulated
plan benefits:

Vested benefits:

Retired participants

\$29,498,911

Active and terminated participants

49,626,118

79,125,029

Nonvested benefits

2,482,619

TOTAL ACTUARIAL PRESENT VALUE OF
ACCUMULATED PLAN BENEFITS

\$81,607,648

The accompanying notes are an integral
part of the financial statements.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

YEAR ENDED DECEMBER 31, 2008

Actuarial present value of accumulated plan benefits at beginning of year	\$73,909,900
Increase (decrease) during the year attributable to:	
Benefits accumulated	6,093,616
Increase for interest due to the decrease in the discount period	5,403,348
Benefits paid	<u>(3,799,216)</u>
NET INCREASE	<u>7,697,748</u>
ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AT END OF YEAR	<u>\$81,607,648</u>

The accompanying notes are an integral
part of the financial statements.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note H for discussion of fair value measurements.

Net investment gains (losses) from registered investment companies include capital gain distributions and realized and unrealized appreciation (depreciation). Net investment gains (losses) from common collective trust funds include interest and realized and unrealized appreciation (depreciation).

Realized gains and losses are combined with unrealized appreciation (depreciation) to compute net appreciation (depreciation) for the year.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated plan benefits are those future benefit payments attributable under the Plan's provisions to the service that employees have rendered. Accumulated plan benefits include benefits expected to be paid to (1) active employees or their beneficiaries, (2) beneficiaries of employees who have died, and (3) retired or terminated employees or their beneficiaries. The accumulated plan benefits under the current plan provisions are based on the participant's cash balance account converted to an annuity of equivalent value. For those employees grandfathered under the previous plan provisions, the accumulated plan benefits are the greater of benefits based on years of service and the employee's five highest paid consecutive years of employment during the last ten years of employment (final average compensation) or benefits calculated under the current cash balance plan provisions. Benefits payable under all circumstances - retirement, death, disability, and termination of employment - are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits has been determined by an independent actuary, and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawals, or retirement) between the valuation date and the expected payment dates.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (Continued)

The significant actuarial assumptions used in the valuation as of January 1, 2009 are as follows:

Asset valuation	- Plan assets are valued at market value
Investment return	- 8.5% compounded annually
Mortality - funding	- RP-2000 Combined Healthy Tables for males and females
Mortality - current liability	- RP-2000 IRS PPA at 2009 for annuitant and non-annuitant males and females
Retirement age	- Normal retirement age: Age 65 or their age on the valuation date, if later
Salary scale - funding	- 4.5% compounded annually
Cash balance interest credits	- 6.5% compounded annually

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The actuarial present value of accumulated plan benefits does not include the effect of the plan freeze as discussed in Note B.

PAYMENT OF BENEFITS

Benefit payments to participants are recorded when paid.

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

ADMINISTRATIVE EXPENSES

Administrative expenses are paid by the Company and the Plan.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of plan assets available for benefits and the actuarial present value of accumulated plan benefits at the date of the financial statements. Accordingly, actual results may differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

RECLASSIFICATIONS

Amounts previously shown have been reclassified to conform to the current year presentation.

NOTE B - DESCRIPTION OF THE PLAN

The following description of the Susquehanna Bancshares, Inc. Cash Balance Pension Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a noncontributory defined benefit plan covering substantially all full-time employees of Susquehanna Bancshares, Inc. and its Subsidiaries (Company) who have attained age twenty-one and were hired before January 1, 2009. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective June 30, 2009, certain plan benefits under the Plan were frozen for employees hired before January 1, 2009 who were not age 50 or who had not earned at least 15 years of vesting service as of December 31, 2009. These employees will retain the benefits they have earned through June 30, 2009, but will no longer accrue future pay-based credits to their accounts within the Plan. These employees will continue to receive interest each year at a guaranteed minimum rate of 5%. All other employees hired before January 1, 2009 will continue to participate and accrue benefits under the Plan.

Employers participating in the Plan are as follows:

NAME OF EMPLOYER

Susquehanna Bancshares, Inc.
Susquehanna Bank
Susquehanna Trust & Investment Company
Boston Service Company, Inc. (t/a Hann Financial Service Corp.)
Valley Forge Asset Management Corp.
The Addis Group, LLC
Susquehanna Commercial Finance, Inc.
Stratton Management Company

During 2008, the Company acquired Stratton Holding Company, the parent of Stratton Management Company. In addition, Susquehanna Bank and Susquehanna Bank DV were emerged into Susquehanna Bank PA, which subsequently changed its name to Susquehanna Bank.

PARTICIPANT ACCOUNTS

Under the Plan, an account balance is maintained for each participant to track their appreciation of benefits under the Plan. For participants whose benefits are not frozen, each participant's account is credited with an allocation of (a) an annual contribution based on earnings and (b) an interest credit. For participants that had certain benefits frozen as of June 30, 2009, each participant's account was credited with an allocation of (a) a contribution based on earnings through June 30, 2009 and (b) an interest credit. In future years, these participants will only receive an allocation of an interest credit annually.

NOTE B - DESCRIPTION OF THE PLAN (Continued)

PARTICIPANT ACCOUNTS (Continued)

An annual contribution, equal to a percentage of W-2 earnings, is credited to the account of each eligible participant who worked at a rate of at least 1,000 hours of service during the plan year. The annual contribution percentage is based upon each participant's age plus years of service as of the beginning of each plan year. The annual contribution percentage ranges from 3% for participants with a total of age plus service of less than 30 years to 11% for participants with a total of age plus service of 100 years or more. In addition, the account balance as of the end of the preceding year is credited with interest based on the 1-year U.S. Treasury Bill, as defined in the Plan, but not less than 5% and not more than 8%. The rate of interest used to credit participant accounts was 5% for the years ended December 31, 2009 and 2008, respectively.

PENSION BENEFITS AND VESTING

A participant's right to receive an accrued benefit shall become vested upon the completion of three years of service or the attainment of age 65. Employees are eligible to receive their full accrued benefits upon reaching their normal retirement age (65). The benefit is the balance in the participant's cash balance account converted to an annuity of equivalent value as of the benefit commencement date. Participants who were age 55 or greater with 10 or more years of service as of December 31, 1997 will receive the greater of the benefit payable under the prior plan provisions or the benefit payable based on the participant's cash balance account. The benefit payable under the prior plan provisions is equal to one and one-half percent (1 1/2%) of the final average compensation up to the Social Security covered compensation amount plus two percent (2%) of the final average compensation in excess of the Social Security covered compensation amount times the number of years of credited service up to a maximum of 25 years. Individuals who were participants under a merged plan prior to December 31, 1997 had the accrued benefit from prior bank pension plans included in the participants' opening cash balance account balance as of January 1, 1998. Early retirement is allowed upon the attainment of age 55 and at least 15 years of service. Benefits are generally available in the form of a qualified joint and survivor annuity for employees married on the date retirement benefits commence, and a single life annuity for other employees.

Notwithstanding any other provision of this Plan, for any participant whose benefit in the Susquehanna Bancshares, Inc. Retirement Income Plan that was converted to an Opening Account Balance on the transition date, the Participant's Accrued Benefit shall never be less than the Plan benefit from the Susquehanna Bancshares, Inc. Retirement Income Plan (as of the transition date).

DEATH AND DISABILITY BENEFITS

The Plan provides for a disability pension if a participant becomes disabled at a time when he or she has at least three years of continuous service and is eligible for Social Security Disability Benefits. Credits will be made to his or her account during the period of disability at the same rate of compensation he or she was receiving prior to becoming disabled if eligible for credits under the partial plan freeze. The amount of disability pension, payable to the participant, is based on his or her accrued benefit at normal or, if eligible, early retirement.

The Plan also provides benefits to spouses of participants who die before retirement, but after completing three years of continuous service. For a portion of 2008, the Plan entitled the surviving spouse to 50% of the benefit which would have been payable to the spouse if the participant had retired on the day preceding his death and elected a joint and 50% survivor option.

NOTE B - DESCRIPTION OF THE PLAN (Continued)

DEATH AND DISABILITY BENEFITS (Continued)

The pre-retirement death benefit provision provides for a single sum death benefit payable to the designated beneficiary of a participant not married as of their date of death. The single sum benefit is payable in incremental amounts based on the number of years of vesting service as defined.

FUNDING POLICY

The Company's policy is to fund the pension plan on a current basis up to the amount currently deductible under current tax law. Forfeitures arising under the Plan shall be used to reduce the amount of contributions made by the Company. The Company's contributions for 2009 and 2008 met or exceeded the minimum funding requirements of ERISA.

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

MERGER

The Company acquired Community Banks, Inc. on November 16, 2007. Effective January 1, 2008, the participants in the Community Banks, Inc. Pension Plan became participants in the Susquehanna Bancshares, Inc. Cash Balance Pension Plan. All participants in the Community Bank's Pension Plan with a frozen benefit as of December 31, 2007, had their benefit converted to an opening cash balance in the Susquehanna Bancshares, Inc. Cash Balance Pension Plan as of January 1, 2008. The net assets of the Community Banks, Inc. Pension Plan were transferred into the Susquehanna Bancshares, Inc. Cash Balance Pension Plan during January, 2008. The transferred net assets, which represent investments at fair value, amounted to approximately \$7,238,000.

PLAN TERMINATION

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under plan provisions in effect at any time during the five years preceding plan termination.
- b. Other vested benefits insured by the Pension Benefit Guaranty Corporation (PBGC) (a U.S. government agency) up to the applicable limitations (discussed below).
- c. All other vested benefits (that is, vested benefits not insured by the PBGC).
- d. All nonvested benefits.

NOTE B - DESCRIPTION OF THE PLAN (Continued)

PLAN TERMINATION (Continued)

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, a statutory ceiling exists, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations, and may also depend on the financial condition of the plan sponsor and the level of benefits guaranteed by the PBGC.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

Effective July 1, 2009, the Plan adopted FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB Accounting Standards Codification (ASC) as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with GAAP. The adoption of this statement did not have a material impact on the Plan's financial statements.

In September 2009, FASB issued an amendment ASU 2009-12, *Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*, which provides guidance on how entities should estimate fair value of certain alternative investments. The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical expedient, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. The guidance also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical expedient was used. This amendment was effective for periods ending after December 15, 2009, with early adoption permitted. See Note I for the impact of this adoption.

Effective December 31, 2009, the Plan adopted FASB ASC 855, *Subsequent Events*. The new guidance establishes general standards of accounting for and disclosure of events that occur after the statement of net assets available for benefits date, but before the date the financial statements are issued or available to be issued. This guidance requires plans to reflect in their financial statements the effects of subsequent events that provide additional evidence about conditions at the statement of net assets available for benefits date. Subsequent events that provide evidence about conditions that arose after the statement of net assets available for benefits date should be disclosed if the financial statements would otherwise be misleading. Disclosure should include the nature of the event and either an estimate of its financial effect or a statement that an estimate cannot be made.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In January 2010, FASB issued an amendment ASU 2010-06, *Fair Value Measurements and Disclosures - Improving Disclosures about Fair Value Measurements*, which requires new disclosures and reasons for significant transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. This guidance is effective for periods beginning after December 15, 2009 and has not yet been adopted. The Plan will be required to adopt these disclosures in its 2010 annual financial statements. The amendment further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes. This guidance is effective for periods beginning after December 15, 2010 and has not yet been adopted. The Plan will be required to adopt these disclosures in its 2011 annual financial statements. Plan management has not assessed the impact of the guidance on the Plan's financial statement disclosures.

NOTE D - INCOME TAX STATUS

The Financial Accounting Standards Board issued new guidance on accounting for uncertainty in income taxes. The Plan adopted this new guidance for the year ended December 31, 2009. The Internal Revenue Service has determined and informed the Company by a letter dated April 20, 2009, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. The plan administrator believes the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC, and that no uncertain tax positions have been taken that would require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

NOTE E - INVESTMENTS

Except for common collective trust funds, the Plan's investments are held by a bank-administered trust fund. The following table presents the fair values of investments. Investments that represent 5 percent or more of total plan assets are separately identified.

	DECEMBER 31, 2009		DECEMBER 31, 2008	
	NUMBER OF SHARES OR PRINCIPAL AMOUNT	FAIR VALUE	NUMBER OF SHARES OR PRINCIPAL AMOUNT	FAIR VALUE
INVESTMENTS AT FAIR VALUE				
Registered investment companies:				
Vanguard Long-Term Investment				
Grade Fund	6,066,509.123 shs.	\$ 54,113,261		\$ -
Other		-		2,761,007
U.S. government agencies		10,186,833		28,410,779
Municipal bonds		355,996		125,946
Foreign bonds		911,438		862,313
Corporate bonds and notes		10,889,814		7,960,848
Common stocks		30,844,519		32,183,974
Temporary cash investment:				
Federated Municipal Obligation				
Money Market Fund	6,794,949.300 shs.	6,794,949		-
Federated Govt Obligation				
Money Market Fund		-	13,892,422.590 shs.	13,892,423
Common collective trust funds		<u>2,380,365</u>		<u>4,268,798</u>
		<u>\$116,477,175</u>		<u>\$ 90,466,088</u>

NOTE E - INVESTMENTS (Continued)

During the years ended December 31, 2009 and 2008, the Plan's investments experienced realized and unrealized net appreciation (depreciation) in total of \$6,576,742 and \$(14,956,376), respectively, as follows:

	YEAR ENDED	
	DECEMBER 31, 2009	DECEMBER 31, 2008
INVESTMENTS AT FAIR VALUE AS DETERMINED BY QUOTED MARKET PRICE		
Registered investment companies	\$ 1,722,812	\$ (1,964,518)
U.S. government agencies	(743,180)	1,414,504
Municipal bond	5,050	2,867
Foreign bond	49,125	603,850
Corporate bonds and notes	460,137	(549,283)
Common stock	<u>4,969,693</u>	<u>(11,589,840)</u>
	<u>4,740,825</u>	<u>(10,117,902)</u>
	6,463,637	(12,082,420)
INVESTMENTS AT VALUES QUOTED BY THE TRUST		
Common collective trust funds	<u>113,105</u>	<u>(2,873,956)</u>
	<u>\$ 6,576,742</u>	<u>\$(14,956,376)</u>

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - RELATED PARTY TRANSACTIONS

Certain plan investments are units of common collective trust funds managed by Diversified Investment Advisors (Diversified). Diversified is a custodian, as defined by the Plan, and provides administrative and investment services to the Plan and therefore, these transactions qualify as party-in-interest. Fees paid by the Plan for administrative and investment services amounted to \$13,118 and \$43,534 for 2009 and 2008, respectively.

NOTE H - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

Temporary cash investments: Valued at the carrying value which is a reasonable estimate of fair value for this short-term investment.

Common stocks, U.S. government agencies, municipal bonds, foreign bonds, and corporate bonds and notes: These investments traded in active markets and on national and international securities exchanges are value at closing prices on the last business day of each period presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker and dealer quotations, or alternative pricing sources with reasonable levels of price transparency. Securities that trade infrequently and therefore have little or no price transparency are valued using the Plan's investment manager's best estimates.

Common collective trust funds and registered investment companies: The respective fair value of these investments are determined by reference to the funds' underlying assets which are principally marketable equity securities and fixed income securities. Shares held in registered investment companies traded on national securities exchanges are valued at net asset value. Units held in common collective trust funds are valued at the unit value as reported by the respective fund manager.

NOTE H - FAIR VALUE MEASUREMENTS (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realized value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009 and 2008.

	DECEMBER 31, 2009			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Registered investment companies -				
Fixed income fund -				
Long-term bond	\$ 54,113,261	\$ -	\$ -	\$ 54,113,261
U.S. government agencies:				
Federal home loan banks	-	5,025,123	-	5,025,123
Federal farm credit banks	-	3,975,568	-	3,975,568
Other	-	1,186,142	-	1,186,142
Total U.S. government agencies	-	10,186,833	-	10,186,833
Municipal bonds	-	355,996	-	355,996
Foreign bonds	-	911,438	-	911,438
*Corporate bonds:				
A credit rating	-	5,792,781	-	5,792,781
A+ credit rating	-	2,180,852	-	2,180,852
A- credit rating and above	-	2,136,835	-	2,136,835
BBB+ credit rating	-	779,346	-	779,346
Total corporate bonds	-	10,889,814	-	10,889,814
Common stocks:				
Raw materials, goods, and services	6,936,670	-	-	6,936,670
Consumer nondurables	11,022,540	-	-	11,022,540
Energy	1,539,310	-	-	1,539,310
Capital goods	1,730,970	-	-	1,730,970
Utilities	8,566,180	-	-	8,566,180
Other	1,048,849	-	-	1,048,849
Total common stocks	30,844,519	-	-	30,844,519
Common collective trust funds:				
Bond fund	-	1,830,501	-	1,830,501
Other	-	549,864	-	549,864
Total common collective trust funds	-	2,380,365	-	2,380,365

NOTE H - FAIR VALUE MEASUREMENTS (Continued)

DECEMBER 31, 2009				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Temporary cash investment - Money market fund	<u>6,794,949</u>	<u>-</u>	<u>-</u>	<u>6,794,949</u>
TOTAL ASSETS AT FAIR VALUE	<u>\$ 91,752,729</u>	<u>\$ 24,724,446</u>	<u>\$ -</u>	<u>\$116,477,175</u>
DECEMBER 31, 2008				
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Registered investment companies -				
Domestic stock funds:				
Large growth	\$ 1,794,804	\$ -	\$ -	\$ 1,794,804
Other	<u>966,203</u>	<u>-</u>	<u>-</u>	<u>966,203</u>
Total registered investment companies	2,761,007	-	-	2,761,007
U.S. government agencies:				
Federal home loan banks	-	11,992,125	-	11,992,125
Federal farm credit banks	-	8,909,077	-	8,909,077
U.S. Treasury notes and bonds	-	6,268,319	-	6,268,319
Other	<u>-</u>	<u>1,241,258</u>	<u>-</u>	<u>1,241,258</u>
Total U.S. government agencies	-	28,410,779	-	28,410,779
Municipal bond	-	125,946	-	125,946
Foreign bonds	-	862,313	-	862,313
*Corporate bonds:				
A credit rating	-	4,273,641	-	4,273,641
A+ credit rating	-	1,275,053	-	1,275,053
A- credit rating and above	-	1,700,191	-	1,700,191
BBB+ credit rating	<u>-</u>	<u>711,963</u>	<u>-</u>	<u>711,963</u>
Total corporate bonds	-	7,960,848	-	7,960,848
Common stocks:				
Raw materials, goods, and services	5,623,089	-	-	5,623,089
Consumer nondurables	12,244,790	-	-	12,244,790
Energy	2,785,000	-	-	2,785,000
Financial	2,527,040	-	-	2,527,040
Capital goods	1,719,335	-	-	1,719,335
Utilities	6,669,120	-	-	6,669,120
Other	<u>615,600</u>	<u>-</u>	<u>-</u>	<u>615,600</u>
Total common stocks	32,183,974	-	-	32,183,974

NOTE H - FAIR VALUE MEASUREMENTS (Continued)

	DECEMBER 31, 2008			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Common collective trust funds:				
Large cap value	-	1,304,472	-	1,304,472
International equity	-	951,633	-	951,633
Other	-	2,012,693	-	2,012,693
Total common collective trust funds	-	4,268,798	-	4,268,798
Temporary cash investment - Money market fund	13,892,423	-	-	13,892,423
TOTAL ASSETS AT FAIR VALUE	\$ 48,837,404	\$ 41,628,684	\$ -	\$ 90,466,088

*Corporate bond ratings are as of report date, due to historical information not being available. The ratings are presented using the Standard & Poor's rating system.

NOTE I - FAIR VALUE OF INVESTMENTS IN CERTAIN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT)

The following table sets forth additional disclosures of the Plan's investments whose fair value is estimated using net asset value per share (or its equivalent) as of December 31, 2009.

INVESTMENT	FAIR VALUE	UNFUNDED COMMITMENT	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Common collective trust funds:				
Core Bond Portfolio (a)	\$ 1,830,501	\$ -	Daily	None
Money Market Portfolio (b)	549,864	-	Daily	None
Total	\$ 2,380,365	\$ -		

- (a) This category is a bond fund whose objective is to achieve maximum total return. The fund invests in primarily U.S. government agency obligations, corporate debt securities, and mortgage-backed securities. Investments in this category can be redeemed daily at the current net asset value per unit based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per unit of the investment as reported by the respective fund manager.
- (b) The category is a money market fund whose objective is to provide liquidity and as high a level of income as is consistent with the preservation of capital. The fund invests in primarily certificates of deposit, commercial paper, and short-term U.S. government obligations. Investments in this category can be redeemed daily at the current net asset value per unit based on the fair value of the underlying assets. The fair value of investments in this category has been estimated using the net asset value per unit of the investments as reported by the respective fund manager.

NOTE J - SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 5, 2010. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2009 were noted.

SUPPLEMENTAL SCHEDULES



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES

Administrative Committee of the
Susquehanna Bancshares, Inc.
Cash Balance Pension Plan
Lititz, Pennsylvania

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) at December 31, 2009 and the schedule of reportable transactions for the year ended December 31, 2009, are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Reinsel Kuntz Leshner LLP".

Lancaster, Pennsylvania
October 5, 2010

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Registered investment company - Vanguard Funds	6,066,509.123 shs. Vanguard Long-Term Investment Grade Fund	\$ 52,445,482	\$ 54,113,261
	U.S. government agencies:			
	Federal Home Loan Banks	\$ 300,000 par, 5.625%, due 05/15/11	320,964	324,798
	Federal Home Loan Banks	\$ 300,000 par, 5.000%, due 09/01/10	300,624	308,813
	Federal Home Loan Banks	\$ 290,000 par, 4.750%, due 09/11/15	292,628	309,848
	Federal Home Loan Banks	\$ 100,000 par, 5.000%, due 10/27/10	102,509	103,625
	Federal Home Loan Banks	\$ 350,000 par, 4.750%, due 12/10/10	370,517	363,563
	Federal Home Loan Banks	\$ 500,000 par, 4.875%, due 12/14/12	484,803	542,342
	Federal Home Loan Banks	\$ 150,000 par, 4.625%, due 09/11/20	151,714	149,719
	Federal Home Loan Banks	\$ 300,000 par, 5.000%, due 03/09/12	300,933	323,531
	Federal Home Loan Banks	\$ 500,000 par, 5.375%, due 06/13/14	515,360	555,702
	Federal Home Loan Banks	\$ 250,000 par, 5.375%, due 06/08/12	249,758	270,234
	Federal Home Loan Banks	\$ 125,000 par, 3.000%, due 06/11/10	124,043	126,543
	Federal Home Loan Banks	\$ 215,000 par, 3.000%, due 12/10/10	220,751	219,905
	Federal Farm Credit Banks	\$ 200,000 par, 6.700%, due 11/22/10	232,005	210,907
	Federal Farm Credit Banks	\$ 100,000 par, 5.750%, due 01/18/11	107,683	105,359
	Federal Farm Credit Banks	\$ 185,000 par, 6.250%, due 07/11/11	207,383	199,656
	Federal Farm Credit Banks	\$ 150,000 par, 5.430%, due 07/24/13	156,315	166,594
	Federal Farm Credit Banks	\$ 125,000 par, 3.880%, due 07/08/13	122,307	132,207
	Federal Farm Credit Banks	\$ 500,000 par, 6.300%, due 12/03/13	576,720	571,935
	Federal Farm Credit Banks	\$ 175,000 par, 4.500%, due 05/06/14	178,776	188,262
	Federal Farm Credit Banks	\$ 298,000 par, 5.650%, due 06/30/14	336,317	334,645
	Federal Farm Credit Banks	\$ 400,000 par, 5.100%, due 08/05/13	445,540	439,750
	Federal Farm Credit Banks	\$ 320,000 par, 5.500%, due 10/03/14	359,347	357,101
	Federal Farm Credit Banks	\$ 309,000 par, 5.200%, due 04/17/14	346,920	341,252
	Federal Farm Credit Banks	\$ 250,000 par, 5.200%, due 08/16/11	251,516	266,603
	Federal Farm Credit Banks	\$ 500,000 par, 5.400%, due 06/24/13	497,749	554,375
	Federal Farm Credit Banks	\$ 100,000 par, 4.625%, due 08/26/15	97,977	106,922
	Federal Home Loan Banks	\$ 400,000 par, 5.000%, due 12/10/10	416,717	416,376
	Federal Home Loan Banks	\$ 260,000 par, 5.000%, due 12/16/11	261,225	279,135
	Federal Home Loan Banks	\$ 400,000 par, 5.000%, due 07/16/13	390,958	437,376
	Federal Home Loan Banks	\$ 175,000 par, 6.100%, due 12/13/10	196,364	184,160
	Federal Home Loan Banks	\$ 100,000 par, 6.435%, due 12/12/11	112,358	109,453
	Federal National Mortgage Association	\$ 500,000 par, 6.410%, due 11/13/12	570,874	558,300
	Federal National Mortgage Association	\$ 30,365 par, 6.000%, due 07/01/16	30,391	32,542
	Federal National Mortgage Association	\$ 16,144 par, 5.500%, due 12/01/11	16,089	16,560
	GNMA Pool 146675X	\$ 472 par, 9.000%, due 07/15/16	461	525
	Student Loan Marketing Association	\$ 500,000 par, 6.550%, due 12/02/13	568,970	578,215
			9,915,566	10,186,833
	Municipal bonds:			
	Ambridge Boro PA	\$ 120,000 par, 5.300%, due 10/15/14	119,383	128,218
	Frederick MD	\$ 100,000 par, 4.170%, due 03/01/13	100,000	100,171
	Frederick MD	\$ 125,000 par, 4.520%, due 03/01/13	125,000	127,607
			344,383	355,996

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Foreign bonds:			
	Astrazeneca PLC	\$ 250,000 par, 5.400%, due 09/15/12	257,558	273,088
	ConocoPhillips CA	\$ 250,000 par, 5.625%, due 10/15/16	238,087	271,200
	GlaxoSmithKline Cap	\$ 350,000 par, 4.375%, due 04/15/14	349,045	367,150
			<u>844,690</u>	<u>911,438</u>
	Corporate bonds and notes:			
	AT&T Corp.	\$ 300,000 par, 7.300%, due 11/15/11	308,586	330,321
	Abbott Labs	\$ 250,000 par, 5.875%, due 05/15/16	252,015	275,748
	Anheuser Busch Co.	\$ 450,000 par, 4.375%, due 01/15/13	441,404	460,449
	Bear Stearns Co., Inc.	\$ 100,000 par, 5.350%, due 02/01/12	100,352	106,257
	Bellsouth Corp.	\$ 250,000 par, 4.750%, due 11/15/12	256,745	266,952
	Bottling Group LLC	\$ 350,000 par, 6.950%, due 03/15/14	374,980	402,714
	Brown Forman Corp.	\$ 250,000 par, 5.000%, due 02/01/14	256,800	262,745
	Cisco Systems Inc.	\$ 250,000 par, 5.250%, due 02/22/11	263,325	262,332
	Cisco Systems Inc.	\$ 350,000 par, 5.500%, due 02/22/16	348,921	384,265
	Costco Wholesale Corp.	\$ 300,000 par, 5.300%, due 03/15/12	321,099	323,628
	Costco Co.	\$ 215,000 par, 5.500%, due 03/15/17	211,270	229,465
	John Deere Cap	\$ 100,000 par, 5.100%, due 01/15/13	99,940	106,299
	John Deere Corp.	\$ 100,000 par, 4.950%, due 12/17/12	99,390	107,243
	Walt Disney Co.	\$ 550,000 par, 4.700%, due 12/01/12	562,402	592,158
	Dupont E.I. de Nemours & Co.	\$ 110,000 par, 4.875%, due 04/30/14	109,430	117,323
	Dupont E.I. de Nemours & Co.	\$ 350,000 par, 5.000%, due 01/15/13	364,350	374,825
	Florida Power & Light Co.	\$ 235,000 par, 4.850%, due 02/01/13	229,508	248,764
	General Electric Corp.	\$ 275,000 par, 5.000%, due 01/08/16	273,625	278,138
	General Electric Cap Corp.	\$ 250,000 par, 5.250%, due 10/19/12	256,297	266,055
	Georgia Power	\$ 275,000 par, 5.700%, due 06/01/17	281,878	298,397
	Hewlett Packard Co.	\$ 250,000 par, 5.400%, due 03/01/17	252,693	266,590
	Hewlett Packard Co.	\$ 150,000 par, 4.500%, due 03/01/13	153,599	159,024
	IBM Intl Group Cap LLC	\$ 250,000 par, 5.050%, due 10/22/12	265,338	270,808
	IBM Corp.	\$ 250,000 par, 4.750%, due 11/29/12	245,712	268,585
	Intl Business Machines	\$ 265,000 par, 5.700%, due 09/14/17	270,332	289,727
	Kimberly Clark Corp.	\$ 250,000 par, 6.125%, due 08/01/17	246,500	277,142
	Merrill Lynch Co.	\$ 50,000 par, 6.050%, due 08/15/12	50,780	53,562
	NSTAR Electric Co.	\$ 250,000 par, 4.875%, due 04/15/14	245,652	265,127
	Nucor Corp.	\$ 250,000 par, 5.000%, due 12/01/12	250,148	272,863
	Oracle Corp.	\$ 280,000 par, 5.250%, due 01/15/16	275,428	302,361
	Pepsico Inc.	\$ 450,000 par, 4.650%, due 02/15/13	457,856	480,677
	Pitney Bowes Inc.	\$ 309,000 par, 3.875%, due 06/15/13	286,751	318,897
	Target Corp.	\$ 114,000 par, 5.125%, due 01/15/13	116,682	123,781
	Unilever Cap Corp.	\$ 300,000 par, 7.125%, due 11/01/10	323,707	316,227
	United Parcel Service	\$ 443,000 par, 4.500%, due 01/15/13	458,570	470,998
	United Technologies Corp.	\$ 136,000 par, 6.350%, due 03/01/11	145,723	144,142
	United Technologies Corp.	\$ 250,000 par, 4.375%, due 05/01/10	252,380	253,627
	United Technologies Corp.	\$ 125,000 par, 4.875%, due 05/01/15	118,176	134,174
	Wal-Mart Stores Inc.	\$ 250,000 par, 4.125%, due 02/15/11	242,367	258,962
	Walgreen Co.	\$ 250,000 par, 4.875%, due 08/01/13	264,712	268,462
			<u>10,335,423</u>	<u>10,889,814</u>

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Common stocks:			
	Abbott Laboratories	14,000 shs.	631,299	755,860
	Archer Daniels Midland	40,000 shs.	1,088,776	1,252,400
	AT&T Inc.	37,000 shs.	979,865	1,037,110
	Barrick Gold Corp.	40,000 shs.	1,181,831	1,575,200
	BP PLC ADR Sponsor	8,000 shs.	402,984	463,760
	Bristol-Myers Squibb Co.	45,000 shs.	1,036,609	1,136,250
	Cameco Corp.	15,000 shs.	422,475	482,550
	Central Fund Canada	130,000 shs.	1,393,460	1,791,400
	Cisco Systems, Inc.	24,000 shs.	358,579	574,560
	Chevron Corp.	8,000 shs.	497,542	615,920
	Coca Cola Company	18,000 shs.	762,339	1,026,000
	ConocoPhillips	9,000 shs.	418,815	459,630
	Deere & Co.	17,000 shs.	659,585	919,530
	Exelon Corp.	9,000 shs.	443,455	439,830
	General Electric Co.	17,000 shs.	585,457	257,210
	Glaxo Smithkline PLC Sponsored ADR	8,000 shs.	425,410	338,000
	Goldcorp, Inc.	40,000 shs.	963,161	1,573,600
	Intel Corp.	29,000 shs.	508,869	591,600
	Ishares MSCI Japan Index	35,500 shs.	388,049	345,770
	Johnson & Johnson	12,000 shs.	760,133	772,920
	JPMorgan Chase & Co.	10,700 shs.	448,323	445,869
	Kroger Co.	27,000 shs.	607,229	554,310
	Merck & Company Inc.	27,000 shs.	862,556	986,580
	Microsoft Corp.	24,000 shs.	618,097	731,520
	Monsanto Co.	10,000 shs.	812,826	817,500
	Newmont Mining	32,000 shs.	1,220,885	1,513,920
	Nippon Telegraph & Telephone Corp. Sponsored ADR	40,000 shs.	990,554	789,600
	Oracle Systems Corp.	26,000 shs.	492,786	637,780
	Paychex, Inc.	14,000 shs.	415,800	428,960
	Pepsico, Inc.	6,000 shs.	366,593	364,800
	Pfizer, Inc.	40,000 shs.	951,755	727,600
	Procter & Gamble	7,000 shs.	360,193	424,410
	Progress Energy, Inc.	18,000 shs.	685,724	738,180
	QUALCOMM, Inc.	13,000 shs.	552,220	601,380
	Shaw Group, Inc.	25,000 shs.	701,079	718,750
	Southern Company	15,000 shs.	486,278	499,800
	Tyson Foods Inc.	63,000 shs.	671,662	773,010
	Verizon Communications	34,000 shs.	1,068,597	1,126,420
	Vodafone Group PLC Sponsored ADR	16,000 shs.	377,727	369,440
	Wal-Mart Stores, Inc.	7,000 shs.	333,743	374,150
	Waste Management, Inc.	24,000 shs.	670,596	811,440
			<u>27,603,916</u>	<u>30,844,519</u>

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Common collective trust funds:			
*	Diversified Investment Advisors	30,312.083 units Money Market Portfolio	549,864	549,864
*	Diversified Investment Advisors	75,369.262 units Core Bond Portfolio	1,688,271	1,830,501
			<u>2,238,135</u>	<u>2,380,365</u>
	Temporary cash investment -			
	Federated Investors, Inc.	6,794,949.300 shs. Federated Municipal Obligation Money Market Fund	<u>6,794,949</u>	<u>6,794,949</u>
	TOTAL ASSETS (HELD AT END OF YEAR)		<u>\$ 110,522,544</u>	<u>\$ 116,477,175</u>

* Denotes a party-in-interest.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

YEAR ENDED DECEMBER 31, 2009

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET (INCLUDING INTEREST RATE AND MATURITY IN CASE OF LOAN)	(c) PURCHASE PRICE	(d) SELLING PRICE	(e) LEASE RENTAL	(f) EXPENSE INCURRED WITH TRANSACTION	(g) COST OF ASSET	(h) CURRENT VALUE OF ASSET ON TRANSACTION DATE	(i) NET GAIN OR (LOSS)
	Federated Investors, Inc. Government Obligation Money Market Fund	<u>\$ 15,521,094</u> (84)				<u>\$ 15,521,094</u>	<u>\$ 15,521,094</u>	<u>\$ -</u>
	Federated Investors, Inc. Government Obligation Money Market Fund		<u>\$ 29,413,517</u> (39)			<u>\$ 29,413,517</u>	<u>\$ 29,413,517</u>	<u>\$ -</u>
	Federated Investors, Inc. Federeate Prime Obligations	<u>\$ 3,000,000</u> (1)				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Federeate Prime Obligations		<u>\$ 3,000,000</u> (1)			<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Municipal Obligation Money Market Fund	<u>\$ 93,713,514</u> (165)				<u>\$ 93,713,514</u>	<u>\$ 93,713,514</u>	<u>\$ -</u>
	Federated Investors, Inc. Municipal Obligation Money Market Fund		<u>\$ 86,918,565</u> (49)			<u>\$ 86,918,565</u>	<u>\$ 86,918,565</u>	<u>\$ -</u>
	Vanguard Funds Long-Term Investment Grade Fund	<u>\$ 52,445,482</u> (17)				<u>\$ 52,445,482</u>	<u>\$ 52,445,482</u>	<u>\$ -</u>
* Diversified Investment	Advisors Core Bond Portfolio	<u>\$ 3,903,311</u> (13)				<u>\$ 3,903,311</u>	<u>\$ 3,903,311</u>	<u>\$ -</u>
* Diversified Investment	Advisors Core Bond Portfolio		<u>\$ 2,342,957</u> (39)			<u>\$ 2,215,040</u>	<u>\$ 2,342,957</u>	<u>\$ 127,917</u>
	Federated Investors, Inc. Federated Prime Obligations	<u>\$ 3,000,000</u> (1)				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Federated Prime Obligations		<u>\$ 3,000,000</u> (1)			<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>

* Denotes a party-in-interest.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

► **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2009**This Form is Open to Public
Inspection**For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009► **Round off amounts to nearest dollar.**► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.**A** Name of plan

Susquehanna Bancshares, Inc. Cash Balance Pension Plan

B Three-digit
plan number (PN) ►

001

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF

Susquehanna Bancshares, Inc.

D Employer Identification Number (EIN)

23-2201716

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B**F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500**Part I Basic Information****1** Enter the valuation date: Month 1 Day 1 Year 2009**2** Assets:

a Market value.....	2a	90,960,218
b Actuarial value.....	2b	90,960,218

3 Funding target/participant count breakdown

		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	643	32,995,312
b For terminated vested participants	3b	980	16,302,091
c For active participants:			
(1) Non-vested benefits.....	3c(1)		2,512,812
(2) Vested benefits.....	3c(2)		38,521,077
(3) Total active	3c(3)	3,248	41,033,889
d Total.....	3d	4,871	90,331,292

4 If the plan is at-risk, check the box and complete items (a) and (b) ☐

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	

5 Effective interest rate..... **5** 6.54 %**6** Target normal cost..... **6** 5,053,914**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Steven P. Gdowik

Signature of actuary

STEVEN P. GDOWIK

Type or print name of actuary

AON CONSULTING

555 EAST LANCASTER AVE, SUITE 300

RADNOR

Address of the firm

PA 19087-7300

9/22/2010

Date

08-00273

Most recent enrollment number

(610) 834-2100

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II		Beginning of year carryover and prefunding balances	
		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	17,448,928	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	17,448,928	0
10	Interest on item 9 using prior year's actual return of <u>(13.16)</u> %	(2,296,279)	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		8,257,774
b	Interest on (a) using prior year's effective rate of <u>6.20</u> %		511,982
c	Total available at beginning of current plan year to add to prefunding balance		8,769,756
d	Portion of (c) to be added to prefunding balance.....		8,769,756
12	Reduction in balances due to elections or deemed elections.....	710,656	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	14,441,993	8,769,756

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	75.00 %
15	Adjusted funding target attainment percentage.....	15	100.70 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	107.33 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV		Contributions and liquidity shortfalls			
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
12/21/2009	20,000,000				
Totals ▶			18(b)	20,000,000	18(c) 0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contribution from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	18,808,166

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.32 %	2nd segment: 6.45 %	3rd segment: 6.69 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 0
22 Weighted average retirement age				22 65
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	5,053,914
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....	34	5,053,914
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	3,270,851	0
36 Additional cash requirement (item 34 minus item 35).....	36	1,783,063
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	18,808,166
38 Interest-adjusted excess contributions for current year (see instructions).....	38	17,025,103
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.

EIN: 23-2201716

PN: 001

Attachment to Schedule SB, line 22 – Description of Weighted Average Retirement Age

100% of active participants are assumed to retire at age 65.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
PN: 001
Attachment to Schedule SB, line 24 – Change in Actuarial Assumptions

An expense assumption of \$41,532 was added into the calculation of the Target Normal Cost for 2009. Per the Pension Protection Act of 2006, there was no expense assumption made for the 2008 Plan Year.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
PN: 001
Attachment to Schedule SB, line 26 – Schedule of Active Participant Data

Age - Service Distribution

[illegible]

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
PN: 001
Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Cost Method

The method of valuation used for pension benefits is called the Unit Credit Cost Method. Under this method, Target Liability is determined as the present value of all benefits earned to date by all current plan participants and beneficiaries. The Target Liability Normal Cost is the present value of benefits projected to accrue during the current plan year, including the effect of projected pay increases during the current plan year (for plans with a pay-related benefit formula).

The interest rate and mortality assumptions used to calculate the Target Liability and Target Liability Normal Cost are mandated by the IRS each year. Additionally, in any year that the plan is deemed to be “at-risk”, additional mandated assumptions may apply regarding timing of retirement and election of form of payment at retirement.

The plan’s Funding Shortfall for a plan year is the excess, if any, of the Target Liability over the adjusted Actuarial Value of Assets. The initial Funding Shortfall, as well as subsequent increases or decreases is the unfunded Target Liability, are amortized over a period of seven years from the time the base is established. Once the Funding Shortfall reaches zero, all Funding Shortfall Amortization Bases are eliminated.

Asset Method

The Actuarial Value of Assets is set equal to the Market Value of Assets.

Valuation Date

January 1, 2009.

Employees Included in the Calculations

All active employees who have met the Plan’s eligibility requirements as of the valuation date are included in the calculations. Former employees or their survivors who are receiving or entitled to receive an immediate or deferred benefit under the provisions of the Plan are also included.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
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Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Source of Data

Data were obtained as of the valuation date and were supplied to us by the Employer. Employees who worked 1,000 hours are assumed to work on the same basis in all future years after the valuation date. We rely on the Employer to inform us of any former participants who have been rehired and lost prior service because of the length of their break in service. These employees may have participation requirements different from other new employees. The Employee data have not been audited by us, but were reconciled and reviewed for consistency and reasonableness.

Past salaries are based on actual salary history. Financial information was supplied to us by the Trustee. The financial information has not been audited by us, but was reconciled and reviewed for consistency and reasonableness.

Interest and Other Rate Assumptions

Below is a summary of interest and inflation rates used for the January 1, 2009 valuation.

Interest Rates	Assumption
(1) Target Liability	
(a) Liabilities Due within 5 Years	5.32%
(b) Liabilities Due in 5 to 20 Years	6.45%
(c) Liabilities Due in More than 20 Years	6.69%
(2) FAS 35	7.50%
(3) Other:	
(a) Cash Bal. Interest Credit for FAS 35	6.50%
(b) Cash Bal. Interest Credit for Target Liability	5.00%
Other Rates	Assumption
(1) Social Security Wage Bases	4.50%
(2) CPI for Social Security	4.00%
(3) Future Salaries	
(a) Funding	4.50%
(b) FAS 35	None
(4) Cost of Living Adjustment	0.00%

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
 PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
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 Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Decrement Assumptions

Below is a summary of decrements used in this valuation.

Mortality Decrements		Description
(1)	FAS 35	
(a)	Actives	RP-2000 Combined Healthy Male and Female
(b)	Non-Disabled Inactives	RP-2000 Combined Healthy Male and Female
(c)	Disabled Inactives	RP-2000 Disabled Retiree Male and Female
(2)	Target Liability	RP-2000 IRS PPA at 2009 Annuitant and Non-Annuitant Male and Female

—Retirement—		—Disability—			—Termination—		
Decrement		Decrement	Male	Female	Decrement	Male	Female
Age	Rates	Age	Rates	Rates	Age	Rates	Rates
65	1.000000	25	0.001000	0.001000	25	0.172242	0.172242
		40	0.001600	0.001600	40	0.112500	0.112500
		55	0.007100	0.007100	55	0.017264	0.017264
		65	0.000000	0.000000	65	0.000000	0.000000

The weighted average retirement age is 65.00. Sample Retirement, Disability, and Termination rates are illustrated in the tables above.

Expenses

\$41,532 is the amount assumed for the 2009 Plan Year.

Form of Benefit Payment

100% of participants are assumed to elect the Normal Form of Payment.

- (1) Cash balances are converted to annuities based on the RP-2000 PPA at 2009 Unisex 50/50 Mortality Table and an interest rate of 7%.
- (2) For the purpose of valuing death benefits, 80% of the employees are assumed to be married. Wives are assumed to be 3 years younger than their husbands.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
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Attachment to Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Changes in Valuation Assumptions

The following changes in actuarial assumptions or methods have been made since the prior valuation:

- (1) The Segment Rates used to value the Target Liability changed as shown below:

	01/01/2009	01/01/2008
Target Liability Interest Rates (by Segment)		
Liabilities Due within 5 years	5.32%	5.31%
Liabilities Due in 5 to 20 years	6.45%	5.92%
Liabilities Due in More than 20 years	6.69%	6.43%

- (2) Mandated mortality decrements for calculating Target Liabilities for all active and non-disabled inactive participants were changed from the the RP-2000 Combined Healthy Life Mortality Tables projected to 2008 to the RP-2000 Combined Healthy Life Mortality Tables projected to 2009. For both years, the tables include an additional projection of seven years for annuitants and 15 years for non-annuitants.
- (3) An expense assumption (see above) was added into the calculation of the Target Normal Cost for 2009.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
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Attachment to Schedule SB, Part V – Summary of Plan Provisions

General Information

Original Effective Date:	January 1, 1989
Effective Date of Last Amendment:	December 5, 2007
Plan Year:	January 1st to December 31st
Employer Fiscal Year	January 1st to December 31st
Employer ID Number:	23-2201716
Plan Administrator's ID Number:	23-2201716
Plan Number:	001
Plan Administrator:	Susquehanna Bancshares, Inc.

Eligibility

Employees who were Participants on December 31, 1997 are Participants effective January 1, 1998. All other employees become Participants on the January 1 of the year in which the Employee attains age 21 and completes one Year of Service. Effective January 1, 2005, Employees will become Participants on the January 1 following employment.

Participants in the Plan prior to January 1, 1998 are eligible for a minimum accrued benefit determined as of December 31, 1997. Participants who attained age 55 and 10 Years of Credited Service receive continuing Credited Service and Compensation under the terms of the Retirement Income Plan. Participants in prior plans merged into this Plan have their prior plan accrued benefits and certain optional features preserved under this Plan.

Credited Service

Plan Years in which 1,000 Hours of Service are earned as an eligible employee. For the purpose of the Grandfathered Benefit, completed calendar months in the year of hire and termination are counted as Credited Service regardless of the number of Hours of Service. Service under the Prior Retirement Income Plan is limited to 25 years. Credited Service is generally limited to service from the date of acquisition if the participant was not a member of a prior plan.

Vesting Service

Plan Years in which 1,000 Hours of Service are earned. Prior to 2005, a year of Vesting Service is also earned for the period from date of hire to the anniversary thereof, with the next vesting period beginning with the January 1 following employment.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
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Attachment to Schedule SB, Part V – Summary of Plan Provisions

Compensation

Compensation for Pay Credits

Compensation is defined as total pay for the calendar year including overtime, bonus, pretax contributions to 401(k) or Section 125 plans and severance. Compensation for a given year is limited to \$200,000 (as adjusted by law).

Final Average Compensation

For Grandfathered Benefits only, Compensation is defined as base pay for the calendar year, excluding overtime, bonuses or other awards. The average of the compensation received during the five consecutive calendar years which produces the highest result.

Covered Compensation

For Grandfathered Benefits only, the average of the Social Security Taxable Wage base for the 35-year period prior to, and including, the year in which the Participant attains Social Security retirement age. The Wage Base is assumed to remain constant from age at determination to Social Security retirement age.

Cash Balance Account

Initial Account

A cash balance account was established for each participant based on the present value of their accrued benefit at December 31, 1997, increased by 5%.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
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Attachment to Schedule SB, Part V – Summary of Plan Provisions

Pay Credits

At the end of each Plan Year, an annual contribution is made to a Participant's Account equal to a percentage of Compensation, provided that the participant worked at a rate of at least 1,000 hours of service during the Plan Year. The contribution is based on each participant's age (full years) plus Credited Service as of the beginning of each plan year, determined as follows:

<u>Participant's Age Plus Service</u>	<u>Contribution Allocation</u>
Less than 30	3%
30 – 39	4%
40 – 49	5%
50 – 59	6%
60 – 69	7%
70 – 79	8%
80 – 89	9%
90 – 99	10%
100 or more	11%

Interest Credits

The Cash Balance Account balance is credited with interest equal to the average one-year Treasury Bill rate in effect at the end of October of the prior year. Effective as of January 1, 2002, the Interest Credit is limited to a minimum of 5% and a maximum of 8%.

Annuity Conversion Factor

The Annuity Conversion Factor is the amount used to convert the Cash Balance Account to an annuity. It is currently determined using the RP-2000 PPA at 2009 Unisex 50/50 Mortality Table and a 7% interest rate.

Normal Retirement

Normal Retirement Date is the first day of the month coincident with or next following the attainment of age 65 and 5 Years of Vesting Service. Upon retirement, Participants will receive their Cash Balance Account converted to an annuity using the Annuity Conversion Factor, or if greater, their Grandfathered Benefit.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
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Attachment to Schedule SB, Part V – Summary of Plan Provisions

Early Retirement

A Participant may choose to retire on an Early Retirement Date after attainment of age 55 and 15 Years of Vesting Service. Upon retirement, Participants will receive their Cash Balance Account converted to an annuity using the Annuity Conversion Factor, or if greater, their Grandfathered Benefit. The Grandfathered Benefit is reduced by 4% per year for early commencement.

Disability Retirement Eligibility

A disabled Participant who has attained five Years of Vesting Service and is eligible for Social Security Disability Benefits will continue to earn Pay Credits and Service during the period of disability, based on the rate of Compensation at the time the disability commenced. Participant may elect to retire at Normal or, if eligible, Early Retirement.

Death Benefit

In the event of an active married participant's death on or before the earliest retirement age, the surviving spouse shall receive a benefit based on the participant's vested Accrued Benefit as of the date of death, but payable as if the participant had separated from service on the date of death, survived to the earliest retirement age, elected a Joint and 100% Survivor Annuity, and died on the day after the earliest retirement age.

In the event of an active married participant's death after the attainment of age 55 and the completion of 15 years of Credited Service, but prior to Normal Retirement Date, it will be assumed the participant had retired on the day prior to death and elected a Joint and 100% Survivor Benefit.

In the event of an active non-married participant's death after the attainment of five Years of Vesting Service, a single lump sum payment will be made based on Years of Service at date of death:

<u>Years of Service</u>	<u>Single Sum Payment</u>
Less than vesting service requirement	\$0
Upon vesting, but fewer than 10	\$5,000
10 or more, but fewer than 20	\$10,000
20 or more	\$25,000

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
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Attachment to Schedule SB, Part V – Summary of Plan Provisions

Severance Benefit

Upon the termination of employment after 5 or more Years of Service a participant shall have a vested interest in his Accrued Benefit which will be payable at Normal Retirement Date. The percentage vested shall be:

Years of Service	Vested Percent
Fewer than 5	0%
5 or more	100%

In the event that a participant has met the service requirements for Early Retirement at the date of termination, he may elect to receive his vested interest at age 55. Such benefit will be reduced as described under Early Retirement.

Normal Form of Payment

For single Participants, the Normal Form of Payment is an annuity paid in monthly installments for life. For married Participants, the Normal Form of Payment is a Joint and 50% Survivor Annuity (actuarially equivalent to the life annuity) with spouse as joint annuitant.

Optional Forms of Payment

All Optional Forms of Payment are actuarially equivalent to the Normal Form of Payment. If a married participant does not elect the Normal Form of Payment or does not elect one of the Optional Forms of Payment described below, then the participant's Retirement Benefit shall automatically be paid under option [1] below. The options are:

- (1) A reduced benefit to be paid during the participant's lifetime with 50% of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (2) A reduced benefit to be paid during the participant's lifetime with 75% of the reduced benefit to be continued to his spouse for her lifetime after his death.
- (3) A reduced benefit to be paid during the participant's lifetime with the same reduced benefit to be continued to his spouse for her lifetime after his death.
- (4) A reduced benefit to be paid for 60, 120, 180, or 240 Months Certain and thereafter for life.

All Optional Forms of Payment are actuarially equivalent to the Normal Form of Payment on a unisex basis based on 7% interest and the RP-2000 Mortality Table as prescribed in Revenue Ruling 2007-67.

PLAN NAME: SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN
PLAN SPONSOR: SUSQUEHANNA BANCSHARES, INC.
EIN: 23-2201716
PN: 001
Attachment to Schedule SB, Part V – Summary of Plan Provisions

Plan Changes Since Last Valuation

None.

Schedule of Credited Service for Predecessor Employers

As described in Appendix IV of the Plan Document, service is credited for benefit accruals from the dates noted below for service with a predecessor employer. All service with a predecessor is included for vesting service under this Plan.

Predecessor Employer	Credited Service Commencement Date
Atlantic Federal Savings Bank	4/1/1995
Central Savings Bank	1/1/1994
Citizen's National Bank of Greencastle	All Service
Citizen's National Bank of Waynesboro	1/1/1989
Community Bank	1/1/2008
Equity National Bank	3/1/1997
Fairfax Savings Bank	2/1/1996
Farmers First Bank	All Service
Farmer's & Merchants Bank of Hagerstown	6/1/1989
Farmers National Bank of Mullica Hill	3/1/1997
Farmers National Bank of Quarryville	10/1/1983
First American National Bank of Pennsylvania	All Service
First Capitol Bank	1/1/1997
First National Bank Trust of Sunbury	All Service
First National Bank Trust of Maryland	7/9/1994
Founders Bank	8/1/1997
Hann Financial Group	4/1/2000
Minotola National Bank	5/1/2006
Patriot Bank	6/10/2004
Reisterstown Federal Savings Bank	5/1/1995
Sovran Bank (Washington County, Md.)	3/27/1992
Spring Grove	All Service
Susque-Bancshares Leasing Co.	10/1/1986
Valley Forge Asset Management Corp.	3/3/2000
West End National Bank	8/6/1983
Williamsport National Bank	All Service

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Registered investment company - Vanguard Funds	6,066,509.123 shs. Vanguard Long-Term Investment Grade Fund	\$ 52,445,482	\$ 54,113,261
	U.S. government agencies:			
	Federal Home Loan Banks	\$ 300,000 par, 5.625%, due 05/15/11	320,964	324,798
	Federal Home Loan Banks	\$ 300,000 par, 5.000%, due 09/01/10	300,624	308,813
	Federal Home Loan Banks	\$ 290,000 par, 4.750%, due 09/11/15	292,628	309,848
	Federal Home Loan Banks	\$ 100,000 par, 5.000%, due 10/27/10	102,509	103,625
	Federal Home Loan Banks	\$ 350,000 par, 4.750%, due 12/10/10	370,517	363,563
	Federal Home Loan Banks	\$ 500,000 par, 4.875%, due 12/14/12	484,803	542,342
	Federal Home Loan Banks	\$ 150,000 par, 4.625%, due 09/11/20	151,714	149,719
	Federal Home Loan Banks	\$ 300,000 par, 5.000%, due 03/09/12	300,933	323,531
	Federal Home Loan Banks	\$ 500,000 par, 5.375%, due 06/13/14	515,360	555,702
	Federal Home Loan Banks	\$ 250,000 par, 5.375%, due 06/08/12	249,758	270,234
	Federal Home Loan Banks	\$ 125,000 par, 3.000%, due 06/11/10	124,043	126,543
	Federal Home Loan Banks	\$ 215,000 par, 3.000%, due 12/10/10	220,751	219,905
	Federal Farm Credit Banks	\$ 200,000 par, 6.700%, due 11/22/10	232,005	210,907
	Federal Farm Credit Banks	\$ 100,000 par, 5.750%, due 01/18/11	107,683	105,359
	Federal Farm Credit Banks	\$ 185,000 par, 6.250%, due 07/11/11	207,383	199,656
	Federal Farm Credit Banks	\$ 150,000 par, 5.430%, due 07/24/13	156,315	166,594
	Federal Farm Credit Banks	\$ 125,000 par, 3.880%, due 07/08/13	122,307	132,207
	Federal Farm Credit Banks	\$ 500,000 par, 6.300%, due 12/03/13	576,720	571,935
	Federal Farm Credit Banks	\$ 175,000 par, 4.500%, due 05/06/14	178,776	188,262
	Federal Farm Credit Banks	\$ 298,000 par, 5.650%, due 06/30/14	336,317	334,645
	Federal Farm Credit Banks	\$ 400,000 par, 5.100%, due 08/05/13	445,540	439,750
	Federal Farm Credit Banks	\$ 320,000 par, 5.500%, due 10/03/14	359,347	357,101
	Federal Farm Credit Banks	\$ 309,000 par, 5.200%, due 04/17/14	346,920	341,252
	Federal Farm Credit Banks	\$ 250,000 par, 5.200%, due 08/16/11	251,516	266,603
	Federal Farm Credit Banks	\$ 500,000 par, 5.400%, due 06/24/13	497,749	554,375
	Federal Farm Credit Banks	\$ 100,000 par, 4.625%, due 08/26/15	97,977	106,922
	Federal Home Loan Banks	\$ 400,000 par, 5.000%, due 12/10/10	416,717	416,376
	Federal Home Loan Banks	\$ 260,000 par, 5.000%, due 12/16/11	261,225	279,135
	Federal Home Loan Banks	\$ 400,000 par, 5.000%, due 07/16/13	390,958	437,376
	Federal Home Loan Banks	\$ 175,000 par, 6.100%, due 12/13/10	196,364	184,160
	Federal Home Loan Banks	\$ 100,000 par, 6.435%, due 12/12/11	112,358	109,453
	Federal National Mortgage Association	\$ 500,000 par, 6.410%, due 11/13/12	570,874	558,300
	Federal National Mortgage Association	\$ 30,365 par, 6.000%, due 07/01/16	30,391	32,542
	Federal National Mortgage Association	\$ 16,144 par, 5.500%, due 12/01/11	16,089	16,560
	GNMA Pool 146675X	\$ 472 par, 9.000%, due 07/15/16	461	525
	Student Loan Marketing Association	\$ 500,000 par, 6.550%, due 12/02/13	568,970	578,215
			9,915,566	10,186,833
	Municipal bonds:			
	Ambridge Boro PA	\$ 120,000 par, 5.300%, due 10/15/14	119,383	128,218
	Frederick MD	\$ 100,000 par, 4.170%, due 03/01/13	100,000	100,171
	Frederick MD	\$ 125,000 par, 4.520%, due 03/01/13	125,000	127,607
			344,383	355,996

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b)	(c)	(d)	(e)
	IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	COST	CURRENT VALUE
	Foreign bonds:			
	Astrazeneca PLC	\$ 250,000 par, 5.400%, due 09/15/12	257,558	273,088
	ConocoPhillips CA	\$ 250,000 par, 5.625%, due 10/15/16	238,087	271,200
	GlaxoSmithKline Cap	\$ 350,000 par, 4.375%, due 04/15/14	349,045	367,150
			<u>844,690</u>	<u>911,438</u>
	Corporate bonds and notes:			
	AT&T Corp.	\$ 300,000 par, 7.300%, due 11/15/11	308,586	330,321
	Abbott Labs	\$ 250,000 par, 5.875%, due 05/15/16	252,015	275,748
	Anheuser Busch Co.	\$ 450,000 par, 4.375%, due 01/15/13	441,404	460,449
	Bear Stearns Co., Inc.	\$ 100,000 par, 5.350%, due 02/01/12	100,352	106,257
	Bellsouth Corp.	\$ 250,000 par, 4.750%, due 11/15/12	256,745	266,952
	Bottling Group LLC	\$ 350,000 par, 6.950%, due 03/15/14	374,980	402,714
	Brown Forman Corp.	\$ 250,000 par, 5.000%, due 02/01/14	256,800	262,745
	Cisco Systems Inc.	\$ 250,000 par, 5.250%, due 02/22/11	263,325	262,332
	Cisco Systems Inc.	\$ 350,000 par, 5.500%, due 02/22/16	348,921	384,265
	Costco Wholesale Corp.	\$ 300,000 par, 5.300%, due 03/15/12	321,099	323,628
	Costco Co.	\$ 215,000 par, 5.500%, due 03/15/17	211,270	229,465
	John Deere Cap	\$ 100,000 par, 5.100%, due 01/15/13	99,940	106,299
	John Deere Corp.	\$ 100,000 par, 4.950%, due 12/17/12	99,390	107,243
	Walt Disney Co.	\$ 550,000 par, 4.700%, due 12/01/12	562,402	592,158
	Dupont E.I. de Nemours & Co.	\$ 110,000 par, 4.875%, due 04/30/14	109,430	117,323
	Dupont E.I. de Nemours & Co.	\$ 350,000 par, 5.000%, due 01/15/13	364,350	374,825
	Florida Power & Light Co.	\$ 235,000 par, 4.850%, due 02/01/13	229,508	248,764
	General Electric Corp.	\$ 275,000 par, 5.000%, due 01/08/16	273,625	278,138
	General Electric Cap Corp.	\$ 250,000 par, 5.250%, due 10/19/12	256,297	266,055
	Georgia Power	\$ 275,000 par, 5.700%, due 06/01/17	281,878	298,397
	Hewlett Packard Co.	\$ 250,000 par, 5.400%, due 03/01/17	252,693	266,590
	Hewlett Packard Co.	\$ 150,000 par, 4.500%, due 03/01/13	153,599	159,024
	IBM Intl Group Cap LLC	\$ 250,000 par, 5.050%, due 10/22/12	265,338	270,808
	IBM Corp.	\$ 250,000 par, 4.750%, due 11/29/12	245,712	268,585
	Intl Business Machines	\$ 265,000 par, 5.700%, due 09/14/17	270,332	289,727
	Kimberly Clark Corp.	\$ 250,000 par, 6.125%, due 08/01/17	246,500	277,142
	Merrill Lynch Co.	\$ 50,000 par, 6.050%, due 08/15/12	50,780	53,562
	NSTAR Electric Co.	\$ 250,000 par, 4.875%, due 04/15/14	245,652	265,127
	Nucor Corp.	\$ 250,000 par, 5.000%, due 12/01/12	250,148	272,863
	Oracle Corp.	\$ 280,000 par, 5.250%, due 01/15/16	275,428	302,361
	Pepsico Inc.	\$ 450,000 par, 4.650%, due 02/15/13	457,856	480,677
	Pitney Bowes Inc.	\$ 309,000 par, 3.875%, due 06/15/13	286,751	318,897
	Target Corp.	\$ 114,000 par, 5.125%, due 01/15/13	116,682	123,781
	Unilever Cap Corp.	\$ 300,000 par, 7.125%, due 11/01/10	323,707	316,227
	United Parcel Service	\$ 443,000 par, 4.500%, due 01/15/13	458,570	470,998
	United Technologies Corp.	\$ 136,000 par, 6.350%, due 03/01/11	145,723	144,142
	United Technologies Corp.	\$ 250,000 par, 4.375%, due 05/01/10	252,380	253,627
	United Technologies Corp.	\$ 125,000 par, 4.875%, due 05/01/15	118,176	134,174
	Wal-Mart Stores Inc.	\$ 250,000 par, 4.125%, due 02/15/11	242,367	258,962
	Walgreen Co.	\$ 250,000 par, 4.875%, due 08/01/13	264,712	268,462
			<u>10,335,423</u>	<u>10,889,814</u>

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Common stocks:			
	Abbott Laboratories	14,000 shs.	631,299	755,860
	Archer Daniels Midland	40,000 shs.	1,088,776	1,252,400
	AT&T Inc.	37,000 shs.	979,865	1,037,110
	Barrick Gold Corp.	40,000 shs.	1,181,831	1,575,200
	BP PLC ADR Sponsor	8,000 shs.	402,984	463,760
	Bristol-Myers Squibb Co.	45,000 shs.	1,036,609	1,136,250
	Cameco Corp.	15,000 shs.	422,475	482,550
	Central Fund Canada	130,000 shs.	1,393,460	1,791,400
	Cisco Systems, Inc.	24,000 shs.	358,579	574,560
	Chevron Corp.	8,000 shs.	497,542	615,920
	Coca Cola Company	18,000 shs.	762,339	1,026,000
	ConocoPhillips	9,000 shs.	418,815	459,630
	Deere & Co.	17,000 shs.	659,585	919,530
	Exelon Corp.	9,000 shs.	443,455	439,830
	General Electric Co.	17,000 shs.	585,457	257,210
	Glaxo Smithkline PLC Sponsored ADR	8,000 shs.	425,410	338,000
	Goldcorp, Inc.	40,000 shs.	963,161	1,573,600
	Intel Corp.	29,000 shs.	508,869	591,600
	Ishares MSCI Japan Index	35,500 shs.	388,049	345,770
	Johnson & Johnson	12,000 shs.	760,133	772,920
	JPMorgan Chase & Co.	10,700 shs.	448,323	445,869
	Kroger Co.	27,000 shs.	607,229	554,310
	Merck & Company Inc.	27,000 shs.	862,556	986,580
	Microsoft Corp.	24,000 shs.	618,097	731,520
	Monsanto Co.	10,000 shs.	812,826	817,500
	Newmont Mining	32,000 shs.	1,220,885	1,513,920
	Nippon Telegraph & Telephone Corp. Sponsored ADR	40,000 shs.	990,554	789,600
	Oracle Systems Corp.	26,000 shs.	492,786	637,780
	Paychex, Inc.	14,000 shs.	415,800	428,960
	Pepsico, Inc.	6,000 shs.	366,593	364,800
	Pfizer, Inc.	40,000 shs.	951,755	727,600
	Procter & Gamble	7,000 shs.	360,193	424,410
	Progress Energy, Inc.	18,000 shs.	685,724	738,180
	QUALCOMM, Inc.	13,000 shs.	552,220	601,380
	Shaw Group, Inc.	25,000 shs.	701,079	718,750
	Southern Company	15,000 shs.	486,278	499,800
	Tyson Foods Inc.	63,000 shs.	671,662	773,010
	Verizon Communications	34,000 shs.	1,068,597	1,126,420
	Vodafone Group PLC Sponsored ADR	16,000 shs.	377,727	369,440
	Wal-Mart Stores, Inc.	7,000 shs.	333,743	374,150
	Waste Management, Inc.	24,000 shs.	670,596	811,440
			<u>27,603,916</u>	<u>30,844,519</u>

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (Continued)

DECEMBER 31, 2009

(a)	(b) IDENTITY OF ISSUE, BORROWER, LESSOR, OR SIMILAR PARTY	(c) DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR, OR MATURITY VALUE	(d) COST	(e) CURRENT VALUE
	Common collective trust funds:			
*	Diversified Investment Advisors	30,312.083 units Money Market Portfolio	549,864	549,864
*	Diversified Investment Advisors	75,369.262 units Core Bond Portfolio	1,688,271	1,830,501
			<u>2,238,135</u>	<u>2,380,365</u>
	Temporary cash investment - Federated Investors, Inc.	6,794,949.300 shs. Federated Municipal Obligation Money Market Fund	<u>6,794,949</u>	<u>6,794,949</u>
	TOTAL ASSETS (HELD AT END OF YEAR)		<u>\$ 110,522,544</u>	<u>\$ 116,477,175</u>

* Denotes a party-in-interest.

SUSQUEHANNA BANCSHARES, INC. CASH BALANCE PENSION PLAN

EIN #23-2201716 PLAN #001

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS

YEAR ENDED DECEMBER 31, 2009

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET (INCLUDING INTEREST RATE AND MATURITY IN CASE OF LOAN)	(c) PURCHASE PRICE	(d) SELLING PRICE	(e) LEASE RENTAL	(f) EXPENSE INCURRED WITH TRANSACTION	(g) COST OF ASSET	(h) CURRENT VALUE OF ASSET ON TRANSACTION DATE	(i) NET GAIN OR (LOSS)
	Federated Investors, Inc. Government Obligation Money Market Fund	<u>\$ 15,521,094</u> (84)				<u>\$ 15,521,094</u>	<u>\$ 15,521,094</u>	<u>\$ -</u>
	Federated Investors, Inc. Government Obligation Money Market Fund		<u>\$ 29,413,517</u> (39)			<u>\$ 29,413,517</u>	<u>\$ 29,413,517</u>	<u>\$ -</u>
	Federated Investors, Inc. Federeate Prime Obligations	<u>\$ 3,000,000</u> (1)				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Federeate Prime Obligations		<u>\$ 3,000,000</u> (1)			<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Municipal Obligation Money Market Fund	<u>\$ 93,713,514</u> (165)				<u>\$ 93,713,514</u>	<u>\$ 93,713,514</u>	<u>\$ -</u>
	Federated Investors, Inc. Municipal Obligation Money Market Fund		<u>\$ 86,918,565</u> (49)			<u>\$ 86,918,565</u>	<u>\$ 86,918,565</u>	<u>\$ -</u>
	Vanguard Funds Long-Term Investment Grade Fund	<u>\$ 52,445,482</u> (17)				<u>\$ 52,445,482</u>	<u>\$ 52,445,482</u>	<u>\$ -</u>
* Diversified Investment	Advisors Core Bond Portfolio	<u>\$ 3,903,311</u> (13)				<u>\$ 3,903,311</u>	<u>\$ 3,903,311</u>	<u>\$ -</u>
* Diversified Investment	Advisors Core Bond Portfolio		<u>\$ 2,342,957</u> (39)			<u>\$ 2,215,040</u>	<u>\$ 2,342,957</u>	<u>\$ 127,917</u>
	Federated Investors, Inc. Federated Prime Obligations	<u>\$ 3,000,000</u> (1)				<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>
	Federated Investors, Inc. Federated Prime Obligations		<u>\$ 3,000,000</u> (1)			<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>

* Denotes a party-in-interest.