

People's United Financial, Inc.  
Form S-1/A  
February 13, 2007  
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As filed with the Securities and Exchange Commission on February 13, 2007 Registration No. 333-138389

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**AMENDMENT NO. 4 TO**  
**FORM S-1**

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REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

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**PEOPLE S UNITED FINANCIAL, INC.**

(exact name of registrant as specified in its charter)

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**Delaware**  
(state or other jurisdiction of  
incorporation or organization)

**6035**  
(Primary Standard Industrial  
Classification Code Number)  
**850 Main Street**

**Pending**  
(IRS Employer Identification No.)

**Bridgeport, Connecticut 06604**

**(203) 338-7171**

(Address, including zip code, and telephone number,  
including area code, of registrant s principal executive offices)

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**John A. Klein**

**Chairman, Chief Executive Officer and President**

**People's United Financial, Inc.**

**850 Main Street**

**Bridgeport, Connecticut 06604**

**(203) 338-7171**

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

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**Copies to:**

**V. Gerard Comizio**

**Raymond B. Check**

**Matthew Dyckman**

**Cleary Gottlieb Steen & Hamilton LLP**

**Thacher Proffitt & Wood LLP**

**One Liberty Plaza**

**1700 Pennsylvania Ave, N.W., Suite 800**

**New York, NY 10006**

**Washington, D.C. 20006**

**(212) 225-2000**

**(202) 347-8400**

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**Approximate date of commencement of proposed sale to public:** As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

#### **CALCULATION OF REGISTRATION FEE**

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<b>Title of each Class of Securities to be Registered</b>	<b>Amount to be Registered(1)</b>	<b>Proposed Maximum Offering Price Per Share</b>	<b>Proposed Maximum Aggregate Offering Price(2)</b>	<b>Amount of Registration Fee(3)</b>
Common Stock, par value \$0.01 per share	371,606,207	\$20.00	\$7,432,124,140	\$795,238

(1) Includes the maximum number of shares that may be issued in connection with this offering.

(2) Estimated solely for the purpose of calculating the registration fee.

(3) Registration fee of \$795,238.00 previously paid.

**The Registrant hereby amends this Registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.**

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**The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares the registration statement effective. This prospectus is not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state or jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION DATE FEBRUARY 13, 2007**

**PROSPECTUS****Up to 185,437,500 Shares of Common Stock**

**(subject to increase to up to 213,253,125 shares)**

People's United Financial, Inc. is offering up to 185,437,500 shares of its common stock for sale in connection with the conversion of People's Bank and People's Mutual Holdings from the mutual holding company structure to the stock holding company structure. We may increase the maximum number of shares that we sell in the offering, without notice to persons who have subscribed for shares, by up to 15%, to 213,253,125 shares, as a result of market demand, regulatory considerations or changes in financial markets. The shares of People's United Financial common stock are being offered for sale at a price of \$20.00 per share. People's Bank common stock is currently listed on the Nasdaq Global Select Market under the trading symbol PBCT. We expect People's United Financial common stock to trade on that market under the symbol PBCTD for a period of 20 trading days after completion of the offering. Thereafter, People's United Financial's trading symbol will revert to PBCT. Concurrent with the completion of the offering, shares of People's Bank common stock owned by the public will be exchanged for shares of People's United Financial common stock so that People's Bank's existing public stockholders will own approximately the same percentage of People's United Financial common stock as they owned of People's Bank's common stock immediately prior to the conversion. In connection with the conversion, we also intend to form The People's Community Foundation and contribute to it 2,000,000 shares of People's United Financial common stock and \$20.0 million in cash from the offering proceeds.

We are offering our shares of common stock for sale on a priority basis to People's Bank depositors in a subscription offering. Ryan Beck & Co., Inc. will assist us in selling the common stock in the subscription offering on a best efforts basis. In order to complete the subscription offering and the syndicated offering described below, we must sell, in the aggregate, a minimum of 137,062,500 shares. The minimum purchase is 25 shares. The subscription offering is expected to expire at 11:00 a.m., Eastern Time, on March 22, 2007. We may extend this expiration date without notice to you until May 6, 2007. Once submitted, subscription orders are irrevocable unless the offering is terminated or extended beyond May 6, 2007 or the number of shares of common stock to be sold increases above 213,253,125 shares or decreases below 137,062,500 shares. Funds received in the subscription offering will be held in an escrow account at People's Bank or, at our discretion, another insured depository institution, and will earn interest at our passbook savings rate. If we extend the offering beyond May 6, 2007, we will promptly return your funds with interest unless you confirm your subscription. If we terminate the offering, we will promptly return your funds with interest. The offering must be completed no later than 24 months after People's Bank's depositors approve the plan of conversion. After that, the offering may not be extended by us or by the Office of Thrift Supervision.

We are also offering any shares of our common stock not subscribed for in the subscription offering for sale to the general public in a syndicated offering through a syndicate of selected dealers. We may begin the syndicated offering at any time following the commencement of the subscription offering. Morgan Stanley & Co. Incorporated is acting as sole book-running manager, and Keefe, Bruyette & Woods, Inc., Lehman Brothers and Ryan Beck & Co., Inc. are acting as joint lead managers for the syndicated offering, which is being conducted on a best efforts basis. None of Morgan Stanley & Co. Incorporated, Ryan Beck & Co., Inc. or any other member of the syndicate is required to purchase any shares in the subscription or syndicated offering. Alternatively, we may sell any remaining shares in an underwritten public offering, which would be conducted on a firm commitment basis.

**Investing in our common stock involves risks. Please read the Risk Factors beginning on page [21].**

**OFFERING SUMMARY**

**Price: \$20.00 per share**

	<b>Minimum</b>	<b>Maximum</b>	<b>Adjusted Maximum</b>
Number of shares	137,062,500	185,437,500	213,253,125
Gross offering proceeds	\$ 2,741,250,000	\$ 3,708,750,000	\$ 4,265,062,500
Estimated offering expenses <sup>(1)</sup>	\$ 83,572,500	\$ 122,272,500	\$ 144,525,000
Estimated net proceeds	\$ 2,657,677,500	\$ 3,586,477,500	\$ 4,120,537,500
Estimated net proceeds per share	\$ 19.39	\$ 19.34	\$ 19.32

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(1) Includes: (1) selling commissions payable by us to Ryan Beck & Co., Inc. in connection with the subscription offering equal to the lesser of 1% of the aggregate amount of common stock sold in the subscription offering or \$12.0 million; (2) fees and selling commissions payable by us to Morgan Stanley & Co. Incorporated, Ryan Beck & Co., Inc. and the other syndicate members participating in the syndicated offering equal to 4% of the aggregate amount of common stock sold in the syndicated offering; and (3) other expenses of the offering estimated to be \$10.0 million. Does not include an advisory fee in the amount of \$5.0 million payable to Morgan Stanley & Co. Incorporated in the event gross proceeds from the subscription offering equal or exceed \$1.75 billion. Also does not include an additional advisory fee in the amount of \$2.5 million payable, in People's Bank's sole discretion, to Morgan Stanley & Co. Incorporated in the event gross proceeds from the subscription offering equal or exceed \$2.5 billion. For information regarding compensation to be received by Morgan Stanley & Co. Incorporated, Ryan Beck & Co., Inc. and the other syndicate members that may participate in the syndicated offering, including the assumptions regarding the number of shares that may be sold in the subscription offering and the syndicated offering to determine the estimated offering expenses, see *Pro Forma Data* on page [ ] and *The Conversion and Offering Plan of Distribution; Selling Agent Compensation* on page [ ].

**These securities are not deposits or savings accounts and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Neither the Securities and Exchange Commission, the Office of Thrift Supervision nor any state securities regulator has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

## RYAN BECK & Co.

For assistance, contact the Stock Information Center, toll-free, at (800) 867-5295.

**The date of this prospectus is \_\_\_\_\_, 2007**

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<b><u>FAIRFIELD COUNTY</u></b>				<b>DUNCASTER</b>
	<b>VILLA AVENUE SUPER STOP &amp; SHOP</b>	<b>RIDGEFIELD SUPER STOP &amp; SHOP</b>	<b>PARADISE GREEN</b>	40 Loeffler Road
<b>BETHEL</b>	766 Villa Avenue	125 Danbury Road	3395 Main Street	Bloomfield, CT 06002
293 Greenwood Avenue	Fairfield, CT 06825	Ridgefield, CT 06877	Stratford, CT 06614	
Bethel, CT 06801				<b>SEABURY</b>
	<b>BLACK ROCK TURNPIKE</b>	<b>RIDGEFIELD</b>	<b>RYDER S LANDING</b>	200 Seabury Drive
<b>MADISON AVENUE SUPER STOP &amp; SHOP</b>	1940 Black Rock Turnpike	66 Danbury Road	88 Ryder s Lane	Bloomfield, CT 06002
2600 Madison Avenue	Fairfield, CT 06824	Ridgefield, CT 06877	Stratford, CT 06614	
Bridgeport, CT 06606				<b>BRISTOL SUPER STOP &amp; SHOP</b>
	<b>FAIRFIELD</b>	<b>RIVERSIDE</b>	<b>STRATFORD</b>	603 Farmington Avenue, Route 6
<b>BROOKSIDE SUPER STOP &amp; SHOP</b>	1055 Post Road	1155 E. Putnam Avenue	2772 Main Street	Bristol, CT 06010
4531 Main Street	Fairfield, CT 06824	Riverside, CT 06878	Stratford, CT 06615	
Bridgeport, CT 06606				<b>FORESTVILLE SUPER STOP &amp; SHOP</b>
	<b>STRATFIELD</b>	<b>SHELTON SUPER STOP &amp; SHOP</b>	<b>TRUMBULL SUPER STOP &amp; SHOP</b>	747 Pine Street
<b>BARNUM AVENUE</b>	1237 Stratfield Road	898 Bridgeport Avenue	100 Quality Street	Bristol, CT 06010
1450 Barnum Avenue	Fairfield, CT 06825	Shelton, CT 06484	Trumbull, CT 06611	
Bridgeport, CT 06610				<b>EAST HARTFORD SUPER STOP &amp; SHOP</b>
	<b>GREENWICH</b>	<b>SHELTON FINANCIAL CENTER</b>	<b>HAWLEY LANE</b>	940 Silver Lane
<b>BOSTON AVENUE</b>	410 Greenwich Avenue	1000 Bridgeport Avenue	100 Hawley Lane	East Hartford, CT 06118
58 Boston Avenue	Greenwich, CT 06830	Shelton, CT 06484	Trumbull, CT 06611	
Bridgeport, CT 06610				<b>ENFIELD SUPER STOP &amp; SHOP</b>
	<b>PICKWICK PLAZA</b>	<b>ENTERPRISE TOWER</b>	<b>NORTH MADISON AVENUE</b>	54 Hazard Avenue
<b>* BRIDGEPORT CENTER OFFICE</b>	3 Pickwick Plaza	1 Corporate Drive	4180 Madison Avenue	Enfield, CT 06082
850 Main Street	Greenwich, CT 06830	Shelton, CT 06484	Trumbull, CT 06611	
Bridgeport, CT 06604	<b>MONROE FINANCIAL CENTER</b>			<b>ENFIELD MALL</b>

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	Route 111, Village Square Shopping Center	<b>SOUTHPORT</b>	<b>TRUMBULL FINANCIAL CENTER</b>	25 Hazard Avenue
<b>FAIRFIELD AVENUE SUPER STOP &amp; SHOP</b>	Monroe, CT 06468	411 Old Post Road	40 Quality Street	Enfield, CT 06082
2145 Fairfield Avenue		Southport, CT 06890	Trumbull, CT 06611	
Bridgeport, CT 06605	<b>STEPNEY</b>			<b>FARMINGTON</b>
	435 Main Street	<b>SOUTHPORT TRUST</b>	<b>WHITE PLAINS ROAD</b>	188-210 Main Street
<b>NORTH &amp; PARK</b>	Monroe, CT 06468	226 Main Street	888 White Plains Road	Farmington, CT 06032
1728 Park Avenue		Southport, CT 06890	Trumbull, CT 06611	
Bridgeport, CT 06604	<b>NEW CANAAN</b>			<b>GLASTONBURY SUPER STOP &amp; SHOP</b>
	95 Main Street	<b>STAMFORD SUPER STOP &amp; SHOP</b>	<b>GREEN FARMS SUPER STOP &amp; SHOP</b>	215 Glastonbury Boulevard
<b>NORTH MAIN STREET</b>	New Canaan, CT 06840	2200 Bedford Street	1790 Post Road East	Glastonbury, CT 06033
3969 Main Street		Stamford, CT 06905	Westport, CT 06880	
Bridgeport, CT 06606	<b>SAND HILL PLAZA SUPER STOP &amp; SHOP</b>			<b>OAK STREET SUPER STOP &amp; SHOP</b>
	228 South Main Street	<b>STAMFORD WEST SUPER STOP &amp; SHOP</b>	<b>GREEN FARMS</b>	55 Oak Street
<b>3030 PARK</b>	Newtown, CT 06470	1937 West Main Street	1800 Post Road	Glastonbury, CT 06033
3030 Park Avenue		Stamford, CT 06902	Westport, CT 06880	
Bridgeport, CT 06606	<b>NEWTOWN</b>			<b>GLASTONBURY FINANCIAL CENTER</b>
	6 Queen Street	<b>BEDFORD STREET</b>	<b>WESTPORT</b>	Three Welles Street
<b>BROOKFIELD</b>	Newtown, CT 06470	350 Bedford Street	371 Post Road East	Glastonbury, CT 06033
143 Federal Road, Route 7		Stamford, CT 06901	Westport, CT 06880	
Brookfield, CT 06804	<b>CONNECTICUT AVENUE SUPER STOP &amp; SHOP</b>			<b>GRANBY SUPER STOP &amp; SHOP</b>
	385 Connecticut Avenue	<b>HIGH RIDGE ROAD</b>	<b>WHITE BIRCH PLAZA</b>	124 Salmon Brook Street
<b>COS COB</b>	Norwalk, CT 06854	1022 High Ridge Road	361 Post Road West	Granby, CT 06035
119 East Putnam Avenue		Stamford, CT 06905	Westport, CT 06880	
Cos Cob, CT 06807	<b>NORWALK SUPER STOP &amp; SHOP</b>			<b>HARTFORD SUPER STOP &amp; SHOP</b>
	380 Main Avenue, Route 7	<b>HOPE STREET</b>	<b>WILTON CENTER SUPER STOP &amp; SHOP</b>	150 New Park Avenue
<b>MILL PLAIN SUPER STOP &amp; SHOP</b>	Norwalk, CT 06851	346 Hope Street	5 River Road	Hartford, CT 06106
44 Lake Ave Ext.		Stamford, CT 06906	Wilton, CT 06897	
Danbury, CT 06811				



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	<b>NORWALK FINANCIAL CENTER</b>	<b>SHIPPAN AVENUE</b>		<b>FINANCIAL PLAZA</b>
<b>NUTMEG SQUARE SUPER STOP &amp; SHOP</b>	295 Westport Avenue	328 Shippan Avenue	<b>WILTON</b>	One Financial Plaza
72 Newtown Road	Norwalk, CT 06851	Stamford, CT 06902	31 Danbury Road	Hartford, CT 06103
Danbury, CT 06810			Wilton, CT 06897	
	<b>BELDEN AVENUE</b>	<b>SUMMER STREET</b>		<b>FRANKLIN AVENUE</b>
<b>DARIEN</b>	11 Belden Avenue	2586 Summer Street	<b><u>HARTFORD COUNTY</u></b>	290 Franklin Avenue
25 Old Kings Highway North	Norwalk, CT 06850	Stamford, CT 06905		Hartford, CT 06114
Darien, CT 06820			<b>AVON FINANCIAL CENTER</b>	
	<b>OLD GREENWICH</b>	<b>EDGEHILL</b>	27 East Main Street	<b>MANCHESTER SUPER STOP &amp; SHOP</b>
<b>NOROTON HEIGHTS</b>	146 Sound Beach Avenue	122 Palmers Hill Road	Avon, CT 06001	286 Broad Street
72 Edgerton Street	Old Greenwich, CT 06870	Stamford, CT 06902		Manchester, CT 06040
Darien, CT 06820			<b>BERLIN SUPER STOP &amp; SHOP</b>	
		<b>THE DOCK SUPER STOP &amp; SHOP</b>	1135 Farmington Avenue	<b>NEW BRITAIN SUPER STOP &amp; SHOP</b>
<b>FAIRFIELD SUPER STOP &amp; SHOP</b>		200 East Main Street	Berlin, CT 06037	677 West Main Street
1160 Kings Highway Cut-Off		Stratford, CT 06614		New Britain, CT 06053
Fairfield, CT 06824			<b>BLOOMFIELD SUPER STOP &amp; SHOP</b>	
			315 Cottage Grove Road	
			Bloomfield, CT 06002	

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<b>NEWINGTON SUPER STOP &amp; SHOP</b>				
44 Fenn Road	<b>TORRINGTON FINANCIAL CENTER</b>	<b>WESTWOODS</b>	<b>WALLINGFORD SUPER STOP &amp; SHOP</b>	<b>WEST MAIN</b>
Newington, CT 06111	1692 East Main Street	3496 Whitney Avenue	930 North Colony Road	624 West Main Street
	Torrington, CT 06790	Hamden, CT 06518	Wallingford, CT 06492	Norwich, CT 06360
<b>NEWINGTON</b>				
135 Lowrey Place	<b>WATERTOWN SUPER STOP &amp; SHOP</b>	<b>MADISON SUPER STOP &amp; SHOP</b>	<b>REIDVILLE DRIVE SUPER STOP &amp; SHOP</b>	<b>WATERFORD SUPER STOP &amp; SHOP</b>
Newington, CT 06111	757 Straits Turnpike	128 Samson Rock Drive	410 Reidville Drive	117 Boston Post Road,
	Watertown, CT 06795	Madison, CT 06443	Waterbury, CT 06705	Route 1
				Waterford, CT 06385
<b>ROCKY HILL SUPER STOP &amp; SHOP</b>		<b>MADISON CENTER</b>		
80 Town Line Road	<b>WINSTED SUPER STOP &amp; SHOP</b>	752 Boston Post Road	<b>CHASE AVENUE SUPER STOP &amp; SHOP</b>	<b>WATERFORD</b>
Rocky Hill, CT 06067	200 New Hartford Road, Route 44	Madison, CT 06443	240 Chase Avenue	716 Broad Street Ext.
	Winsted, CT 06098		Waterbury, CT 06704	Waterford, CT 06385
<b>SIMSBURY SUPER STOP &amp; SHOP</b>		<b>MERIDEN SUPER STOP &amp; SHOP</b>		
530 Bushy Hill Road	<b>MIDDLESEX COUNTY</b>	485 Broad Street	<b>NAUGATUCK VALLEY SUPER STOP &amp; SHOP</b>	<b>TOLLAND COUNTY</b>
Simsbury, CT 06070		Meriden, CT 06450	920 Wolcott Road	
			Waterbury, CT 06705	<b>MANSFIELD</b>
	<b>CLINTON SUPER STOP &amp; SHOP</b>	<b>MERIDEN WEST SUPER STOP &amp; SHOP</b>		155 Storrs Road, Route 195
<b>SOUTH WINDSOR SUPER STOP &amp; SHOP</b>	215 East Main Street	580 West Main Street	<b>WATERBURY</b>	Mansfield Center,
1739 Ellington Road	Clinton, CT 06413	Meriden, CT 06451	255 Bank Street	CT 06250
South Windsor, CT 06074			Waterbury, CT 06702	
	<b>CROMWELL SUPER STOP &amp; SHOP</b>	<b>MILFORD SUPER STOP &amp; SHOP</b>		<b>STORRS</b>
<b>SOUTHINGTON SUPER STOP &amp; SHOP</b>	195 West Street	1364 East Town Road	<b>WEST HAVEN SUPER STOP &amp; SHOP</b>	1244 Storrs Road
505 North Main Street	Cromwell, CT 06416	Milford, CT 06460	460 Elm Street	Storrs, CT 06268
Southington, CT 06489			West Haven, CT 06516	
<b>SOUTHINGTON</b>	<b>MIDDLETOWN SUPER STOP &amp; SHOP</b>			<b>UCONN CO-OP</b>

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812 Queen Street Southington, CT 06489	416 East Main Street Middletown, CT 06457	<b>SILVER SANDS PLAZA SUPER STOP &amp; SHOP</b> 855 Bridgeport Avenue Milford, CT 06460	2075 Hillside Road Storrs, CT 06269
<b>BISHOP S CORNER</b> 714 North Main Street West Hartford, CT 06117	<b>OLD SAYBROOK SUPER STOP &amp; SHOP</b> 105 Elm Street Old Saybrook, CT 06475	<b>MILFORD</b> 190 South Broad Street Milford, CT 06460	<b>SAVIN ROCK</b> 220 Captain Thomas Boulevard West Haven, CT 06516
<b>McAULEY</b> 275 Steele Road West Hartford, CT 06117	<b>NEW HAVEN COUNTY</b>	<b>NAUGATUCK SUPER STOP &amp; SHOP</b> 727 Rubber Avenue Naugatuck, CT 06770	<b>VERNON SUPER STOP &amp; SHOP</b> 10 Pitkin Road Vernon, CT 06066
<b>WEST HARTFORD CENTER</b> 1013 Farmington Avenue West Hartford, CT 06107	<b>ANSONIA SUPER STOP &amp; SHOP</b> 100 Division Street Ansonia, CT 06401	<b>AMITY SUPER STOP &amp; SHOP</b> 112 Amity Road New Haven, CT 06515	<b>VERNON CIRCLE</b> 35 Talcottville Road, Tri City Plaza Vernon, CT 06066
<b>WEST HARTFORD/ FARMINGTON</b> 1232 Farmington Avenue West Hartford, CT 06107	<b>LEETES ISLAND SUPER STOP &amp; SHOP</b> 22 Leetes Island Road Branford, CT 06405	<b>CENTURY TOWER</b> 265 Church Street, One Century Tower New Haven, CT 06510	<b>COLCHESTER</b> 139 South Main Street Colchester, CT 06415
<b>WETHERSFIELD SUPER STOP &amp; SHOP</b> 1380 Berlin Turnpike Wethersfield, CT 06109	<b>BRANFORD</b> 500 East Main Street Branford, CT 06405	<b>NORTH HAVEN SUPER STOP &amp; SHOP</b> 79 Washington Avenue North Haven, CT 06473	<b>WINDHAM COUNTY</b>
<b>WETHERSFIELD</b> 1310 Silas Deane Highway Wethersfield, CT 06109	<b>CHESHIRE SUPER STOP &amp; SHOP</b> 275 Highland Avenue Cheshire, CT 06410	<b>ORANGE SUPER STOP &amp; SHOP</b> 259 Bull Hill Lane	<b>PUTNAM SUPER STOP &amp; SHOP</b> 60 Providence Pike Putnam, CT 06260
			<b>WILLIMANTIC SUPER STOP &amp; SHOP</b> 1391 Main Street Willimantic, CT 06226
<b>LITCHFIELD COUNTY</b>			<b>GROTON SUPER STOP &amp; SHOP</b> 220 Groton Square, Route 12 Groton, CT 06340
			<b>MONTVILLE</b> 563 Norwich-New London Turnpike Uncasville, CT 06382

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	<b>TROLLEY SQUARE SUPER STOP &amp; SHOP</b>	Orange, CT 06477	
<b>NEW MILFORD SUPER STOP &amp; SHOP</b>	370 Hemingway Avenue		<b>MYSTIC PACKER</b>
180 Danbury Road	East Haven, CT 06512	<b>ORANGE</b>	12 Roosevelt Avenue
New Milford, CT 06776		653 Orange Center Road	Mystic, CT 06355
	<b>HAMDEN SUPER STOP &amp; SHOP</b>	Orange, CT 06477	
<b>NORTH CANAAN SUPER STOP &amp; SHOP</b>	2331 Dixwell Avenue		<b>NORWICH SUPER STOP &amp; SHOP</b>
11 East Main Street	Hamden, CT 06514	<b>SEYMOUR SUPER STOP &amp; SHOP</b>	42 Town Street
North Canaan, CT 06018		12 Franklin Street	Norwich, CT 06360
	<b>PUTNAM PLACE SUPER STOP &amp; SHOP</b>	Seymour, CT 06483	
<b>TORRINGTON SUPER STOP &amp; SHOP</b>	1245 Dixwell Avenue		<b>NORWICH</b>
211 High Street	Hamden, CT 06514	<b>SOUTHBURY SUPER STOP &amp; SHOP</b>	4 Broadway
Torrington, CT 06790		100 Main Street North	Norwich, CT 06360
	<b>HAMDEN</b>	Southbury, CT 06488	
	2165 Dixwell Avenue		<b>NORWICHTOWN FINANCIAL CENTER</b>
	Hamden, CT 06514	<b>SOUTHBURY</b>	45 Town Street
		61 Southbury Plaza	Norwich, CT 06360
		Southbury, CT 06488	

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any of the securities offered hereby to any person in any jurisdiction in which such offer or solicitation would be unlawful. The affairs of People's Mutual Holdings, People's United Financial, People's Bank and their subsidiaries may change after the date of this prospectus. Delivery of this prospectus and the sales of shares of our common stock made hereunder does not mean otherwise.

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**PROSPECTUS SUMMARY**

*The following summary highlights the material information from this prospectus and may not contain all the information that is important to you. You should read this entire document carefully, including the sections entitled Risk Factors and The Conversion and Offering and the consolidated financial statements and the notes to the consolidated financial statements, before making a decision to invest in our common stock.*

**The Companies**

**People's United Financial, Inc.** People's United Financial is a newly-formed Delaware corporation and currently a wholly-owned subsidiary of People's Bank. People's United Financial was formed for the purpose of effectuating the conversion and offering described in this prospectus. In connection with those transactions, People's United Financial is registering shares of its common stock with the Securities and Exchange Commission and will be selling shares of its common stock to new stockholders and, as described in this prospectus, issuing shares of its common stock to existing stockholders of People's Bank in exchange for their shares of People's Bank common stock. People's United Financial currently does not have significant assets, but as a result of the conversion and offering, it will become the holding company of People's Bank.

**People's Bank.** People's Bank is a federal stock savings bank and as a result of the conversion and offering will become the wholly-owned subsidiary of People's United Financial. People's Bank was organized in 1842 as a Connecticut mutual savings bank. In 1988, People's Bank reorganized into the mutual holding company structure, converted to a Connecticut-chartered stock savings bank and became the majority-owned subsidiary of People's Mutual Holdings, a Connecticut-chartered mutual holding company. Effective August 18, 2006, People's Bank converted to a federal stock savings bank regulated by the Office of Thrift Supervision. At September 30, 2006, People's Bank had total assets of \$10.6 billion, total deposits of \$9.0 billion and total stockholders' equity of \$1.4 billion.

**People's Mutual Holdings.** People's Mutual Holdings is the federally-chartered mutual holding company of People's Bank. Its principal business is to own a majority of People's Bank's outstanding shares of common stock. As of September 30, 2006, People's Mutual Holdings owned 82,012,500 shares, equivalent to approximately 57.7%, of People's Bank common stock. At September 30, 2006, People's Mutual Holdings had \$8.5 million of net assets, excluding the shares of People's Bank. As part of the conversion, People's Mutual Holdings will cease to exist as a separate entity.

**Our Business**

People's Bank offers a full range of financial services, primarily in the state of Connecticut, to individual, corporate, municipal and institutional customers. Its traditional banking activities include extending secured and unsecured commercial and consumer loans, originating mortgage loans secured by residential and commercial properties and accepting consumer, commercial and municipal deposits. In addition to traditional banking activities, People's Bank provides specialized services tailored to specific markets. Its operations are divided into two primary business lines that represent its core businesses:

**Commercial Banking.** Commercial banking consists principally of commercial lending, commercial real estate lending and commercial deposit gathering activities. This business line also includes the equipment financing operations of People's Capital and Leasing Corp., People's Bank's wholly-owned subsidiary, as well as cash management, correspondent banking and municipal banking and finance.

**Retail Banking.** Retail banking includes consumer deposit gathering activities, residential mortgage lending and home equity and other consumer lending. In addition to trust services, this business line also includes brokerage, financial advisory services, investment management services and life insurance provided by People's Securities, Inc. and other insurance services provided by R.C. Knox and Company, Inc., both wholly-owned subsidiaries of People's Bank.

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People's Bank's business model and broad product offerings allow it to meet the needs of a diverse customer base with varying demographic characteristics. People's Bank delivers its products and services through a network of 75 traditional branches, 73 branches located in Stop & Shop supermarkets, eight limited-service branches, 23 investment and brokerage offices (22 of which are located within branch offices), five wealth management and trust offices, nine People's Capital and Leasing offices (eight of which are located outside of Connecticut), seven commercial lending offices, and over 250 ATMs located in the state of Connecticut. People's Bank also originates residential mortgage and home equity loans in Connecticut and the contiguous markets of New York and Massachusetts. In addition, People's Bank maintains a loan production office in Massachusetts to support its commercial real estate lending initiatives in that state. Its distribution network includes fully integrated online banking and investment trading, a 24-hour telephone banking service and participation in a worldwide ATM network.

During 2005, People's Bank opened seven new branches, three of which are traditional branches and four of which are located in Stop & Shop supermarkets. For the first nine months of 2006, People's Bank opened three new Stop & Shop branches.

### **Our Market Area And Customer Base**

Connecticut is one of the most attractive banking markets in the United States with a total population of approximately 3.5 million and a median household income of \$66,018 as of June 30, 2006, ranking second in the United States and well above the U.S. median household income of \$51,546, according to estimates from SNL Securities. Fairfield County, where People's Bank is headquartered, is the wealthiest county in Connecticut, with a June 30, 2006 median household income of \$81,678 according to estimates from SNL Securities.

While People's Bank's primary market area is in the state of Connecticut, substantially all of the equipment financing activities of People's Capital and Leasing involve customers outside of Connecticut. In addition, People's Bank participates in certain loans that aggregate \$20 million or more and are shared by three or more supervised financial institutions. These loans are generally referred to as shared national credits. People's Bank's shared national credits portfolio totaled \$542 million at September 30, 2006, approximately 90% of which involved borrowers outside of Connecticut. People's Bank competes for deposits, loans and other services with commercial banks, savings institutions, commercial and consumer finance companies, mortgage banking companies, insurance companies, credit unions, and a variety of other institutional lenders and securities firms.

### **Our Competitive Strengths**

We believe that the following strengths give us a competitive advantage in our markets:

***Market Position in Connecticut.*** As of September 30, 2006, People's Bank had 156 branches throughout the state of Connecticut. At June 30, 2006, People's Bank ranked third in deposit market share in Connecticut and first in Fairfield County, according to the Federal Deposit Insurance Corporation.

***Stop & Shop Relationship.*** People's Bank has exclusive branching rights in Stop & Shop supermarkets in the state of Connecticut. Stop & Shop is the leading grocery store chain in Connecticut, with nearly twice the market share of its closest competitor, according to Modern Grocer. We believe that the Connecticut market area, with its compact geographical size and high population density, presents a unique opportunity to operate successful supermarket bank branches that complement our traditional branches. Unlike many other supermarket bank branches, People's Bank's Stop & Shop branches are full-service facilities that provide our customers with the convenience of seven-day-a-week banking. During 2005, these branches originated 27% of People's Bank's home equity loans, 47% of its retail checking and savings accounts, and 34% of its commercial checking accounts. Approximately 40% of People's Bank's total branch transactions originate in its Stop & Shop branches. People's Bank generally is required to open a branch in each new Connecticut Stop & Shop supermarket that meets projected size and customer criteria until 2012, and has the option to extend its exclusive right to open branches in Connecticut Stop & Shop supermarkets until 2022.

***Strong Credit Culture.*** People's Bank's experienced credit risk professionals and conservative credit culture, combined with centralized processes and consistent underwriting standards across all business lines, have

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allowed it to maintain a high level of asset quality. Over the last eight quarters through September 30, 2006, People's Bank's net charge-offs to average loans ratio has averaged 0.08%, compared to 0.22% for the top 50 U.S. banks and thrifts, according to SNL Securities.

***Highly Experienced Management Team with a Proven Track Record.*** As a group, our executive officers have an average of 24 years of experience in the banking industry and have successfully operated through various industry economic cycles. In addition, our management team has significant experience operating publicly-traded banking companies. A number of our executive officers, including our president and chief executive officer, have been members of our management team since our conversion from the mutual form of ownership and initial public offering in 1988.

### **Our Business Strategy**

Our business strategy is to focus on those businesses in which we have proven competencies. We believe that this clear focus will enable us to continue to grow our franchise, both inside and outside of the state of Connecticut, while maintaining our commitment to the quality of our business, assets and customer service. The following are the key elements of our business strategy:

***Expand Our Geographic Reach.*** Our plans for geographic expansion are based upon both *de novo* branching and acquisitions of financial institutions and other businesses related to banking that are complementary to our current lines of business.

***De Novo Branching.*** As part of its strategy to broaden its footprint by entering markets similar to Connecticut, People's Bank plans to expand into the state of New York by opening at least 15 new branches in Westchester County over the next three years. People's Bank expects to open seven of these branches by the end of 2007. Westchester County is a contiguous market with comparable demographics to Fairfield County, Connecticut. As of June 30, 2006, the median household income in Westchester County was \$80,686. The branches People's Bank opens in Westchester County will be traditional branches.

***Complementary Acquisitions.*** We believe that acquisition opportunities exist both inside and outside of our current market area. We will consider acquiring select banking and banking-related businesses initially in contiguous or near contiguous market areas that will afford us the opportunity to add complementary products to our existing business or to expand our franchise geographically.

***Optimize Our Balance Sheet Management and Net Interest Margin.*** People's Bank strives to maintain a balance between loan portfolio growth and core deposit funding. Approximately 95% of its assets are funded by low-cost core deposits and stockholders equity. People's Bank believes that, other than for deployment of excess core deposits or excess equity, a large securities portfolio provides limited economic value. During the third quarter of 2006, People's Bank sold approximately \$810 million of debt securities and used a portion of the proceeds to pay down short-term borrowings and fund additional loan growth. These transactions were undertaken to better position People's Bank's balance sheet for the then current interest rate environment. At September 30, 2006, People's Bank had a securities portfolio of \$202 million, or 2% of its assets, and wholesale borrowings of \$14 million, or 0.1% of assets, ratios well below industry averages. This focused balance sheet management strategy has allowed People's Bank to increase its net interest margin by 42 basis points from 3.47% to 3.89% since the third quarter of 2004, compared to an average decline of 20 basis points for the top 50 U.S. banks and thrifts over the same time period, according to SNL Securities.

***Maintain a Diversified Loan Portfolio.*** People's Bank's loan portfolio is highly diversified with a balance of commercial, residential lending and consumer assets. As of September 30, 2006, 44% of its loan portfolio was comprised of commercial banking loans and 42% was comprised of residential mortgage loans while consumer loans, primarily home equity loans and lines of credit, made up the remainder. In addition, the commercial loan portfolio is diversified across many industries. Loans to the manufacturing industry, which constitute approximately 41% of People's Bank's commercial loan portfolio, are divided among more than 20 manufacturing industry segments. No single borrower or group of related borrowers represents more than 1% of People's Bank's loan portfolio.





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### **Selected Risk Factors**

You should consider carefully the following selected risk factors, as well as the full list of Risk Factors beginning on page [ ], before deciding whether to invest in our common stock.

***Changes in Interest Rates.*** People's Bank makes most of its earnings based on the difference between interest it earns on assets such as loans compared to interest it pays on liabilities such as deposits. This difference is called the interest spread. People's Bank's interest spread may be lower if the timing of interest rate changes is very different for its interest-earning assets compared to its interest-bearing liabilities. People's Bank tries to manage this risk using many different techniques. If People's Bank is not successful in managing this risk, it will probably be less profitable.

***Asset Quality.*** Asset quality measures the performance of a borrower in repaying a loan, with interest, on time. It is unlikely that our asset quality will stay as strong as it has been for the past several years, particularly if the economy deteriorates.

***Plans for Growth.*** Our profitability may suffer if we do not continue to experience the type of growth that we have in the past, if we do not adequately and profitably implement our plans for growth or if we incur additional expenditures beyond current projections.

***Stop & Shop Branches.*** A drop in Stop & Shop's market share of the grocery market, a decrease in the number of Stop & Shop locations or customers, or a decline in the overall quality of Stop & Shop supermarkets could result in decreased business for People's Bank's Stop & Shop branches.

***Executive Officers and Key Personnel.*** Although we have an employment agreement with our president and chief executive officer, the loss of the services of one or more of our executive officers and key personnel could impair our ability to continue to develop and execute our business strategy.

### **Our Corporate Information**

The executive offices of People's Bank, People's Mutual Holdings and People's United Financial are located at 850 Main Street, Bridgeport, Connecticut 06604. The telephone number at this address is (203) 338-7171.

**Table of Contents****Summary Consolidated Financial And Other Data**

The summary information presented below under Summary Financial Condition Data, Summary Operating Data, Per Common Share Data, and Ratios at each of the dates or for each of the periods presented, except for the information at or for the periods ended September 30, 2005 and 2006 (which has not been audited), is derived in part from the audited consolidated financial statements of People's Bank. The following information is only a summary and you should read it in conjunction with People's Bank's audited consolidated financial statements and notes beginning on page F-1. All share, per share and dividend information reflects the three-for-two stock splits effected by People's Bank on May 15, 2004 and May 15, 2005.

	At September 30,		At December 31,			
	2006	2005	2004	2003	2002	2001
(In millions)						
<b>Summary Financial Condition Data:</b>						
Total assets	\$ 10,612	\$ 10,933	\$ 10,718	\$ 11,672	\$ 12,261	\$ 11,891
Loans	9,185	8,573	7,933	7,105	6,675	6,374
Securities, net	202	1,363	2,071	2,405	3,230	2,900
Allowance for loan losses	74	75	73	71	69	74
Deposits	8,979	9,083	8,862	8,714	8,426	7,983
Core deposits <sup>(1)</sup>	8,843	8,873	8,681	8,433	8,102	7,709
Borrowings	14	295	341	1,516	2,437	2,542
Stockholders' equity	1,351	1,289	1,200	1,002	940	935

	For the Nine Months Ended September 30,		2005	For the Year Ended December 31,			
	2006	2005		2004	2003	2002	2001
(In millions)							
<b>Summary Operating Data:</b>							
Net interest income <sup>(2)</sup>	\$ 286.3	\$ 276.7	\$ 370.0	\$ 327.4	\$ 284.3	\$ 318.5	\$ 319.5
Provision for loan losses	2.0	3.3	8.6	13.3	16.7	22.2	45.3
Fee based revenues	113.5	111.7	151.5	142.9	143.0	136.2	113.9
Net security losses	(27.2)	(0.1)	(0.1)	(4.7)	(0.6)	(3.3)	(18.5)
All other non-interest income <sup>(3)</sup>	15.8	9.5	21.9	13.5	23.9	16.3	38.2
Non-interest expense <sup>(4)</sup>	261.3	253.8	344.4	479.7	346.0	341.5	343.5
Income (loss) from continuing operations	83.0	91.6	125.9	(5.6)	62.7	67.7	38.9
Income (loss) from discontinued operations <sup>(5)</sup>	1.7	10.3	11.2	205.3	1.1	(12.3)	36.9
Net income	84.7	101.9	137.1	199.7	63.8	55.4	75.8
Adjusted net income <sup>(1)</sup>	83.0	93.6	122.6	81.1	62.7	67.7	25.9

(1) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of deposits to core deposits, and net income to adjusted net income.

(2) Fully taxable equivalent basis.

(3) Includes \$8.1 million and \$20.0 million in gains on asset sales for the years ended December 31, 2005 and 2001, respectively.

(4) Includes liability restructuring costs totaling \$2.7 million, \$133.4 million, \$1.2 million and \$16.6 million for the years ended December 31, 2005, 2004, 2003 and 2001, respectively.

(5) Includes an after-tax gain on sale of \$6.2 million for both the nine months ended September 30, 2005 and the year ended December 31, 2005 and \$198.5 million for the year ended December 31, 2004 related to the sale of the credit card business in March 2004.

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	At or For the Nine Months Ended September 30,			At or For the Year Ended December 31,			
	2006	2005	2005	2004	2003	2002	2001
<b>Per Common Share Data:</b>							
Basic earnings per share	\$ 0.60	\$ 0.72	\$ 0.97	\$ 1.43	\$ 0.46	\$ 0.40	\$ 0.55
Diluted earnings per share	0.59	0.72	0.97	1.42	0.46	0.40	0.55
Cash dividends paid per share <sup>(1)</sup>	0.72	0.63	0.85	0.75	0.68	0.63	0.59
Book value (end of period)	9.51	8.95	9.10	8.52	7.18	6.77	6.76
Tangible book value (end of period)	8.77	8.20	8.35	7.74	6.37	5.95	5.92
<b>Ratios:</b>							
Net interest margin <sup>(2)</sup>	3.83%	3.66%	3.68%	3.33%	2.89%	3.24%	3.40%
Efficiency ratio <sup>(3)</sup>	61.9	62.8	62.8	69.2	76.4	71.3	73.9
Return on average assets <sup>(4)</sup>	1.04	1.26	1.27	1.86	0.54	0.47	0.68
Return on average stockholders' equity <sup>(4)</sup>	8.6	11.1	11.1	17.6	6.6	5.9	8.2
Non-performing assets to total loans, real estate owned and repossessed assets	0.25	0.24	0.26	0.36	0.48	0.53	0.48
Non-performing assets to total assets	0.22	0.18	0.20	0.27	0.29	0.29	0.26
Net loan charge-offs to average loans <sup>(2)</sup>	0.05	0.05	0.07	0.15	0.22	0.42	0.62
Allowance for loan losses to total loans	0.81	0.87	0.87	0.91	0.99	1.04	1.16
Stockholders' equity to total assets	12.7	11.6	11.8	11.2	8.6	7.7	7.9
Tangible stockholders' equity to total tangible assets	11.9	10.8	10.9	10.3	7.7	6.8	7.0
Tier 1 capital <sup>(5)</sup>	14.7	14.9	14.8	14.6	9.9	9.1	8.8
Total risk-based capital <sup>(5)</sup>	16.2	17.0	16.4	16.7	13.1	12.5	12.3
<b>Other Information:</b>							
Number of branches	156	152	153	155	154	155	148
Full-time equivalent employees <sup>(6)</sup>	2,617	2,679	2,655	2,689	2,791	2,948	2,907

(1) Reflects the waiver of dividends on the substantial majority of the common shares owned by People's Mutual Holdings.

(2) Nine month ratios are presented on an annualized basis.

(3) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of the efficiency ratio to banking regulatory definitions.

(4) Calculated based on net income for all periods. Nine month ratios are presented on an annualized basis.

(5) Calculated in accordance with Office of Thrift Supervision regulations as of September 30, 2006 and Federal Deposit Insurance Corporation regulations for all prior period ends.

(6) Excluded from 2003, 2002 and 2001 are the employees of People's Bank's credit card division that was sold in March 2004.

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### **Recent Developments Unaudited 2006 Results**

For the year ended December 31, 2006, People's Bank reported net income of \$124.0 million, or \$0.87 per diluted share, compared to \$137.1 million, or \$0.97 per diluted share, for the year-ago period. Income from continuing operations totaled \$121.7 million, or \$0.85 per diluted share, compared to \$125.9 million, or \$0.89 per diluted share, for the year-ago period. Net interest income increased \$12.7 million, or 3%, from the year ended December 31, 2005, and the net interest margin improved 19 basis points to 3.87%. Total assets at December 31, 2006 were \$10.7 billion, a decrease of \$246 million, or 2%, from December 31, 2005. Total securities declined by \$1.3 billion and total loans increased by \$799 million compared with year-end 2005. See *Recent Developments* for more detail on People's Bank's results for the three-month and one-year periods ended December 31, 2006 and its financial condition as of that date.

### **Our Conversion And Offering**

We are converting from the mutual holding company structure, where People's Bank is 42.3% owned by public stockholders, to a stock holding company, which will be 100% owned by public stockholders. This is commonly referred to as a "second-step" conversion. As part of the conversion, People's Mutual Holdings will convert into a federal stock savings bank, which will merge with and into People's Bank, with People's Bank as the surviving entity. As a result, People's Mutual Holdings will cease to exist as a separate entity. Voting rights in People's United Financial will be vested solely in the public stockholders immediately following the conversion.

In connection with the conversion, the shares of common stock of People's Bank owned by People's Mutual Holdings will be canceled and new shares of common stock representing the 57.7% ownership interest of People's Mutual Holdings will be offered for sale by People's United Financial in the offering. In addition, the net assets of People's Mutual Holdings will be added to People's Bank as a capital contribution. At September 30, 2006, People's Mutual Holdings' net assets, excluding its ownership of shares of People's Bank common stock, totaled \$8.5 million. At the conclusion of the conversion and offering, existing public stockholders of People's Bank will receive shares of common stock of People's United Financial for each share of People's Bank common stock they own at that date, based on an exchange ratio as described in *The Conversion and Offering The Share Exchange of People's Bank Common Stock for People's United Financial Common Stock*. As a result, People's Bank's existing public stockholders will own approximately the same percentage of People's United Financial common stock as they owned of People's Bank common stock immediately prior to the conversion.

In addition, in connection with and immediately following the conversion, we intend to contribute 2,000,000 shares of People's United Financial common stock and \$20.0 million in cash from the offering proceeds to The People's Community Foundation, a charitable foundation to be established in connection with the conversion and offering. The shares of common stock contributed to the charitable foundation will be in addition to the shares being offered for sale. For a further discussion of the charitable foundation, see *The People's Community Foundation*.

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This chart shows our structure before the conversion and offering:

This chart shows our new structure after the conversion and offering:

**Terms Of The Offering**

We are offering between 137,062,500 and 185,437,500 shares of our common stock to our depositors and to the public in subscription and syndicated offerings (which we refer to in this document collectively as the offering). We may increase the maximum number of shares that we sell in the offering by up to 15% to 213,253,125 shares as a result of market demand, regulatory considerations or changes in financial markets. The offering price is \$20.00 per share. All new investors will pay the same purchase price per share. No commission will be charged to purchasers in the offering.

The shares of common stock are being offered on a priority basis to depositors of People's Bank in a subscription offering. Ryan Beck & Co., Inc., our financial advisor and selling agent in connection with the subscription offering,

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will use its best efforts to assist us in selling our common stock in the subscription offering. Ryan Beck & Co., Inc. is not obligated to purchase any shares of common stock in the subscription offering.

We are also offering for sale to the general public in a syndicated offering through a syndicate of selected dealers shares of our common stock not subscribed for by our depositors in the subscription offering. We may begin the syndicated offering at any time following the commencement of the subscription offering. Morgan Stanley & Co. Incorporated is acting as sole book-running manager and Keefe, Bruyette & Woods, Inc., Lehman Brothers and Ryan Beck & Co., Inc. are acting as joint lead managers for the syndicated offering, which is also being conducted on a best efforts basis. None of Morgan Stanley & Co. Incorporated, Ryan Beck & Co., Inc. or any other member of the syndicate is required to purchase any shares in the syndicated offering. Alternatively, we may sell remaining shares in an underwritten public offering, which would be conducted on a firm commitment basis.

## **Reasons For The Conversion And Offering**

The conversion and offering are intended to provide us with substantially greater access to capital than is currently available to us under the mutual holding company structure and are expected to significantly increase the liquidity of our common stock. In addition, the stock holding company structure will provide us with more flexibility in structuring mergers and acquisitions. The net proceeds raised in the offering will allow us and People's Bank to:

finance *de novo* expansion and support organic growth both inside and outside of the state of Connecticut;

acquire other financial institutions, businesses related to banking or branches, although there is no specific agreement with any institution or business at this time;

increase lending to support continued growth in our commercial banking loan portfolios;

form a charitable foundation to benefit the communities we serve; and

use the additional capital for other general corporate purposes.

See *How We Intend to Use the Proceeds from the Offering* for a detailed description of how we plan to use the net proceeds we raise in the offering.

After considering the relative merits of the conversion and offering, as well as applicable fiduciary duties, the Board of Trustees of People's Mutual Holdings and the Board of Directors of People's Bank approved the plan of conversion as being in the best interests of each such institution, the communities they serve and the depositors, stockholders and employees of People's Bank. The completion of the conversion and offering is subject to the approval of stockholders and depositors of People's Bank who are being asked to vote on the plan of conversion.

## **How We Determined The Offering Range And The Exchange Ratio**

The offering range and the exchange ratio are based on an independent appraisal of the market value of the common stock to be issued both in the offering and in exchange for shares of People's Bank common stock. RP Financial, LC., an appraisal firm experienced in appraisals of financial institutions, has advised us that, as of January 18, 2007, the estimated pro forma market value of our common stock, including offering shares, exchange shares and shares issued to the charitable foundation, ranges from a minimum of \$4.791 billion to a maximum of \$6.468 billion, with a midpoint of \$5.630 billion. Based on this valuation range, the percentage of People's Bank common stock owned by People's Mutual Holdings, the shares issued to the charitable foundation and the \$20.00 price per share, the Board of Directors of People's Bank and the Board of Trustees of People's Mutual Holdings determined to offer shares of People's United Financial common stock ranging from a minimum of 137,062,500 shares to a maximum of 185,437,500 shares, with a midpoint of 161,250,000 shares. The exchange ratio ranges from a minimum of 1.6712 to 2.2611 shares of People's United Financial common stock per share of People's Bank common stock. Under certain circumstances, the pro forma market value can be adjusted upward to reflect changes in market conditions, and, at the adjusted maximum, the estimated pro forma market value of People's United Financial's common stock would be \$7.432 billion, the number of shares offered would equal 213,253,125

shares and the exchange ratio would be 2.6003.



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The independent appraisal was based in part on our financial condition and results of operations, the pro forma impact of the additional capital raised by the sale of common stock in the offering, and an analysis of a peer group of companies that RP Financial considered comparable to us. RP Financial also considered that we intend to contribute cash and issue shares of People's United Financial common stock to The People's Community Foundation, a charitable foundation that will be established in connection with the conversion. The intended contribution of cash and shares of common stock to the charitable foundation has the effect of reducing the number of shares that may be offered in the offering. See *Comparison of Valuation and Pro Forma Information With and Without the Charitable Foundation*. RP Financial's independent valuation will be updated before we complete our offering.

The following table presents a summary of selected pricing ratios for the companies comprising the peer group used by RP Financial in its independent appraisal report dated January 18, 2007 and the pro forma pricing ratios for us, as calculated in the table on page [ ] in the section of this prospectus entitled *Pro Forma Data*. Compared to the median pricing of the peer group, our pro forma pricing ratios at the midpoint of the offering range indicated a premium of 88% on a price-to-earnings basis and discounts of 34% on a price-to-book value basis and 45% on a price-to-tangible book value basis. The estimated appraised value and the resulting premiums and discounts took into consideration the potential financial impact of the conversion and offering and RP Financial's analysis of the results of operations and financial condition of People's United Financial compared to the peer group.

	Price-to- earnings multiple <sup>(1)</sup>	Price-to- book value ratio	Price-to- tangible book value ratio
<b>People's United Financial (pro forma)<sup>(2)</sup>:</b>			
Minimum of offering range	27.27x	128.12%	131.84%
Midpoint of offering range	30.00x	135.50%	138.99%
Maximum of offering range	32.61x	141.44%	144.82%
Maximum of offering range, as adjusted	35.71x	147.17%	150.26%
<b>Valuation of peer group companies as of January 18, 2007<sup>(3)</sup>:</b>			
Average	17.53x	209.12%	269.15%
Median	15.96x	205.31%	250.45%

- (1) Multiples calculated by RP Financial in the independent appraisal are based on an estimate of core, or recurring, earnings for the twelve months ended December 31, 2006, total pro forma outstanding shares of common stock, including all shares owned by our employee stock ownership plan, whether or not allocated to participants, and including shares issued to the charitable foundation, and equal 24.86x, 27.75x, 30.38x and 33.10x, respectively, at the minimum, midpoint, maximum and adjusted maximum of the offering range. Because this is a different method than used by us in calculating the numbers included in this table and in the pro forma information included under *Pro Forma Data*, the pro forma price-to-earnings multiples in the table do not correspond to the multiples in the independent appraisal. See note 2 to the pro forma information included under *Pro Forma Data* for more information on our treatment of shares owned by our employee stock ownership plan for purposes of this calculation.
- (2) Based on People's Bank's financial data as of and for the nine months ended September 30, 2006. Price-to-earnings multiples for People's United Financial are shown on an annualized basis.
- (3) Reflects earnings for the most recent 12-month period for which data were publicly available.

**The independent appraisal is not necessarily indicative of post-offering trading value. You should not assume or expect that the valuation of People's United Financial as indicated above means that the common stock will trade at or above the \$20.00 purchase price after the offering is completed.**

On [ ], 2007, we received authorization from the Office of Thrift Supervision to conduct the offering. The independent appraisal must be updated before we can complete the offering. The updated appraisal will be subject to the further approval of the Office of Thrift Supervision.

**Table of Contents****After-Market Performance Information Provided By The Independent Appraiser**

The following table, prepared by our independent appraiser, presents for all second-step conversions that began trading from January 1, 2004 to January 18, 2007, the percentage change in the trading price from the initial trading date of the offering to the dates shown in the table. The table also presents the average and median trading prices and percentage change in trading prices for the same dates. **This information relates to stock performance experienced by other companies that may have no similarities to us with regard to market capitalization, offering size, earnings quality and growth potential, among other factors.** Most of the institutions listed in the table are significantly smaller than we are in terms of asset size. In addition, gross proceeds raised in most of the offerings listed in the table are significantly less than the amount of gross proceeds we expect to raise in the offering. Also, two of the three largest offerings listed in the table involved a simultaneous acquisition of another financial institution.

**The table is not intended to indicate how our common stock may perform.** Data represented in the table reflects a small number of transactions and is not indicative of general stock market performance trends or of price performance trends of companies that undergo second-step conversions. Furthermore, this table presents only short-term price performance and may not be indicative of the longer-term stock price performance of these companies. **There can be no assurance that our stock price will appreciate or that our stock price will not trade below \$20.00 per share.** The movement of any particular company's stock price is subject to various factors, including, but not limited to, the amount of proceeds a company raises, the company's historical and anticipated operating results, the nature and quality of the company's assets, the company's market area and the quality of management and management's ability to deploy proceeds (such as through loans and investments, the acquisition of other financial institutions or other businesses, the payment of dividends and common stock repurchases). In addition, stock prices may be affected by general market and economic conditions, the interest rate environment, the market for financial institutions and merger or takeover transactions and the presence of professional and other investors who purchase stock on speculation, as well as other unforeseeable events not in the control of management. Before you make an investment decision, please carefully read this prospectus, including *Risk Factors*.

**After Market Trading Activity****Second Step Offerings****Completed Closing Dates between January 1, 2004 and January 18, 2007**

Transaction	Closing Date	Gross Proceeds (In millions)	Price Performance from Initial Trading Date			Through January 18, 2007
			1 Day	1 Week	1 Month	
Osage Bancshares, Inc.	1/18/07	\$ 25.1	-0.5%	N/A	N/A	-0.5%
New Westfield Financial, Inc.	1/4/07	\$ 184.0	7.0%	7.5%	N/A	8.8%
Citizens Community Bancorp, Inc.	11/1/06	\$ 52.9	-2.5%	-1.0%	-3.3%	-2.9%
Liberty Bancorp, Inc.	7/24/06	\$ 28.1	2.5%	1.0%	1.5%	5.5%
First Clover Leaf Financial Corp. <sup>(1)</sup>	7/11/06	\$ 41.7	3.9%	6.0%	11.2%	15.0%
Monadnock Bancorp, Inc.	6/29/06	\$ 5.7	0.0%	-5.0%	-13.8%	-16.3%
NEBS Bancshares, Inc.	12/29/05	\$ 30.8	6.6%	7.0%	7.0%	31.0%
American Bancorp, Inc.	10/6/05	\$ 99.2	1.6%	-2.5%	1.6%	17.7%
Hudson City Bancorp, Inc.	6/7/05	\$ 3,929.8	9.6%	10.8%	15.9%	39.7%
First Federal of Northern Michigan Bancorp, Inc.	4/4/05	\$ 17.0	-5.1%	-8.0%	-16.0%	-8.5%
Rome Bancorp, Inc.	3/31/05	\$ 59.0	0.5%	-2.5%	-5.6%	24.6%
Roebling Financial Corp.	10/1/04	\$ 9.1	-1.0%	-0.5%	-8.0%	22.5%
DSA Financial Corporation	7/30/04	\$ 8.5	-2.0%	-5.0%	-7.0%	30.0%
Partners Trust Financial Group, Inc. <sup>(1)</sup>	7/15/04	\$ 148.8	-0.1%	-0.2%	-1.9%	13.5%
Synergy Financial Group, Inc.	1/21/04	\$ 70.4	8.1%	8.0%	7.9%	61.8%
Provident Bancorp, Inc. <sup>(1)</sup>	1/15/04	\$ 195.7	15.0%	11.5%	15.1%	45.4%
Average			2.7%	1.8%	0.3%	18.0%
Median			1.1%	-0.2%	0.2%	16.4%

- (1) Included a simultaneous acquisition.

**Table of Contents****Public Stockholders Will Receive Shares Through The Exchange Of People's Bank Common Stock**

Shares of People's Bank common stock held by stockholders as of the date of completion of the conversion and offering will be canceled and exchanged for new shares of People's United Financial common stock. The number of shares received will be based on an exchange ratio which will be determined as of the date of completion of the conversion and offering and will be based on the percentage of People's Bank common stock held by the public prior to the conversion, the final independent appraisal of People's United Financial common stock prepared by RP Financial and the number of shares of common stock sold in the offering. The exchange ratio will ensure that existing public stockholders of People's Bank common stock will own approximately the same percentage of People's United Financial common stock after the conversion and offering as they owned of People's Bank common stock immediately prior to completion of the conversion and offering, exclusive of the effect of their purchase of additional shares in the offering and the receipt of cash in lieu of fractional shares. The exchange ratio will not depend on the market price of People's Bank common stock.

The following table shows how many shares a hypothetical owner of People's Bank common stock would receive in the share exchange, based on the number of shares sold in the offering.

	Shares to be exchanged for						Total shares of common stock to be outstanding after the conversion	Exchange ratio	Equivalent per share current market price <sup>(1)</sup>	Shares that would be exchanged per 100 shares of People's Bank common stock
	Shares to be sold in		shares of People's Bank common stock		Shares to be issued to the foundation					
	Amount	Percent	Amount	Percent	Amount	Percent				
	this offering									
Minimum	137,062,500	57.22%	100,491,584	41.95%	2,000,000	0.83%	239,554,084	1.6712	\$ 33.42	167
Midpoint	161,250,000	57.29%	118,225,393	42.00%	2,000,000	0.71%	281,475,393	1.9662	\$ 39.32	196
Maximum	185,437,500	57.34%	135,959,202	42.04%	2,000,000	0.62%	323,396,702	2.2611	\$ 45.22	226
Maximum, as adjusted	213,253,125	57.39%	156,353,083	42.07%	2,000,000	0.54%	371,606,208	2.6003	\$ 52.01	260

(1) Represents the value of shares of People's United Financial common stock and cash in lieu of fractional shares received in the share exchange by a holder of one share of People's Bank common stock at the exchange ratio, assuming a market price of \$20.00 per share. At the midpoint shown in the preceding table, a stockholder owning 100 shares of People's Bank common stock would receive 196 shares of People's United Financial common stock plus \$12.40 in cash.

No fractional shares of our common stock will be issued in the exchange. For each fractional share that would otherwise be issued, we will remit an amount equal to the product obtained by multiplying the fractional share interest to which the holder would otherwise be entitled by the \$20.00 per share purchase price.

We also will convert options previously awarded under the People's Bank 1998 Long-Term Incentive Plan into options to purchase People's United Financial common stock. At September 30, 2006, there were outstanding options to purchase 1,435,055 shares of People's Bank common stock. The number of outstanding options and related per share exercise prices will be adjusted based on the exchange ratio. The aggregate exercise price, term and vesting period of the outstanding options will remain unchanged. If any options are exercised before we complete the offering, the number of shares of People's Bank common stock outstanding will increase and the exchange ratio could be adjusted. If all currently outstanding options are exercised, stockholders will experience dilution of approximately 1.00% in their ownership interest in People's Bank common stock.

**Dividend Policy**

The amount of dividends that People's United Financial initially intends to pay to stockholders following the conversion and offering is intended to approximate the per share dividend amount, adjusted to reflect the share exchange, that People's Bank's stockholders currently receive on their shares of People's Bank common stock. For a detailed description of our dividend policy, see *Our Policy Regarding Dividends*.



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### **Ownership By Officers And Directors**

Collectively, our directors and executive officers and their associates expect to purchase a total of 387,500 shares, or approximately 0.2% of the shares of common stock available for sale in the offering plus the shares to be issued to the charitable foundation (assuming the midpoint of the offering range). These shares do not include shares that may be awarded or issued in the future under any of our stock benefit plans. The shares purchased by our directors and executive officers and their associates will be included in determining whether the minimum number of shares necessary to close the offering has been sold. See *Proposed Purchases of Common Stock by Management*.

After the offering and the exchange of existing shares of People's Bank common stock, including stock options exercisable within 60 days of September 30, 2006, our directors and executive officers, together with their associates, are expected to beneficially own approximately 3,928,237 shares of our common stock, or 1.40% of the total outstanding shares of our common stock, including shares to be issued to the charitable foundation, based upon the midpoint of the offering range.

### **Future Benefit Plans**

We intend to implement a tax-qualified employee stock ownership plan in connection with the offering which we expect will purchase an amount of common stock equal to up to 6% of the sum of the shares of common stock that we sell in the offering and those we issue to the charitable foundation, or 11,246,250 shares of common stock, assuming we sell 185,437,500 shares, the maximum of the offering range. We expect that this employee stock ownership plan will, with prior Office of Thrift Supervision approval, purchase these shares in the open market following the offering using funds borrowed from us. However, as a tax-qualified employee benefit plan, this plan may instead purchase shares in the subscription offering consistent with its subscription priority. The plan is a tax-qualified retirement plan for the benefit of all employees who meet certain eligibility requirements. Assuming the employee stock ownership plan purchases 11,246,250 shares, we will recognize additional compensation expense of \$224.9 million (or approximately \$148.4 million after tax) over a 30-year period, assuming the shares of common stock have a fair market value of \$20.00 per share for the full 30-year period. If, in the future, the shares of common stock have a fair market value greater or less than \$20.00, the compensation expense will increase or decrease accordingly.

Because investment decisions for our employee stock ownership plan are subject to the discretion of an independent fiduciary, we can offer no assurance as to the amount, timing or other terms of stock purchases by this plan.

We also intend to implement a stock option plan, providing for grants of stock options, and a recognition and retention plan, providing for awards of restricted stock to our key employees, officers and directors. If these stock-based incentive plans are implemented and approved by stockholders within one year of the completion of our conversion, the number of options granted or shares of restricted stock awarded under these stock-based incentive plans may not exceed 10% and 4%, respectively, of the shares of common stock sold in the offering and issued to the charitable foundation. We expect that any shares required for restricted stock awards would be purchased in the open market or privately negotiated transactions following stockholder approval of the plan. Funds necessary for stock purchases would be provided by People's United Financial. We anticipate that awards under the stock option plan and recognition and retention plan would vest over a five-year period measured from the award date and that compensation expense would be recognized over the vesting period. Both the stock option plan and recognition and retention plan cannot be adopted sooner than six months after the completion of our conversion and will be contingent on approval of People's United Financial stockholders.

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The following table summarizes the number of shares and aggregate dollar value of awards available for grant that are expected under the stock option and recognition and retention plans, if adopted as expected after the offering. A portion of the available stock grants shown in the table below may be made to non-executive employees.

	Number of new shares or options to be granted		As a percentage of common stock to be sold in the offering and issued to the foundation	Maximum dilution resulting from issuance of shares for stock benefit plans(2)	Value of new available grants <sup>(1)</sup>			
	At minimum of offering range	At maximum of offering range			At maximum, as adjusted of offering range	At minimum of offering range	At maximum of offering range	At maximum, as adjusted of offering range
Recognition and retention plan	5,562,500	7,497,500	8,610,125	4.00%	2.27%	\$ 111,250,000	\$ 149,950,000	\$ 172,202,500
Stock option plan	13,906,250	18,743,750	21,525,313	10.00%	5.48%	46,029,688	62,041,813	71,248,786
<b>Total</b>	<b>19,468,750</b>	<b>26,241,250</b>	<b>30,135,438</b>	<b>14.00%</b>	<b>7.51%</b>	<b>\$ 157,279,688</b>	<b>\$ 211,991,813</b>	<b>\$ 243,451,286</b>

- (1) The actual value of restricted stock grants will be determined based on their fair value as of the date that grants are made. For purposes of this table, the fair value of the restricted stock grants is assumed to be the same as the offering price of \$20.00 per share. The fair value of stock options has been estimated at \$3.31 per option using the Black-Scholes option pricing model with the following assumptions: a grant-date share price and option exercise price of \$20.00; dividend yield of 3.0%; expected option life of 10 years; risk-free interest rate of 4.64%; and volatility rate of 11.3% based on an index of publicly-traded thrifts. The actual value of option grants will be determined by the grant-date fair value of the option, which will depend on a number of factors, including the valuation assumptions used in the option pricing model.
- (2) Assumes shares are issued from authorized but unissued shares and dilution is calculated at the maximum and maximum, as adjusted of the offering range.

In addition to shares of common stock that could be issued under the future stock option and recognition and retention plans, additional shares can be issued under stock benefit plans currently maintained by People's Bank. At September 30, 2006, a total of 9,157,471 shares could be issued under existing stock benefit plans after applying the exchange ratio at the minimum of the offering range, and 12,389,874 shares could be issued under existing stock benefit plans after applying the exchange ratio at the maximum of the offering range. These totals represent shares that would be issued upon exercise of outstanding stock options and shares that would be issued because of future grants under existing benefit plans. The issuance of all of these shares would cause additional dilution of 3.69% at the maximum of the offering range.

Unless a waiver is obtained from the Office of Thrift Supervision, the following additional Office of Thrift Supervision restrictions would apply to the stock option plan and the recognition and retention plan:

non-employee directors in the aggregate may not receive more than 30% of the options and restricted stock awards authorized under the plans;

any one non-employee director may not receive more than 5% of the options and restricted stock awards authorized under the plans;

any officer or employee may not receive more than 25% of the options and restricted stock awards authorized under the plans;

the options and restricted stock awards may not vest more rapidly than 20% per year, beginning on the first anniversary of stockholder approval of the plans; and

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accelerated vesting is not permitted except for death, disability or upon a change in control of People's Bank or People's United Financial.

In the event the Office of Thrift Supervision changes its regulations or policies regarding stock-based incentive plans, including any regulations or policies restricting the size of awards and vesting of benefits as described above, the restrictions described above may not be applicable. Also, these restrictions will not apply to stock-based compensation



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plans currently maintained by People's Bank (the People's Bank 1998 Long-Term Incentive Plan and the People's Bank Directors' Equity Compensation Plan), which will continue in effect after the conversion.

The following table presents information regarding the eligible participants in our contemplated employee stock ownership plan and our contemplated stock-based incentive plans, the percentage of outstanding shares of common stock after the offering assuming shares are sold at the maximum of the offering range and the dollar value of the common stock available for issuance or allocation under these plans.

	Individuals Eligible to Participate	Number of Shares at the Maximum of Offering Range	Number of Shares at the Maximum, as adjusted of Offering Range	Percentage of Total Shares Outstanding (including shares issued to the charitable foundation)	Percentage of Shares Sold in the Offering (including shares issued to the charitable foundation)	Estimated Value of Shares at the Maximum of the Offering Range <sup>(1)</sup>	Estimated Value of Shares at the Maximum, as adjusted of Offering Range <sup>(1)</sup>
Employee stock ownership plan	Officers and Employees	11,246,250	12,915,188	3.48%	6.0%	\$ 224,925,000	\$ 258,303,760
Stock option plan	Directors, Officers and Employees	18,743,750	21,525,313	5.80%	10.0%	\$ 62,041,813	\$ 71,248,786
Recognition and retention plan	Directors, Officers and Employees	7,497,500	8,610,125	2.32%	4.0%	\$ 149,950,000	\$ 172,202,500

(1) The actual value of restricted stock grants will be determined based on their fair value as of the date that grants are made. For purposes of this table, the fair value of the restricted stock grants is assumed to be the same as the offering price of \$20.00 per share. The fair value of stock options has been estimated at \$3.31 per option using the Black-Scholes option pricing model with the following assumptions: a grant-date share price and option exercise price of \$20.00; dividend yield of 3.0%; expected option life of 10 years; risk free interest rate of 4.64%; and a volatility rate of 11.3% based on an index of publicly-traded thrifts. The actual value of option grants will be determined by the grant-date fair value of the option, which will depend on a number of factors, including the valuation assumptions used in the option pricing model.

For a detailed description of these potential plans and their applicable limitations see *Management of People's Bank Future Benefit Plans*. For a detailed description of the benefit plans we currently have in place, see *Management of People's Bank Director Compensation* and *Management of People's Bank Executive Officer Compensation*.

**Limits On Purchases Of Common Stock**

Limitations on the purchase of common stock in the offering have been set by the plan of conversion adopted by the People's Bank Board of Directors and the People's Mutual Holdings Board of Trustees. These limitations include the following:

You may not purchase fewer than 25 shares (\$500).

You may not purchase more than \$2 million of common stock (100,000 shares). If you are purchasing in the subscription offering, this limit applies to you, together with any persons with whom you are exercising subscription rights through a single qualifying deposit account held jointly.

You, together with any of the following persons (referred to as associates) or persons who may be acting in concert with you, may not purchase more than \$2 million of common stock (100,000 shares) in all categories of the offering combined, including the syndicated offering:

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your spouse or relatives of you or your spouse living in your house; or

companies, trusts or other entities in which you have an ownership or financial interest or hold a senior position.

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If you are currently a People's Bank stockholder, in addition to the above purchase limitations, there is an additional ownership limitation for you. Shares of common stock that you purchase in the offering individually, and together with associates or persons acting in concert, plus any shares of People's United Financial common stock you and they receive in the share exchange, may not exceed 5% of the total shares of People's United Financial common stock issued and outstanding at the completion of the conversion and offering.

Subject to the approval of the Office of Thrift Supervision, we may increase or decrease the purchase and ownership limitations at any time. If a purchase limitation is increased, subscribers in the subscription offering who order the maximum amount of shares and so indicate on their stock order forms will be given the opportunity to increase their subscriptions up to the new limit. For a detailed description of purchase limitations, see *Limitations on Common Stock Purchases*.

## **Conditions To Completing The Conversion And Offering**

We are conducting the conversion and offering pursuant to the terms of our plan of conversion. We cannot complete the conversion and offering unless:

the plan of conversion is approved by at least a majority of votes eligible to be cast by depositors of People's Bank;

the plan of conversion is approved by a majority of the outstanding shares of People's Bank common stock entitled to vote at a meeting of stockholders of People's Bank (because People's Mutual Holdings owns more than 50% of People's Bank's outstanding shares, we expect that People's Mutual Holdings will control the outcome of this vote);

the plan of conversion is approved by a majority of the outstanding shares of People's Bank common stock held by the stockholders of People's Bank, excluding People's Mutual Holdings;

we sell at least the minimum number of shares of common stock offered; and

we receive approval from the Office of Thrift Supervision to complete the conversion and offering.

In order to establish and fund the charitable foundation, we must receive regulatory, public stockholder and depositor approvals, similar to those described above.

People's Mutual Holdings intends to vote its ownership interest in favor of the plan of conversion and the establishment and funding of the charitable foundation. At September 30, 2006, it owned 57.7% of the outstanding common stock of People's Bank. As of September 30, 2006, the directors and executive officers of People's Bank and their associates beneficially owned 1,800,802 shares of People's Bank common stock (including options exercisable within 60 days of September 30, 2006), or 1.26% of the outstanding shares of common stock. They intend to vote their shares in favor of the plan of conversion and establishment and funding of the charitable foundation.

## **Market For Our Common Stock**

People's Bank's common stock is currently listed on the Nasdaq Global Select Market under the symbol PBCT. Upon completion of the offering, the new shares of People's United Financial will replace existing shares and will be traded on the Nasdaq Global Select Market. For a period of 20 trading days following completion of the offering, our symbol will be PBCTD. Thereafter, our trading symbol will revert to PBCT. See *Market for the Common Stock*.

## **Tax Aspects of the Conversion**

As a general matter, the conversion and offering will not be taxable transactions for federal or state income tax purposes to People's Mutual Holdings, People's Bank, People's United Financial, persons eligible to subscribe in the subscription offering or existing stockholders of People's Bank. Existing stockholders of People's Bank who receive cash in lieu of a fractional share of People's United Financial common stock in the

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share exchange will recognize a gain or loss equal to the difference between the cash received and the tax basis of such fractional share. Thacher Proffitt & Wood LLP has issued an opinion to us to the effect that consummation of the transactions contemplated by

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the conversion and offering qualifies as a tax-free transaction for federal income tax purposes and will not result in any adverse federal tax consequences to People's Mutual Holdings, People's Bank, People's United Financial, persons eligible to subscribe in the subscription offering or existing stockholders of People's Bank before or after the conversion. PricewaterhouseCoopers LLP has issued an opinion to us to the effect that consummation of the transactions contemplated by the conversion and offering should qualify as a tax-free transaction for Connecticut state income tax purposes and should not result in any adverse Connecticut state tax consequences to People's Mutual Holdings, People's Bank, People's United Financial, persons eligible to subscribe in the subscription offering or existing stockholders of People's Bank before or after the conversion. See *The Conversion and Offering Tax Aspects*.

## **The Subscription Offering**

### ***Persons Who May Order Stock in the Subscription Offering.***

We are offering shares of People's United Financial common stock in a subscription offering in the following descending order of priority:

- (1) Depositors with accounts at People's Bank with aggregate balances of at least \$50 on June 30, 2005;
- (2) Our tax-qualified employee stock benefit plans;
- (3) Depositors with accounts at People's Bank with aggregate balances of at least \$50 on December 31, 2006; and
- (4) People's Bank depositors on February 5, 2007.

If you qualify under one of these categories, you will have priority subscription rights and the following provisions will apply to you.

### ***How You May Purchase Common Stock in the Subscription Offering.***

To purchase shares of common stock in the subscription offering, you must deliver a properly signed and completed original stock order form, accompanied by full payment or a deposit account withdrawal authorization as described below, so that it is received by us (not postmarked) by 11:00 a.m., Eastern Time, on March 22, 2007. You may submit your stock order form and payment by mail using the return envelope provided, by overnight delivery to the address indicated on the front of the stock order form or by hand, to a secure drop box located in the lobby of People's Bank's headquarters, 850 Main Street, Bridgeport, Connecticut. Mail or delivery of stock order forms to banking or other offices of People's Bank will not be accepted. We are not required to accept orders submitted on photocopied or facsimiled stock order forms.

You may pay for your shares by:

*Personal check, bank check or money order.* The check or money order must be made payable directly to People's United Financial, Inc. Cash, wire transfers, third party checks, People's Bank equity line of credit checks and funds drawn from People's Bank personal lines of credit may not be remitted as payment for your purchase; or

*Authorized deposit account withdrawal.* The stock order form includes instructions on how you can authorize direct withdrawals from certain types of People's Bank deposit accounts. The funds you designate must be in your account at the time your stock order form is received. A hold will be placed on these funds making them unavailable to you for any reason. Funds authorized for withdrawal will continue to earn interest within the account at the contract rate until the conversion is completed, at which time the designated withdrawal will be made. You may authorize withdrawal from a People's Bank certificate of deposit account without incurring an early withdrawal penalty if the withdrawal is authorized for the purchase of shares of common stock in the offering.

You may not authorize withdrawals from People's Bank retirement accounts (IRAs, Keogh) or People's Bank accounts with check-writing privileges. If you wish to use funds from an account with check-writing privileges, please



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make payment by a check drawn on such account. You may not purchase shares of People's United Financial common stock in your People's Bank retirement account. If you wish to use any of the funds that are currently in a People's Bank retirement account, the funds must be transferred to a self-directed retirement account maintained by a brokerage firm or other type of independent trustee other than People's Securities, Inc., before your order is placed. If you are interested in using funds in a retirement account at People's Bank or elsewhere to purchase common stock, you should contact our Stock Information Center as soon as possible for assistance, preferably at least two weeks before the March 22, 2007 end of the offering period, because processing such transactions takes additional time. Your ability to use such funds for the purchasing of shares of common stock in the offering may depend on time constraints as well as limitations imposed by the institution where the funds are held.

Once we receive your properly completed stock order form, you may not change or rescind your order unless the number of shares of common stock to be issued is increased to more than 213,253,125 or decreased below 137,062,500, or the offering is not completed by May 6, 2007. We are not required to notify you of incomplete or improperly executed stock order forms. We have the right to waive or permit the correction of incomplete or improperly executed stock order forms, but do not represent that we will do so.

We may not lend funds, guarantee loans or otherwise extend credit to any person other than our tax-qualified employee stock ownership plan to purchase shares of common stock in the offering.

Funds received in the subscription offering will be held in a segregated escrow account at People's Bank established to hold funds received as payment for shares. We will pay interest on these funds at People's Bank's passbook savings rate from the date payment is received until completion or termination of the conversion and offering. We may, at our discretion, determine during the offering that it is in the best interest of People's Bank to hold subscription funds in a segregated escrow account at another insured financial institution instead of People's Bank.

***Deadline for Ordering Stock in the Subscription Offering.***

The subscription offering will expire at 11:00 a.m., Eastern Time, on March 22, 2007. We may extend this expiration date without notice to you up to 45 days until May 6, 2007, but in no event may the offering extend beyond May 6, 2007, unless the Office of Thrift Supervision approves a later date. We may decide to extend the expiration date of the subscription offering for any reason, whether or not subscriptions have been received for shares at the minimum, midpoint or maximum of the offering range. If we extend the offering beyond May 6, 2007, we will promptly return your funds with interest unless you confirm your subscription.

***Steps We May Take if We Do Not Sell the Minimum Number of Shares.***

We will not complete the subscription and syndicated offerings until at least the minimum number of shares of common stock have been sold. If at least 137,062,500 shares have not been sold by May 6, 2007 and the Office of Thrift Supervision has not consented to an extension, all funds delivered to us to purchase shares of common stock in the subscription offering will be returned promptly to the subscribers with interest at People's Bank's passbook savings rate and all deposit account withdrawal authorizations will be canceled. If an extension beyond May 6, 2007 is granted by the Office of Thrift Supervision, we will notify each person who subscribed for common stock in the subscription offering, indicating that each such person who subscribed for common stock may increase, decrease, or rescind their subscription within the resolicitation period.

We reserve the right in our sole discretion to terminate the offering at any time and for any reason, in which case we will cancel all deposit account withdrawal authorizations and will return by check all funds submitted in the subscription offering, plus interest at People's Bank's passbook savings rate calculated from the date of receipt of the stock order.

***Delivery of Shares.***

Subscribers who purchase shares of People's United Financial common stock in the subscription offering will receive stock certificates representing those shares. Certificates will be mailed to the persons entitled to the certificates

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at the certificate registration address noted by them on the stock order form as soon as practicable following consummation of the offering and receipt of all regulatory approvals. **Until certificates for the common stock are delivered to purchasers, purchasers might not be able to sell the shares of common stock which they ordered, even though the common stock will have commenced trading.**

If you are currently a stockholder of People's Bank, see *Public Stockholders Will Receive Shares Through The Exchange of People's Bank Common Stock*.

### ***You May Not Sell or Transfer Your Subscription Rights.***

Office of Thrift Supervision regulations prohibit you from transferring your subscription rights. Your subscription rights may only be exercised by you for your own account. Common stock may also be registered to you or in the name of a trust for which you are the sole beneficiary or sole income beneficiary. For this purpose, an individual retirement account that is held as a custodial account is deemed to be a trust. When completing your stock order form, you should not add the name(s) of persons who do not have subscription rights or who qualify in a lower subscription priority than you do. If you do so, you will lose your subscription rights. If you order shares of common stock in the subscription offering, you will be required to certify on the stock order form that you are purchasing shares solely for your own account and that you have no agreement or understanding to sell or transfer your subscription rights or the shares of common stock to be issued upon their exercise. The regulations also prohibit any person from offering or making an announcement of an offer or intent to make an offer to purchase subscription rights or shares of common stock to be issued upon their exercise. We will pursue any and all legal and equitable remedies in the event we become aware of the transfer of subscription rights. We will not honor orders that we believe involve the transfer of subscription rights. In addition, if you attempt to sell or otherwise transfer your subscription rights, you may be subject to criminal prosecution and/or other sanctions.

### ***Stock Information Center.***

If you have any questions regarding the offering or the conversion, please call our Stock Information Center, toll-free, at (800) 867-5295, from 10:00 a.m. to 4:00 p.m., Eastern Time, Monday through Friday. The Stock Information Center is closed on weekends and bank holidays. Our banking and other offices will not have offering materials and cannot accept completed stock order forms or proxy cards.

**To ensure that you receive a prospectus at least 48 hours before the offering deadline, we may not mail prospectuses any later than five days prior to the offering deadline or hand-deliver any prospectus later than two days prior to the offering deadline. Stock order forms may only be distributed with or preceded by a prospectus.**

**By signing the stock order form, you are acknowledging your receipt of a prospectus and your understanding that the shares are not a deposit account and are not insured or guaranteed by People's Mutual Holdings, People's United Financial, People's Bank, the Federal Deposit Insurance Corporation or any other federal or state governmental agency.**

**We will make reasonable attempts to provide a prospectus and offering materials to holders of subscription rights. The subscription offering and all subscription rights are expected to expire at 11:00 a.m., Eastern Time, on March 22, 2007, whether or not we have been able to locate each person entitled to subscription rights.**

### **The Syndicated Offering**

We are also offering any shares of our common stock not subscribed for by our depositors in the subscription offering for sale to the general public in a syndicated offering through a syndicate of selected dealers. We may begin the syndicated offering at any time following the commencement of the subscription offering. Morgan Stanley & Co. Incorporated is acting as sole book-running manager and Keefe, Bruyette & Woods, Inc., Lehman Brothers and Ryan Beck & Co., Inc. are acting as joint lead managers for the syndicated offering, which is being conducted on a best efforts basis. The syndicated offering will terminate no later than 45 days after the expiration of the subscription



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offering, unless extended by us with approval of the Office of Thrift Supervision. None of Morgan Stanley & Co. Incorporated, Ryan Beck & Co., Inc. or any other member of the syndicate is required to purchase any shares in the syndicated offering. Alternatively, we may sell any remaining shares in an underwritten public offering, which would be conducted on a firm commitment basis. For further information on the syndicated offering and any underwritten public offering, see *The Conversion and Offering Syndicated Offering/Underwritten Public Offering*.

### **The People's Community Foundation**

To continue our long-standing commitment to our local communities, we intend to establish a charitable foundation, The People's Community Foundation, as a non-stock Delaware corporation in connection with the conversion. We will fund the charitable foundation with 2,000,000 shares of People's United Financial common stock and \$20.0 million in cash from the offering proceeds. The shares of common stock contributed to the charitable foundation will be issued in addition to the shares being offered for sale in the offering and will not be included in determining whether the minimum number of shares of common stock has been sold in order to complete the offering. Our contribution to the charitable foundation would reduce net earnings by approximately \$39.6 million, after tax, in 2007.

Currently, there are no plans to make further contributions to the charitable foundation in the future. The amount of common stock that we offer for sale in the offering would be greater if the offering were to be completed without the contribution to The People's Community Foundation. The establishment and funding of the charitable foundation requires the affirmative vote of a majority of the votes eligible to be cast by People's Bank's depositors and the affirmative vote of a majority of the stockholders of People's Bank, excluding People's Mutual Holdings. If these approvals are not obtained, the foundation will not be established and the shares of People's United Financial common stock we intend to issue to the foundation will remain unissued. The charitable foundation will be required to vote its shares of People's United Financial common stock in the same ratio as all other shares of the common stock on all proposals considered by People's United Financial's stockholders.

Issuing shares of common stock to the charitable foundation will:

dilute the ownership interests of holders of People's United Financial common stock; and

result in an expense, and a reduction in earnings, during the year in which the contribution is made, equal to the full amount of the contribution to the charitable foundation, offset in part by a corresponding tax benefit.

For a further discussion of the financial impact of the charitable foundation, including its effect on those who purchase shares in the offering, see *Risk Factors The Contribution To The People's Community Foundation Will Hurt Our Profits For 2007 And Dilute Your Ownership Interest, Comparison of Valuation and Pro Forma Information With and Without the Charitable Foundation* and *The People's Community Foundation*.

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**RISK FACTORS**

You should consider carefully the following risk factors before deciding whether to invest in our common stock. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks you should also refer to the other information contained in this prospectus, including our consolidated financial statements and related notes.

**Risks Related To Our Business**

***Changes in Interest Rates Could Adversely Affect Our Results of Operations and Financial Condition.*** People's Bank makes most of its earnings based on the difference between interest it earns compared to interest it pays. This difference is called the interest spread. People's Bank earns interest on loans and to a much lesser extent on securities and short-term investments. These are called interest-earning assets. People's Bank pays interest on some forms of deposits and on funds it borrows from other sources. These are called interest-bearing liabilities.

People's Bank's interest spread can change depending on when interest rates earned on interest-earning assets change, compared to when interest rates paid on interest-bearing liabilities change. Some rate changes occur while these assets or liabilities are still on People's Bank's books. Other rate changes occur when these assets or liabilities mature and are replaced by new interest-earning assets or interest-bearing liabilities at different rates. It may be difficult to replace interest-earning assets quickly, since customers may not want to borrow money when interest rates are high, or People's Bank may not be able to make loans that meet its lending standards. People's Bank's interest spread may also change based on the mix of interest-earning assets and interest-bearing liabilities.

People's Bank's interest spread may be lower if the timing of interest rate changes is different for its interest-earning assets compared to its interest-bearing liabilities. For example, if interest rates go down, People's Bank may earn less on its interest-earning assets while it is still locked in to paying higher rates on its interest-bearing liabilities. On the other hand, if interest rates go up, People's Bank might have to pay more on its interest-bearing liabilities while it is still locked in to receiving lower rates on its interest-earning assets.

People's Bank manages this risk using many different techniques. If it is not successful in managing this risk, People's Bank will probably be less profitable.

***Changes in Our Asset Quality Could Adversely Affect Our Results of Operations and Financial Condition.*** Asset quality measures the performance of a borrower in repaying a loan, with interest, on time. It is unlikely that our asset quality will stay as strong as it has been for the past several years, particularly if the economy deteriorates.

***We May Not Be Able to Successfully Implement Our Plans for Growth.*** Since our conversion to the mutual holding company form of organization in 1988, we have experienced significant growth. We will be raising a significant amount of capital from the offering, which we plan to use to continue implementing our growth strategy, primarily by building our core banking business through internal growth and increased *de novo* branching and acquisitions. During 2005, People's Bank opened seven new branches, three of which are traditional branches and four of which are located in Stop & Shop supermarkets. During the first nine months of 2006, People's Bank opened three new Stop & Shop branches. People's Bank also plans to expand into New York State by opening at least 15 new traditional branches in Westchester County over the next three years. Seven of these branches are expected to be open by the end of 2007. People's Bank also plans to continue its branch expansion in Connecticut by opening new traditional and Stop & Shop branches. In addition, we will consider expansion opportunities such as the acquisition of branches and other financial institutions, although we do not have any current understandings, agreements or arrangements for expansion by the acquisition of any branches or other financial institutions. Significant changes in interest rates or the competition we face may make it difficult to attract the level of customer deposits needed to fund our internal growth at projected levels. In addition, People's Bank may have difficulty finding suitable sites for *de novo* branches. Our expansion plans may result in People's Bank opening branches in geographic markets in which it has no previous experience. Our ability to grow effectively in those markets will be dependent on our ability to identify and retain personnel familiar with the new markets. Any future acquisitions of branches or of other financial institutions would present many challenges associated with integrating merged institutions and expanding operations. Our profitability may suffer if we do not continue to experience the type of growth that we have in the past, if we

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do not adequately and profitably implement our plans for growth or if we incur additional expenditures beyond current projections to support our growth.

***The Success of Our Stop & Shop Branches Depends on the Success of the Stop & Shop Brand.*** One element of our strategy is to focus on increasing deposits by providing a wide range of convenient services to our customers. An integral component of this strategy is People's Bank's supermarket banking initiative, pursuant to which, as of September 30, 2006, People's Bank has established 73 full-service Stop & Shop branches that provide customers with the convenience of seven-day-a-week banking. At September 30, 2006, 47% of People's Bank's branches were located in Stop & Shop supermarkets. During 2005, the Stop & Shop branches originated 27% of People's Bank's home equity loans, 47% of retail checking and savings accounts, and 34% of commercial checking accounts. Approximately 40% of People's Bank's branch transactions originate in Stop & Shop branches.

People's Bank currently has exclusive branching rights in Stop & Shop supermarkets in the state of Connecticut, in the form of a license agreement between The Stop & Shop Supermarket Company and People's Bank, which provides for the leasing of space to People's Bank within Stop & Shop supermarkets for branch use. Under the terms of the license agreement, People's Bank generally is required to open a branch in each new Connecticut Stop & Shop supermarket (up to a maximum of 120 supermarkets) that has either (1) a total square footage of greater than 45,000 square feet or (2) if less than 45,000 square feet in size, the store has projected customers of at least 15,000 per week. People's Bank has the exclusive right to branch in these supermarkets until 2012, provided that People's Bank does not default on its obligations under the licensing agreement. People's Bank has the option to extend the license agreement until 2022.

Stop & Shop is currently the leading grocery store in Connecticut, with nearly twice the market share of its closest competitor, according to Modern Grocer. The success of People's Bank's supermarket branches is dependent, in part, on the success of the Stop & Shop supermarkets in which they are located. The existing labor agreements between Stop & Shop and a number of the unions representing its employees in Connecticut expire on or around February 18, 2007. As of the date of this prospectus, members of at least one union have voted to strike if new labor agreements are not reached. A drop in Stop & Shop's market share, a decrease in the number of Stop & Shop locations or customers, a disruption in Stop & Shop's operations due to labor disputes or otherwise, or a decline in the overall quality of Stop & Shop supermarkets could result in decreased business for the Stop & Shop branches, in the form of fewer loan originations, lower deposit generation and fewer overall branch transactions, and could influence market perception of People's Bank's Stop & Shop supermarket branches as convenient banking locations. Under the terms of the license agreement, People's Bank has the obligation to open branches in new Connecticut Stop & Shop locations through 2012, even if Stop & Shop's market share declines or the value of the Stop & Shop brand is diminished.

In addition, People's Bank may not be able to renew or renegotiate the license agreement with Stop & Shop beyond 2022. If renewal or renegotiation of the license agreement were unsuccessful, People's Bank would be forced to find new locations for and relocate the Stop & Shop branches, or to close those branches and transfer the affected customer accounts to other People's Bank branches, either of which would involve significant expense and the possible loss of customer relationships.

***We Depend on Our Executive Officers and Key Personnel to Continue the Implementation of Our Long-Term Business Strategy and Could Be Harmed by the Loss of Their Services.*** We believe that our continued growth and future success will depend in large part upon the skills of our management team. The competition for qualified personnel in the financial services industry is intense, and the loss of our key personnel or an inability to continue to attract, retain and motivate key personnel could adversely affect our business. Although People's Bank has an employment agreement with its president and chief executive officer, the loss of the services of one or more of our executive officers and key personnel could impair our ability to continue to develop and execute our business strategy.

***Our Business Is Affected by the International, National, Regional and Local Economy Generally, and the Geographic Concentration of Our Loan Portfolio and Lending Activities Makes Us Vulnerable to a Downturn in the Local Economy.*** Changes in international, national, regional and local economic conditions affect our business. If economic conditions change significantly or quickly, our business operations could suffer, and we could become weaker financially as a result.

At September 30, 2006, approximately 77% of People's Bank's loans by outstanding principal amount were to people and businesses located in the state of Connecticut, or involved property located here. All of People's Bank's branches are currently in Connecticut. How well we perform depends very much on the health of the Connecticut economy, and we expect that to remain true for the foreseeable future.

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As of June 30, 2006, the median household income in Connecticut was \$66,018, ranking second in the United States and well above the U.S. median household income of \$51,546. Our state unemployment rate as of June 2006 was 4.1%, slightly lower than the national rate of 4.6%. A low unemployment rate usually means that businesses have a hard time finding qualified workers, and will have to pay them more if they can find them. Businesses that cannot find qualified workers or that have to pay higher wages might decide not to stay in Connecticut, or to send work outside the state. Someone deciding where to locate a new business or to expand an existing business might decide to go somewhere outside Connecticut.

If the general economic situation deteriorates, or there are negative trends in the stock market, the Connecticut economy could suffer more than the national economy. This would be especially likely in Fairfield County, where People's Bank has many of its branches and where many of its customers reside, because of the large number of Fairfield County residents who are professionals in the financial services industry.

People's Bank could experience losses in its real estate-related loan portfolios if the prices for housing and other kinds of real estate decreased significantly in Connecticut. Even though Connecticut (especially Fairfield County) has some of the highest housing prices in the country, property values can decrease. This has happened before (as recently as the early 1990s), and can happen again.

***In Response to Competitive Pressures, Our Costs Could Increase if We Were Required to Increase Our Service and Convenience Levels or Our Margins Could Decrease if We Were Required to Increase Deposit Rates or Lower Interest Rates on Loans.*** People's Bank faces significant competition for deposits and loans. In deciding where to deposit their money, many people look first at the interest rate they will earn. They also might think about whether the bank offers other kinds of services they might need and, if they have ever been a customer of the bank before, what their experience was like. People also like convenience, so the number of offices and banking hours may be important. Some people also think that on-line services are important.

People's Bank competes with other banks, credit unions, brokerage firms and money market funds for deposits. Some people may decide to buy bonds or similar kinds of investments issued by companies or by the U.S., state and local governments and agencies, instead of opening a deposit account.

In making decisions about loans, many people look first at the interest rate they will have to pay. They also think about any extra fees they might have to pay in order to get the loan. Some people also think about whether the bank offers other kinds of services they might need and, if they have ever been a customer of the bank before, what their experience was like. Many business loans are more complicated because there may not be a standard kind of loan that meets all of the customer's needs. Business borrowers look at many different factors that are not all financial in nature. Examples include the kind and amount of security the lender wants and other terms of the loan that do not involve the interest rate.

People's Bank competes with other banks, credit unions, credit card issuers, finance companies, mortgage lenders and mortgage brokers for loans. Insurance companies also compete with People's Bank for some kinds of commercial loans.

Many of People's Bank's competitors have branches in the same market area as it does. Some of them are much larger than it is. Connecticut, and especially Fairfield County, is an attractive banking market. Many locally-based banks have been acquired by large regional and national companies in the last several years. We expect this trend to continue. This means that there are not as many competitors in our market as there used to be, but the ones that are left are usually bigger and have more resources than the ones they acquired.

People's Bank also has competition from outside its own market area. A bank that does not have any branches in Connecticut can still have customers here by providing banking services on-line. It costs money to set up and maintain a branch system. Banks that do not spend as much money as People's Bank does on branches might be more profitable than it is, even if they pay higher interest on deposits and charge lower interest on loans.

***Changes in Federal and State Regulation Could Adversely Affect Our Results of Operations and Financial Condition.*** The banking business is heavily regulated by the federal and state governments. Banking laws and rules are for the most part intended to protect depositors, not stockholders.

Banking laws and rules can change at any time. The government agencies responsible for supervising People's Bank's business can also change the way they interpret these laws and rules, even if the rules themselves do not change. We need to

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make sure that our business activities comply with any changes in these rules or the interpretation of the rules. We might be less profitable if we have to change the way we conduct business in order to comply. Our business might suffer in other ways as well.

Changes in state and federal tax laws can make our business less profitable. Changes in the accounting rules we are required to follow may also make us less profitable. Changes in the government's economic and monetary policies may hurt our ability to compete for deposits and loans. Changes in these policies can also make it more expensive for us to do business.

The government agencies responsible for supervising our business can take drastic action if they think we are not conducting business safely or are too weak financially. They can force People's Bank to hold additional capital, pay higher deposit insurance premiums, stop paying dividends, stop making certain kinds of loans or stop offering certain kinds of deposits. If the agencies took any of these steps or other similar steps, it would probably make our business less profitable.

The Office of Thrift Supervision letter dated July 3, 2006 approving, among other things, People's Bank's conversion from a Connecticut savings bank to a federal savings bank, granted People's Bank (1) a phase-in period of three years from the date of its conversion to a federal savings bank, August 18, 2006, to comply with the Home Owners' Loan Act's commercial loan limits, with the ability to seek an additional one-year extension if necessary; and (2) an exception from the Qualified Thrift Lender test for a period of four years from the date of conversion. The manner in which the Office of Thrift Supervision interprets or applies its phase-in period can also make it more expensive for us to do business, make our business less profitable and limit our strategic flexibility. See *Regulation of People's Bank and People's United Financial Federally Chartered Savings Bank Regulation* and *Regulation of People's Bank and People's United Financial Qualified Thrift Lender Test*.

***If People's Bank Is Not Permitted to Pay Dividends to Us, We May Not Be Able to Fully Fund Our Operations, Pay Dividends or Make Acquisitions.*** People's United Financial will fund its operations and pay dividends to its stockholders through the net offering proceeds it retains, cash and cash equivalents held by People's United Financial, dividends paid by People's Bank to People's United Financial, and borrowings. Dividends may be paid by People's Bank only out of current or retained net profits, and prior Office of Thrift Supervision approval is required if dividends for the current year would exceed net income for the current year plus retained net income for the preceding two years. People's Bank will also be prohibited from paying cash dividends to People's United Financial to the extent that any such payment would reduce People's Bank's capital below required capital levels, would impair the liquidation account to be established for the benefit of the People's Bank's eligible account holders and supplemental eligible account holders at the time of the conversion and offering, or if the Office of Thrift Supervision notified People's Bank that it was in need of more than normal supervision. Payment of dividends by People's Bank also may be restricted at any time at the discretion of the Office of Thrift Supervision if it deems the payment to constitute an unsafe and unsound banking practice.

***If People's Bank's Allowance for Loan Losses Is Not Sufficient to Cover Actual Loan Losses, Our Earnings Could Decrease.*** People's Bank is exposed to the risk that customers will not be able to repay their loans. This risk is inherent in the lending business. There is also the risk that the customer's collateral will not be sufficient to cover the balance of their loan, as underlying collateral values fluctuate with market changes. People's Bank records an allowance for loan losses to cover probable losses inherent in the existing loan portfolio. The allowance for loan losses is established through provisions for loan losses charged to income. Losses on loans, including impaired loans, are charged to provision expense or to the allowance for loan losses when all or a portion of a loan is deemed to be uncollectible. Recoveries of loans previously charged off are credited to the allowance for loan losses when realized.

People's Bank maintains the allowance for loan losses at a level that it believes is adequate to absorb probable losses inherent in the existing loan portfolio, based on a quarterly evaluation of a variety of factors. These factors include, but are not limited to: its historical loan loss experience and recent trends in that experience; risk ratings assigned by lending personnel to commercial real estate finance, commercial and People's Capital and Leasing loans, and the results of ongoing reviews of those ratings by its independent loan review function; an evaluation of non-performing loans and related collateral values; the probability of loss in view of geographic and industry concentrations and other portfolio risk characteristics; the present financial condition of borrowers; and current economic conditions. While People's Bank seeks to use the best available information to make these evaluations, and at September 30, 2006, management believed that the allowance for loan losses was adequate to cover probable losses inherent in the existing loan portfolio, it is possible that borrower defaults could exceed the current estimates for loan losses, which would reduce earnings. In addition, future increases to the

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allowance for loan losses may be necessary based on changes in economic conditions, results of regulatory examinations, further information obtained regarding known problem loans, increasing charge-offs of existing problem loans, or the identification of additional problem loans and other factors, which would also reduce earnings.

***Our Stock Benefit Plans Will Increase Our Costs, Which Will Reduce Our Profitability and Stockholders' Equity.*** We anticipate that our employee stock ownership plan will purchase an amount of common stock equal to up to 6% of the sum of the common stock that is sold in the offering and that is issued to the charitable foundation. The cost of acquiring the employee stock ownership plan shares will be between \$166.9 million at the minimum of the offering range and \$224.9 million at the maximum of the offering range, or \$258.3 million at the adjusted maximum of the offering range, assuming a purchase price of \$20.00 per share. Under current accounting standards, we will record annual employee stock ownership plan expenses in an amount equal to the fair market value of shares committed to be released to employees for that year. If our common stock appreciates in value over time, compensation expense relating to the employee stock ownership plan will increase.

We intend to adopt a stock option plan that will provide for grants to key employees, officers, and directors of options to purchase an amount of common stock equal to up to 10% of the shares of common stock sold in the offering and issued to the charitable foundation. We also intend to adopt a recognition and retention plan that will provide for awards of common stock to key employees, officers, and directors in an amount of up to 4% of the shares of common stock sold in the offering and issued to the charitable foundation. We will fund these plans through either open market purchases, if permitted, or from the issuance of authorized but unissued shares. These plans will increase our future costs of compensating our key employees, officers and directors, thereby reducing our earnings. In addition, at the maximum of our offering range, stockholders will experience a 2.27% reduction or dilution in ownership interest in the event authorized but unissued shares are used to fund restricted stock awards and a 5.48% reduction or dilution in ownership interest in the event authorized but unissued shares are used to fund the stock options. Under current accounting standards, we will expense the grant-date fair value of stock options granted to key employees, officers and directors over the vesting period of such awards. Similarly, under current accounting standards, as the restricted stock shares are awarded under the recognition and retention plan, we will recognize compensation expense equal to the fair market value of such shares at grant over the vesting period. Recognizing an expense equal to the grant-date fair value of stock options or shares of restricted stock will increase our compensation costs over the vesting period of the options or shares of restricted stock.

## **Risks Related To The Offering**

***After the Offering, Our Return on Average Equity Will Be Low Compared to Other Companies. This Could Negatively Impact the Price of Our Common Stock.*** The net proceeds from the offering will substantially increase our equity capital. It may take a significant period of time to prudently invest this capital. Our ability to leverage our new capital and grow our balance sheet profitably will be significantly affected by industry competition for loans and deposits. The net proceeds will be invested initially in short-term investments, government securities or government-sponsored agency securities. These investments have lower average yields than a significant portion of our existing interest-earning assets. This excess capital will result in a significantly lower return on equity, which is the ratio of our earnings divided by our average stockholders' equity, than we have experienced previously. For the nine months ended September 30, 2006 and the year ended December 31, 2005, our return on average equity was 8.6% and 11.1%, respectively. On a pro forma basis assuming that 185,437,500 shares had been sold at the beginning of the year, the maximum of the offering range, and the net proceeds had been invested at an average yield of 5.25%, our return on pro forma equity for the nine months ended September 30, 2006 and the year ended December 31, 2005 would have been approximately 4.2% and 4.3%, respectively. As a result of the offering, our return on equity will be lower than that of our peers. To the extent that the stock market values a company based in part on its return on equity, our low return on equity relative to our peers could negatively affect the trading price of our common stock.

***We Have Broad Discretion in Allocating the Proceeds of the Offering. Our Failure to Effectively Utilize the Proceeds Could Significantly Reduce Our Profitability.*** People's United Financial intends to contribute approximately 50% of the net proceeds of the offering to People's Bank. People's United Financial may use the remaining net proceeds to purchase investment securities, finance the acquisition of other financial institutions or other businesses that are related to banking or for other general corporate purposes, including repurchases of common stock and the payment of cash dividends. People's United Financial expects to use a portion of the net proceeds to fund the purchase by People's Bank's employee stock ownership plan of shares of People's United Financial common stock. We also intend to contribute 2,000,000 shares of People's United Financial common stock and \$20.0 million in cash to The People's Community Foundation. People's Bank may use the net proceeds it receives to make acquisitions, fund new loans, purchase investment securities, establish or

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acquire new branches, acquire financial institutions or other businesses that are related to banking, pay dividends to People's United Financial or for general corporate purposes. Although the net proceeds of the offering are expected to be invested initially in short-term investments, government securities or government-sponsored agency securities, People's United Financial and People's Bank will have significant flexibility in determining how much of the net proceeds to apply to different uses and the timing of such applications. The failure by us or People's Bank to utilize these funds effectively could significantly reduce our profitability.

***Stock Market Volatility May Affect the Price of Our Common Stock.*** Publicly traded stocks can experience substantial market price volatility that may be unrelated to the operating performance of the particular companies. The final number of shares of common stock sold in the offering will be based on an independent appraisal prepared by RP Financial. The independent appraisal is not intended, and should not be construed, as a recommendation of any kind as to the advisability of purchasing shares of common stock. The valuation is based on estimates and projections of a number of factors, all of which are subject to change. After the shares begin trading, the trading price of our common stock will be determined by the marketplace, and will be influenced not only by our results of operations and financial condition but also by many factors outside of our control, including prevailing interest rates, investor perceptions of us, our performance relative to our peers, research analysts ratings, and general industry and economic conditions. Consequently, if you purchase shares of common stock in the offering, you may not be able to sell them later at or above the \$20.00 per share purchase price.

***The Certificate of Incorporation and Bylaws of People's United Financial and Certain Laws and Regulations May Prevent or Make More Difficult Certain Transactions, Including a Sale or Merger of People's United Financial.*** Provisions of the Certificate of Incorporation and Bylaws of People's United Financial, federal regulations and various other factors may make it more difficult for companies or persons to acquire control of People's United Financial. The factors that may discourage takeover attempts or make them more difficult include:

*Office of Thrift Supervision regulations.* Office of Thrift Supervision regulations prohibit, for three years following the completion of a mutual-to-stock conversion, the offer to acquire or the acquisition of more than 10% of any class of equity security of a converted institution without the prior approval of the Office of Thrift Supervision.

*Certificate of Incorporation, Bylaws and statutory provisions.* Provisions of the Certificate of Incorporation and Bylaws of People's United Financial and of Delaware law may make it more difficult and expensive to pursue a takeover attempt that the Board of Directors opposes. These provisions also make more difficult the removal of current directors or management, or the election of new directors. These provisions include:

supermajority voting requirements for certain business combinations, removal of directors and changes to some provisions of the Certificate of Incorporation and Bylaws;

the election of directors to staggered terms of three years;

provisions regarding the timing and content of stockholder proposals and nominations;

provisions restricting the calling of special meetings of stockholders;

the absence of cumulative voting by stockholders in the election of directors; and

limitations imposed by Delaware law on business transactions with certain significant stockholders.

## Edgar Filing: People's United Financial, Inc. - Form S-1/A

*Significant ownership by our directors, executive officers and stock benefit plans.* Following the conversion and offering, the directors, executive officers and stock benefit plans of People's United Financial are expected to own in the aggregate approximately 7.40% of People's United Financial common stock to be outstanding based upon the midpoint of the offering range. This significant percentage ownership by directors, executive officers and stock benefit plans could make it more difficult to obtain the required vote for a takeover or merger that management opposes.

***You May Not Revoke Your Decision to Purchase People's United Financial Common Stock in the Subscription Offering After You Send Us Your Subscription.*** Funds submitted or automatic withdrawals authorized in connection with a purchase of shares of common stock in the subscription offering will be held by us until the completion or termination of the conversion and offering, including any extension of the expiration date. Because completion of the conversion and offering will be subject to regulatory approvals and an update of the independent appraisal prepared by RP Financial, among other factors, there may be one or more delays in the completion of the conversion and offering. Orders submitted in the subscription offering are irrevocable, and subscribers will have no access to subscription funds unless the offering is terminated, or extended beyond May 6, 2007, or the number of shares to be sold in the offering is increased to more than 213,253,125 shares or decreased to less than 137,062,500 shares.



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**Risks Related to the Formation of Our Charitable Foundation**

***Our Contribution to The People's Community Foundation Will Hurt Our 2007 Profits and Dilute Your Ownership Interest.*** We intend to contribute 2,000,000 shares of People's United Financial common stock and \$20.0 million in cash from the offering proceeds to The People's Community Foundation. This contribution of common stock and cash will be an additional operating expense and will reduce net income during the fiscal year in which The People's Community Foundation is established, which is expected to be the year ending December 31, 2007. Based on the pro forma assumptions, the contribution to The People's Community Foundation would reduce net earnings by approximately \$39.6 million, after tax, in 2007. In addition, at the midpoint of the offering range, purchasers of shares in the offering and current People's Bank stockholders will have their ownership interests diluted by 0.71% at the close of the offering, when we contribute the shares of our common stock to The People's Community Foundation from authorized but unissued shares of common stock. For a further discussion regarding the effect of the contribution to the charitable foundation, see *Pro Forma Data* and *Comparison of Valuation and Pro Forma Information With and Without the Charitable Foundation*.

***Our Contribution to The People's Community Foundation May Not Be Tax Deductible, Which Could Hurt Our Profits.*** We believe that our \$60 million pre-tax contribution in cash and shares of our common stock to The People's Community Foundation will be deductible for federal income tax purposes. However, we do not have any assurance that the Internal Revenue Service will grant tax-exempt status to the charitable foundation. If the contribution is not deductible, we would not receive any tax benefit from the contribution. In addition, even if the contribution is tax deductible, we may not have sufficient profits to be able to use the deduction fully.

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**FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements, which may be identified by the use of such words as may, believe, expect, anticipate, should, plan, estimate, predict, continue and potential or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, estimates with respect to our financial condition, results of operations and business that are subject to various factors which could cause actual results to differ materially from these estimates. These factors include, but are not limited to:

our business is affected by the international, national, regional and local economy generally, and the geographic concentration of our loan portfolio and lending activities makes us vulnerable to a downturn in the local economy;

in response to competitive pressures, our costs could increase if we were required to increase our service and convenience levels or our margins could decrease if we were required to increase deposit rates or lower interest rates on loans;

changes in our asset quality could adversely affect our results of operations and financial condition;

changes in federal and state regulation could adversely affect our results of operations and financial condition;

changes in interest rates could adversely affect our results of operations and financial condition;

we have broad discretion in allocating the net proceeds of the offering; our failure to effectively utilize the net proceeds could significantly reduce our profitability;

our stock benefit plans will increase our costs, which will reduce our profitability and stockholders' equity;

after the offering, our return on average equity will be low compared to other companies; this could negatively impact the price of our common stock;

stock market volatility may affect the price of our common stock;

our contribution to The People's Community Foundation will hurt our profits for 2007 and dilute your ownership interest;

our contribution to The People's Community Foundation may not be tax deductible, which could hurt our profits;

applicable technological changes may be more difficult or expensive than we anticipate;

success or consummation of new business initiatives may be more difficult or expensive than we anticipate; and

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litigation or matters before regulatory agencies, whether currently existing or commencing in the future, may delay the occurrence or non-occurrence of events longer than we anticipate.

Any or all of our forward-looking statements in this prospectus and in any other public statements we make may turn out to be wrong. They can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Consequently, no forward-looking statement can be guaranteed. We do not intend to update any of the forward-looking statements after the date of this prospectus or to conform these statements to actual results.

**Table of Contents****SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA**

The summary information presented below under Selected Financial Condition Data, Selected Operating Data, and Selected Financial Ratios and Other Data at each of the dates or for each of the periods presented, except for the information at or for the periods ended September 30, 2005 and 2006 (which has not been audited), is derived in part from the audited consolidated financial statements of People's Bank. The following information is only a summary and you should read it in conjunction with People's Bank's audited consolidated financial statements and notes beginning on page F-1. All share, per share and dividend information reflects the three-for-two stock splits effected by People's Bank on May 15, 2004 and May 15, 2005.

	At September 30,		At December 31,			
	2006	2005	2004	2003	2002	2001
<b>Selected Financial Condition Data:</b>						
Total assets	\$ 10,612	\$ 10,933	\$ 10,718	\$ 11,672	\$ 12,261	\$ 11,891
Loans	9,185	8,573	7,933	7,105	6,675	6,374
Securities, net	202	1,363	2,071	2,405	3,230	2,900
Allowance for loan losses	74	75	73	71	69	74
Deposits	8,979	9,083	8,862	8,714	8,426	7,983
Core deposits <sup>(1)</sup>	8,843	8,873	8,681	8,433	8,102	7,709
Borrowings	14	295	341	1,516	2,437	2,542
Subordinated notes	109	109	122	253	252	252
Stockholders' equity	1,351	1,289	1,200	1,002	940	935
Non-performing assets	23	22	29	34	36	31

	For the Nine Months Ended September 30,		For the Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
<b>Selected Operating Data:</b>							
Net interest income <sup>(2)</sup>	\$ 286.3	\$ 276.7	\$ 370.0	\$ 327.4	\$ 284.3	\$ 318.5	\$ 319.5
Provision for loan losses	2.0	3.3	8.6	13.3	16.7	22.2	45.3
Fee based revenues	113.5	111.7	151.5	142.9	143.0	136.2	113.9
Net security losses	(27.2)	(0.1)	(0.1)	(4.7)	(0.6)	(3.3)	(18.5)
All other non-interest income <sup>(3)</sup>	15.8	9.5	21.9	13.5	23.9	16.3	38.2
Non-interest expense <sup>(4)</sup>	261.3	253.8	344.4	479.7	346.0	341.5	343.5
Income (loss) from continuing operations	83.0	91.6	125.9	(5.6)	62.7	67.7	38.9
Income (loss) from discontinued operations <sup>(5)</sup>	1.7	10.3	11.2	205.3	1.1	(12.3)	36.9
Net income	84.7	101.9	137.1	199.7	63.8	55.4	75.8
Adjusted net income <sup>(1)</sup>	83.0	93.6	122.6	81.1	62.7	67.7	25.9

(1) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of deposits to core deposits, and net income to adjusted net income.

(2) Fully taxable equivalent basis.

(3) Includes \$8.1 million and \$20.0 million in gains on asset sales for the years ended December 31, 2005 and 2001, respectively.

(4) Includes liability restructuring costs totaling \$2.7 million, \$133.4 million, \$1.2 million and \$16.6 million for the years ended December 31, 2005, 2004, 2003 and 2001, respectively.

(5) Includes an after-tax gain on sale of \$6.2 million for both the nine months ended September 30, 2005 and the year ended December 31, 2005 and \$198.5 million for the year ended December 31, 2004 related to the sale of the credit card business in March 2004.

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	At or For the Nine Months Ended September 30,		2005	At or For the Year Ended December 31,			
	2006	2005		2004	2003	2002	2001
<b>Selected Financial Ratios And Other Data:</b>							
<b>Performance Ratios:</b>							
Return on average assets <sup>(1)</sup>	1.04%	1.26%	1.27%	1.86%	0.54%	0.47%	0.68%
Return on average stockholders' equity <sup>(4)</sup>	8.6	11.1	11.1	17.6	6.6	5.9	8.2
Net interest margin <sup>(2)</sup>	3.83	3.66	3.68	3.33	2.89	3.24	3.40
Net interest rate spread	3.71	3.57	3.59	3.25	2.84	3.28	3.38
Efficiency ratio <sup>(3)</sup>	61.9	62.8	62.8	69.2	76.4	71.3	73.9
Average interest-earning assets to average interest-bearing liabilities	138.6	140.3	140.1	139.5	130.5	120.0	121.5
<b>Per Common Share Data:</b>							
Basic earnings per share	\$ 0.60	\$ 0.72	\$ 0.97	\$ 1.43	\$ 0.46	\$ 0.40	\$ 0.55
Diluted earnings per share	0.59	0.72	0.97	1.42	0.46	0.40	0.55
Cash dividends paid per share <sup>(4)</sup>	0.72	0.63	0.85	0.75	0.68	0.63	0.59
Book value (end of period)	9.51	8.95	9.10	8.52	7.18	6.77	6.76
Tangible book value (end of period)	8.77	8.20	8.35	7.74	6.37	5.95	5.92
Total dividend pay-out ratio <sup>(4)</sup>	52.5%	38.2%	38.3%	22.9%	63.7%	67.4%	49.4%
<b>Capital Ratios:</b>							
Average stockholders' equity to average assets	12.1	11.4	11.5	10.6	8.2	8.0	8.2
Stockholders' equity to total assets	12.7	11.6	11.8	11.2	8.6	7.7	7.9
Tangible stockholders' equity to total assets	11.7	10.7	10.8	10.2	7.6	6.7	6.9
<b>Regulatory Capital Ratios<sup>(5)</sup>:</b>							
Tier 1 capital	14.7	14.9	14.8	14.6	9.9	9.1	8.8
Leverage capital	11.8	11.0	11.2	10.5	8.0	7.4	7.7
Total risk-based capital	16.2	17.0	16.4	16.7	13.1	12.5	12.3
<b>Asset Quality Ratios:</b>							
Non-performing loans to total loans	0.23	0.23	0.25	0.35	0.48	0.52	0.46
Non-performing assets to total assets	0.22	0.18	0.20	0.27	0.29	0.29	0.26
Non-performing assets to total loans, real estate owned and repossessed assets	0.25	0.24	0.26	0.36	0.48	0.53	0.48
Net loan charge-offs to average loans <sup>(2)</sup>	0.05	0.05	0.07	0.15	0.22	0.42	0.62
Allowance for loan losses to non-performing loans	354.9	379.6	352.5	264.6	208.4	198.2	253.3
Allowance for loan losses to total loans	0.81	0.87	0.87	0.91	0.99	1.04	1.16
<b>Other Information:</b>							
Number of branches	156	152	153	155	154	155	148
Full-time equivalent employees <sup>(6)</sup>	2,617	2,679	2,655	2,689	2,791	2,948	2,907

(1) Calculated based on net income for all periods. Nine month ratios are presented on an annualized basis.

(2) Nine month ratios are presented on an annualized basis.

(3) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of the efficiency ratio to banking regulatory definitions.

(4) Reflects the waiver of dividends on the substantial majority of the common shares owned by People's Mutual Holdings.

(5) Calculated in accordance with Office of Thrift Supervision regulations as of September 30, 2006 and Federal Deposit Insurance Corporation regulations for all prior period ends.

(6) Excluded from 2003, 2002 and 2001 are the employees of People's Bank's credit card division that was sold in March 2004.

**Table of Contents****RECENT DEVELOPMENTS**

The summary information presented below under Selected Financial Condition Data, Selected Operating Data, and Selected Financial Ratios and Other Data at December 31, 2005 and for the three months and year ended December 31, 2005 is derived in part from the audited consolidated financial statements of People's Bank. The information at December 31, 2006 and for the three months and year ended December 31, 2006 is derived from unaudited financial data. In the opinion of management, this unaudited financial data has been prepared to reflect all normal recurring accruals necessary to present fairly the financial data for the periods shown. The results for the three months and year ended December 31, 2006 are not necessarily indicative of the results that may be expected for any other interim or full-year period.

This discussion and analysis reflects People's Bank's consolidated financial statements and other relevant statistical data and is intended to enhance your understanding of our financial condition and results of operations. The following information is only a summary and you should read it in conjunction with People's Bank's audited consolidated financial statements and notes beginning on page F-1.

	At December 31,			
	2006	2005		
(In millions)				
<b>Selected Financial Condition Data:</b>				
Total assets	\$ 10,687	\$ 10,933		
Loans	9,372	8,573		
Securities, net	77	1,363		
Allowance for loan losses	74	75		
Deposits	9,083	9,083		
Core deposits <sup>(1)</sup>	8,958	8,873		
Borrowings	4	295		
Subordinated notes	65	109		
Stockholders' equity	1,340	1,289		
Non-performing assets	23	22		
	For the		For the Year Ended	
	Three Months		December 31,	
		Ended	December 31,	
		December 31,	December 31,	
		2006	2005	
(In millions)				
<b>Selected Operating Data:</b>				
Net interest income	\$ 96.1	\$ 93.3	\$ 382.4	\$ 369.7
Provision for loan losses	1.4	5.3	3.4	8.6
Fee-based revenues	39.5	39.8	153.0	151.5
Net security losses			(27.2)	(0.1)
All other non-interest income <sup>(2)</sup>	5.8	12.3	21.6	21.9
Non-interest expense	85.6	90.5	346.9	344.4
Income from continuing operations	38.7	34.3	121.7	125.9
Income from discontinued operations <sup>(3)</sup>	0.6	0.9	2.3	11.2
Net income	39.3	35.2	124.0	137.1
Adjusted net income <sup>(1)</sup>	38.7	29.0	121.7	122.6

(1) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of deposits to core deposits, and net income to adjusted net income.

(2) Includes an \$8.1 million gain on sale of branches for both the three months and the year ended December 31, 2005.

(3) Includes an after-tax gain of \$6.2 million for the year ended December 31, 2005 related to the sale of the credit card business in March 2004.

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	At or For the Three Months Ended		At or For the Year Ended	
	December 31, 2006	December 31, 2005	December 31, 2006	December 31, 2005
<b>Selected Financial Ratios and Other Data:</b>				
<b>Performance Ratios:</b>				
Return on average assets <sup>(1)</sup>	1.49%	1.30%	1.15%	1.27%
Return on average stockholders' equity <sup>(4)</sup>	11.6	11.1	9.4	11.1
Net interest margin <sup>(2)</sup>	4.01	3.75	3.87	3.68
Net interest rate spread	3.86	3.65	3.75	3.59
Efficiency ratio <sup>(3)</sup>	59.7	62.3	61.3	62.8
Average interest-earning assets to average interest-bearing liabilities	138.6	139.3	138.6	140.1
<b>Per Common Share Data:</b>				
Basic earnings per share	\$ 0.28	\$ 0.25	\$ 0.88	\$ 0.97
Diluted earnings per share	0.28	0.25	0.87	0.97
Cash dividends paid per share <sup>(4)</sup>	0.25	0.22	0.97	0.85
Book value (end of period)	9.42	9.10	9.42	9.10
Tangible book value (end of period)	8.68	8.35	8.68	8.35
Total dividend pay-out ratio <sup>(4)</sup>	39.3%	38.6%	48.3%	38.3%
<b>Capital Ratios:</b>				
Average stockholders' equity to average assets	12.8	11.8	12.3	11.5
Stockholders' equity to total assets	12.5	11.8	12.5	11.8
Tangible stockholders' equity to total assets	11.6	10.8	11.6	10.8
<b>Regulatory Capital Ratios<sup>(5)</sup>:</b>				
Tier 1 capital	14.8	14.8	14.8	14.8
Leverage capital	12.0	11.2	12.0	11.2
Total risk-based capital	16.1	16.4	16.1	16.4
<b>Asset Quality Ratios:</b>				
Non-performing loans to total loans	0.24	0.25	0.24	0.25
Non-performing assets to total assets	0.21	0.20	0.21	0.20
Non-performing assets to total loans, real estate owned and repossessed assets	0.24	0.26	0.24	0.26
Net loan charge-offs to average loans <sup>(2)</sup>	0.06	0.16	0.05	0.07
Allowance for loan losses to non-performing loans	327.9	352.5	327.9	352.5
Allowance for loan losses to total loans	0.79	0.87	0.79	0.87
<b>Other Information:</b>				
Number of branches	158	153	158	153
Full-time equivalent employees	2,657	2,655	2,657	2,655

(1) Calculated based on net income for all periods. Three month ratios are presented on an annualized basis.

(2) Three month ratios are presented on an annualized basis.

(3) See *Non-GAAP Financial Measures and Reconciliation to GAAP* for a reconciliation of the efficiency ratio to banking regulatory definitions.

(4) Reflects the waiver of dividends on the substantial majority of the common shares owned by People's Mutual Holdings.

(5) Calculated in accordance with Office of Thrift Supervision regulations for December 31, 2006 and Federal Deposit Insurance Corporation regulations for December 31, 2005.

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**Comparison of Financial Condition at December 31, 2006 and December 31, 2005.**

Total assets at December 31, 2006 were \$10.7 billion, a decrease of \$246 million, or 2%, from December 31, 2005, primarily due to a \$1.3 billion decline in total securities, partially offset by increases of \$799 million in total loans, \$193 million in short-term investments, \$58 million in bank-owned life insurance and \$66 million in other assets.

Total loans increased \$799 million, or 9%, from December 31, 2005 to December 31, 2006. This increase reflects growth of \$456 million, or 10%, in consumer financial services and \$343 million, or 9%, in commercial banking. The growth in consumer financial services was driven by increases of \$392 million, or 11%, in residential mortgage loans to \$3.9 billion and \$64 million, or 5%, in consumer loans to \$1.3 billion. The increase in residential mortgage loans reflects, in part, the purchase of \$170 million of adjustable-rate residential mortgage loans towards the end of the first quarter of 2006. The increase in commercial banking reflects increases of \$235 million, or 37%, in net loans originated by People's Capital and Leasing, our equipment financing subsidiary, \$135 million, or 29%, in our national credits portfolio and \$60 million, or 5%, in commercial lending. These increases were partially offset by an \$87 million, or 5%, decline in commercial real estate finance loans.

The decrease in the securities portfolio reflects the sale of \$266 million and \$810 million of debt securities in the second and third quarters of 2006, respectively, as part of restructuring activities to better position People's Bank's balance sheet for the prevailing interest rate environment at the time. People's Bank also funded an additional \$50 million of bank-owned life insurance with proceeds from maturing securities in the first quarter of 2006 and contributed \$91.5 million in the third quarter of 2006 to its employee retirement plan (reported in other assets) to more than fully fund its projected benefit obligation. Proceeds from sales of securities were also used to reduce total borrowings and subordinated notes by \$335 million since December 31, 2005.

Non-performing assets totaled \$22.7 million at December 31, 2006, a \$0.7 million increase from December 31, 2005. Non-performing assets declined by \$0.2 million during the fourth quarter of 2006, reflecting an increase in non-performing commercial loans to \$11.9 million at December 31, 2006 as one commercial loan totaling \$10.6 million was classified as non-performing, partially offset by a decrease in non-performing commercial real estate finance loans to \$0.2 million resulting from the full recovery on one commercial real estate finance loan totaling \$5.5 million. The allowance for loan losses decreased \$1.0 million to \$74 million at December 31, 2006 compared to December 31, 2005, primarily reflecting reductions in the allowance for loan losses allocated to the consumer loan portfolios, partially offset by net additions allocated to the commercial banking loan portfolios. At December 31, 2006, the allowance for loan losses as a percentage of total loans was 0.79% and as a percentage of non-performing loans was 328%, compared to 0.87% and 353%, respectively, at December 31, 2005.

At December 31, 2006, liabilities totaled \$9.3 billion, a \$297 million, or 3%, decrease from December 31, 2005, reflecting a \$335 million reduction in total borrowings and subordinated notes. Core deposits increased \$85 million, or 1%, in 2006 compared to 2005, reflecting People's Bank's strategy to fund loan growth with proceeds from maturities and sales of securities rather than deposits.

People's Bank's total stockholders' equity was \$1.34 billion at December 31, 2006, a \$51 million net increase from December 31, 2005, reflecting net income of \$124.0 million, partially offset by dividends paid of \$60 million and a \$25 million increase in accumulated other comprehensive loss. The increase in accumulated other comprehensive loss reflects a \$40 million after-tax increase from the implementation of SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, partially offset by a \$19 million reduction in the after-tax net unrealized loss on securities available for sale due to the sales of securities discussed above. As a percentage of total assets, stockholders' equity was 12.5% at December 31, 2006 compared to 11.8% at December 31, 2005.

People's Bank's leverage, tier 1 and total risk-based capital ratios were 12.0%, 14.8% and 16.1%, respectively, at December 31, 2006, compared to 11.2%, 14.8% and 16.4%, respectively, at December 31, 2005. The capital ratios were calculated in accordance with Office of Thrift Supervision regulations as of December 31, 2006 and Federal Deposit Insurance Corporation regulations as of December 31, 2005.

**Comparison of Results of Operations for the Year Ended December 31, 2006 and December 31, 2005**

People's Bank reported net income of \$124.0 million, or \$0.87 per diluted share, for the year ended December 31, 2006, compared to \$137.1 million, or \$0.97 per diluted share, for the year-ago period. Income from continuing operations totaled



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\$121.7 million, or \$0.85 per diluted share, for the year ended December 31, 2006, compared to \$125.9 million, or \$0.89 per diluted share, for the year-ago period.

Results for 2006 include net security losses totaling \$27.4 million from the sale of \$266 million and \$810 million of debt securities in the second and third quarters of 2006, respectively. Results for 2006 also include a \$2.4 million income tax benefit related to certain prior-year tax matters. The net impact of these items reduced 2006 net income by \$15.8 million, or \$0.11 per share.

Results for 2005 included an \$8.1 million gain on the sale of three branches, a \$9.7 million gain from the resolution of a significant contingency related to the sale of the credit card business in 2004 (reported in income from discontinued operations), a \$2.0 million income tax benefit resulting from the completion of a routine federal tax audit, a \$2.0 million goodwill impairment charge and expenses incurred in connection with the repurchase of subordinated notes (\$2.7 million) and the accelerated vesting of stock options (\$0.7 million). The net impact of these items increased 2005 net income by \$9.3 million, or \$0.07 per share.

Net interest income increased \$12.7 million, or 3%, from the year ended December 31, 2005 and the net interest margin improved 19 basis points to 3.87%. The higher net interest margin reflects the asset-sensitive position of the balance sheet, including the substitution of securities with higher-yielding loans, the partial benefit from the sales of securities in the second and third quarters of 2006, and the impact of People's Bank's deposit pricing strategy.

Compared to 2005, average earning assets decreased \$173 million, or 2%, as a \$934 million, or 54%, decline in average securities funded a \$715 million, or 9%, increase in average loans and a \$113 million, or 27%, decrease in average total borrowings and average subordinated notes. The loan growth reflects increases of \$285 million, or 8%, in average commercial banking loans, \$345 million, or 10%, in average residential mortgage loans, and \$108 million, or 9%, in the average home equity loan portfolio, all as compared to the year-ago period. The increase in average residential mortgage loans reflects, in part, the purchase of \$170 million of adjustable-rate residential mortgage loans towards the end of the first quarter of 2006. In addition, People's Bank invested \$50 million in the first quarter of 2006 and \$150 million in the second quarter of 2005 in bank-owned life insurance, and contributed \$91.5 million to its employee retirement plan in September 2006.

Compared to the year ended December 31, 2005, total non-interest income, excluding net security losses, increased \$1.2 million, or 1%; total non-interest expense increased \$2.5 million, or 1%; and the efficiency ratio improved to 61.3% from 62.8%.

The provision for loan losses was \$3.4 million compared to \$8.6 million in the year-ago period. The provision for loan losses for the year ended December 31, 2006 reflects net loan charge-offs of \$4.4 million, partially offset by a \$1.0 million decrease in the allowance for loan losses. The provision for loan losses in 2005 reflected net loan charge-offs of \$6.1 million and a \$2.5 million increase in the allowance for loan losses. Net loan charge-offs decreased \$1.7 million, or 28%, for 2006, compared to 2005. Net loan charge-offs as a percentage of average loans equaled 0.05%, down from 0.07% for 2005.

**Comparison of Results of Operations for the Three Months Ended December 31, 2006 and December 31, 2005**

People's Bank reported net income of \$39.3 million, or \$0.28 per diluted share, for the three months ended December 31, 2006, a 12% increase compared to \$35.2 million, or \$0.25 per diluted share, for the year-ago period. Income from continuing operations totaled \$38.7 million, or \$0.27 per diluted share, for the three months ended December 31, 2006, a 13% increase compared to \$34.3 million, or \$0.24 per diluted share, for the year-ago period.

Results for the three months ended December 31, 2006 include a \$2.4 million income tax benefit related to certain prior-year tax matters. Results for the three months ended December 31, 2005 included an \$8.1 million gain on the sale of three branches (included in non-interest income) and a \$2.0 million income tax benefit resulting from the completion of a routine federal tax audit, as well as a \$2.7 million charge related to the repurchase of subordinated notes and a \$0.7 million charge for the accelerated vesting of stock options (both included in non-interest expense).

Compared to the three months ended December 31, 2005, total non-interest income, excluding the \$8.1 million gain on the sale of branches from the 2005 period, increased \$1.3 million, or 3%; total non-interest expense, excluding the items

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discussed above from the 2005 period, decreased \$1.5 million, or 2%; and the efficiency ratio improved to 59.7% from 62.3%.

Net interest income increased \$2.8 million, or 3%, from the three months ended December 31, 2005 and the net interest margin improved 26 basis points to 4.01%. The higher net interest margin reflects the asset-sensitive position of the balance sheet, including the substitution of securities with higher-yielding loans, the full benefit from the sales of securities in the second and third quarters of 2006, and the impact of People's Bank's deposit pricing strategy.

Compared to the three months ended December 31, 2005, average earning assets decreased \$366 million, or 4%, as a \$1.3 billion, or 88%, decline in average securities funded an \$808 million, or 10%, increase in average loans; a \$294 million reduction in average total borrowings and average subordinated notes; a \$91.5 million contribution to People's Bank's employee retirement plan (made in September 2006); and a \$59 million increase in average bank-owned life insurance. Growth in loans reflects increases of \$334 million, or 9%, in average commercial banking loans, \$414 million, or 12%, in average residential mortgage loans, and \$76 million, or 6%, in the average home equity loan portfolio, all as compared to the year-ago period. The increase in average residential mortgage loans reflects, in part, the purchase of \$170 million of adjustable-rate residential mortgage loans towards the end of the first quarter of 2006.

The provision for loan losses was \$1.4 million compared to \$5.3 million in the year-ago period. The provision for loan losses for the three months ended December 31, 2006 reflects net loan charge-offs of \$1.4 million. The provision for loan losses for the three months ended December 31, 2005 reflected net loan charge-offs of \$3.3 million and a \$2.0 million increase in the allowance for loan losses. Net loan charge-offs decreased \$1.9 million, or 58%, for the three months ended December 31, 2006, compared to the year-ago period. Net loan charge-offs as a percentage of average loans on an annualized basis equaled 0.06%, down from 0.16% for the three months ended December 31, 2005.

**Table of Contents****NON-GAAP FINANCIAL MEASURES AND RECONCILIATION TO GAAP**

In addition to evaluating People's Bank's results of operations in accordance with U.S. generally accepted accounting principles (GAAP), management routinely supplements this evaluation with an analysis of certain non-GAAP financial measures, such as adjusted net income, which excludes certain significant items that are routinely excluded by banking analysts in assessing financial performance in the banking industry. Management believes this non-GAAP financial measure provides information useful to investors in understanding People's Bank's underlying operating performance and trends, and facilitates comparisons with the performance of other banks and thrifts.

The following adjustments to net income for this financial measure are made to better indicate the ongoing operating results over a period that involved People's Bank reshaping itself through substantial restructuring activities, including the sale of a major business line:

Income (loss) from discontinued operations, net of tax, reflects results related to People's Bank's credit card business, including the sale of the business in the first quarter of 2004.

Liability restructuring costs related to the sale of the credit card business reflect significant non-recurring charges taken to prepay slightly over \$1.0 billion of long-term borrowings and to cancel derivative positions with notional values of \$770 million, utilizing a portion of the proceeds from the sale of People's Bank's credit card business in the first quarter of 2004.

Gains on asset sales reflect non-recurring transactions occurring in 2001 and 2005 related to branch sales and the sale of People's Bank's investment in the NYCE ATM network.

Goodwill impairment charge is a non-recurring item.

In addition to adjusted net income, management also utilizes core deposits and purchased funds as non-GAAP financial measures to supplement its analysis of People's Bank's business performance. Core deposits is a measure of stable funding sources and is defined as total deposits, other than brokered certificates of deposit (acquired in the wholesale market), municipal deposits (which are seasonally variable by nature) and non-interest bearing deposits utilized for the operation of People's Bank's businesses. Purchased funds include borrowings, brokered certificates of deposit and municipal deposits.

Although management believes that the above-mentioned non-GAAP financial measures enhance investors' understanding of People's Bank's operating performance, these non-GAAP financial measures should not be considered an alternative to GAAP. The reconciliation of these non-GAAP financial measures from GAAP to non-GAAP is presented below.

The following tables provide reconciliations between GAAP and non-GAAP financial measures:

	For the Nine						
	Months Ended						
	September 30, 2006	2005	2005	For the Year Ended December 31, (In millions)			
			2004	2003	2002	2001	
Net income <sup>(1)</sup>	\$ 84.7	\$ 101.9	\$ 137.1	\$ 199.7	\$ 63.8	\$ 55.4	\$ 75.8
Adjusted for:							
Income (loss) from discontinued operations, net of tax	1.7	10.3	11.2	205.3	1.1	(12.3)	36.9

Other adjustments:

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Liability restructuring costs relating to the sale of the credit card business		133.4		
Gains on asset sales		(8.1)		(20.0)
Goodwill impairment charge	2.0	2.0		
 Total other adjustments	 2.0	 (6.1)	 133.4	 (20.0)
Tax effect of other adjustments		(2.8)	46.7	(7.0)
 Adjusted net income <sup>(1)</sup>		 \$ 83.0	 \$ 93.6	 \$ 122.6
		\$ 81.1	\$ 62.7	\$ 67.7
				\$ 25.9

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(1) For the nine months ended September 30, 2006, includes an after-tax loss on the sale of securities of \$18.2 million relating to balance sheet restructuring activities.

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	For the Three			
	Months Ended		For the Year Ended	
	December 31, 2006	2005	December 31, 2006	2005
	(In millions)			
Net income <sup>(1)</sup>	\$ 39.3	\$ 35.2	\$ 124.0	\$ 137.1
Adjusted for:				
Income from discontinued operations, net of tax	0.6	0.9	2.3	11.2
Other adjustments:				
Gain on sale of branches		(8.1)		(8.1)
Goodwill impairment charge				2.0
Total other adjustments		(8.1)		(6.1)
Tax effect of other adjustments		(2.8)		(2.8)
Adjusted net income <sup>(1)</sup>	\$ 38.7	\$ 29.0	\$ 121.7	\$ 122.6

(1) For the year ended December 31, 2006, includes an after-tax loss on the sale of securities of \$18.2 million relating to balance sheet restructuring activities.

	At September 30,		At December 31,			
	2006	2005	2004	2003	2002	2001
	(In millions)					
Deposits	\$ 8,979	\$ 9,083	\$ 8,862	\$ 8,714	\$ 8,426	\$ 7,983
Less:						
Municipal deposits	47	129	106	125	77	160
Brokered certificates of deposit				70	120	10
Other non-interest-bearing deposits	89	81	75	86	127	104
Core deposits	\$ 8,843	\$ 8,873	\$ 8,681	\$ 8,433	\$ 8,102	\$ 7,709
Borrowings	\$ 14	\$ 295	\$ 341	\$ 1,516	\$ 2,437	\$ 2,542
Plus:						
Municipal deposits	47	129	106	125	77	160
Brokered certificates of deposit				70	120	10
Purchased funds	\$ 61	\$ 424	\$ 447	\$ 1,711	\$ 2,634	\$ 2,712

	At December 31,	
	2006	2005
	(In millions)	
Deposits	\$ 9,083	\$ 9,083
Less:		
Municipal deposits	44	129
Brokered certificates of deposit		
Other non-interest-bearing deposits	81	81

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Core deposits	\$ 8,958	\$ 8,873
	<b>At December 31,</b>	
	<b>2006      2005</b>	
	<b>(In millions)</b>	
Borrowings	\$ 4	\$ 295
Plus:		
Municipal deposits	44	129
Brokered certificates of deposit		
Purchased funds	\$ 48	\$ 424

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In addition to the above non-GAAP financial measures, management uses the efficiency ratio to monitor its operating efficiency compared to its peers. The efficiency ratio, which represents an approximate measure of the cost required by People's Bank to generate a dollar of revenue, is the ratio of total non-interest expense (excluding goodwill impairment charges, amortization of acquisition-related intangibles, losses on real estate assets and nonrecurring expenses) (the numerator) to net interest income plus total non-interest income (excluding gains and losses on sales of assets, other than residential mortgage loans, and nonrecurring income) (the denominator). People's Bank generally considers an income or expense to be nonrecurring if it is not similar to an income or expense of a type incurred within the last two years and is not similar to an income or expense of a type reasonably expected to be incurred within the following two years. Management considers the efficiency ratio to be more representative of People's Bank's ongoing operating efficiency, as the excluded items are generally related to external market conditions and non-routine transactions. Since there is not a comparable GAAP financial measure related to the efficiency ratio, the following tables reconcile People's Bank's calculation of the efficiency ratio to the efficiency ratio calculations as defined by the Office of Thrift Supervision, People's Bank's banking regulator, for the nine months ended September 30, 2006 and the three months and year ended December 31, 2006 and by the Federal Deposit Insurance Corporation, People's Bank's former banking regulator, for all prior periods.

The following tables summarize People's Bank's efficiency ratio derived from amounts reported in the Thrift Financial Reports to the Office of Thrift Supervision. Differences in the numerator are primarily related to People's Bank excluding certain nonrecurring items as indicated in the tables below. Differences in the denominator are primarily related to the Office of Thrift Supervision excluding certain fee-based revenues, net gains on sales of residential mortgages, income from bank-owned life insurance and other non-interest income. Additionally, in calculating the denominator, People's Bank excludes certain nonrecurring items and adjusts bank-owned life insurance income to a fully taxable equivalent basis, as indicated in the tables below.

	<b>For the Nine Months Ended September 30, 2006 (Dollars in millions)</b>
Total non-interest expense	\$ 260.6
Less:	
Amortization of other acquisition-related intangibles	0.8
Total	\$ 259.8
Total interest income	\$ 433.5
Add:	
Dividend income on equity investments not subject to SFAS No. 115	1.2
Mortgage loan servicing fees	0.1
Other fees and charges	92.3
Less:	
Total interest expense	145.1
Total	\$ 382.0
Efficiency ratio	68.0%

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	<b>For the Three Months Ended December 31, 2006</b>	<b>For the Year Ended December 31, 2006</b>
	(Dollars in millions)	
Total non-interest expense	\$ 85.4	\$ 346.0
Less:		
Amortization of other acquisition-related intangibles	0.3	1.1
Total	\$ 85.1	\$ 344.9
Total interest income	\$ 152.3	\$ 585.8
Add:		
Dividend income on equity investments not subject to SFAS No. 115	0.3	1.5
Mortgage loan servicing fees		0.1
Other fees and charges	31.9	124.2
Less:		
Total interest expense	54.5	199.6
Total	\$ 130.0	\$ 512.0
Efficiency ratio	65.5%	67.4%

The following tables summarize People's Bank's efficiency ratio derived from amounts reported in the Consolidated Statements of Income.

	<b>For the Nine Months Ended September 30, 2006 (Dollars in millions)</b>
Total non-interest expense	\$ 261.3
Less:	
Amortization of other acquisition-related intangibles	0.8
Loss on sale of reverse repurchase agreements	0.3
Severance-related charges	1.2
RC Knox settlement	0.9
Other	0.3
Total	\$ 257.8
Net interest income	\$ 286.3
Total non-interest income	102.1
Add:	
Net security losses	27.2
BOLI FTE adjustment <sup>(1)</sup>	3.2
Less:	
Gain on asset sale	0.7
MasterCard common stock redemption	0.7



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Interest from completed IRS audit	0.6
Total	\$ 416.8
Efficiency ratio	61.9%

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(1) Fully taxable equivalent.

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	<b>For the Three Months Ended December 31, 2006</b>	<b>For the Year Ended December 31, 2006</b>
	<b>(Dollars in millions)</b>	
Total non-interest expense	\$ 85.6	\$ 346.9
Less:		
Amortization of other acquisition-related intangibles	0.3	1.1
Loss on sale of reverse repurchase agreements		0.3
Severance-related charges		1.2
RC Knox settlement		0.9
Other		0.3
<b>Total</b>	<b>\$ 85.3</b>	<b>\$ 343.1</b>
Net interest income	\$ 96.1	\$ 382.4
Total non-interest income	45.3	147.4
Add:		
Net security losses		27.2
BOLI FTE adjustment <sup>(1)</sup>	1.4	4.6
Less:		
Gain on asset sale		0.7
MasterCard common stock redemption		0.7
Interest from completed IRS audit		0.6
<b>Total</b>	<b>\$ 142.8</b>	<b>\$ 559.6</b>
Efficiency ratio	59.7%	61.3%

(1) Fully taxable equivalent.

The following table summarizes People's Bank's efficiency ratio derived from amounts reported in the Consolidated Reports of Condition and Income to the Federal Deposit Insurance Corporation. Amounts reported for the years ended December 31, 2003, 2002 and 2001 have not been adjusted to reflect the reclassification of the results of operations of the credit card business for all years prior to the sale in March 2004 to discontinued operations.

	<b>For the Nine Months Ended September 30,</b>		<b>For the Year Ended December 31,</b>			
	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(Dollars in millions)</b>					
Total non-interest expense	\$ 252.3	\$ 342.3	\$ 478.3	\$ 435.7	\$ 442.1	\$ 442.1
Net interest income <sup>(1)</sup>	\$ 284.8	\$ 380.8	\$ 333.9	\$ 341.6	\$ 368.7	\$ 372.4
Total non-interest income	111.3	160.4	148.2	231.8	235.1	324.4
<b>Total</b>	<b>\$ 396.1</b>	<b>\$ 541.2</b>	<b>\$ 482.1</b>	<b>\$ 573.4</b>	<b>\$ 603.8</b>	<b>\$ 696.8</b>

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Efficiency ratio	63.7%	63.2%	99.2%	76.0%	73.2%	63.4%
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(1) Fully taxable equivalent.

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The following table summarizes People's Bank's efficiency ratio derived from amounts reported in the Consolidated Statements of Income.

	For the Nine		For the Year Ended December 31,			
	Months Ended					
	September 30,					
	2005	2005	2004	2003	2002	2001
	(Dollars in millions)					
Total non-interest expense	\$ 253.8	\$ 344.4	\$ 479.7	\$ 346.0	\$ 341.5	\$ 343.5
Less:						
Amortization of goodwill and other acquisition-related intangibles	1.5	1.8	3.4	3.5	3.1	10.0
Goodwill impairment charge	2.0	2.0				
Accelerated vesting of stock options charge		0.7				
Liability restructuring costs		2.7	133.4	1.2		
Non-recurring compensation costs			6.7			
Other	0.1	0.1	1.6	0.2	2.6	0.4
<b>Total</b>	<b>\$ 250.2</b>	<b>\$ 337.1</b>	<b>\$ 334.6</b>	<b>\$ 341.1</b>	<b>\$ 335.8</b>	<b>\$ 333.1</b>
Net interest income <sup>(1)</sup>	\$ 276.7	\$ 370.0	\$ 327.4	\$ 284.3	\$ 318.5	\$ 319.5
Total non-interest income	121.1	173.3	151.7	166.3	149.2	133.6
Add:						
BOLI FTE adjustment <sup>(1)</sup>	0.9	1.8				
Net security losses	0.1	0.1	4.7	0.6	3.3	18.5
Less:						
Interest from completed IRS audit				4.3		
Gain on sale of assets		8.1				20.0
Other	0.2	0.3	0.1	0.3		0.6
<b>Total</b>	<b>\$ 398.6</b>	<b>\$ 536.8</b>	<b>\$ 483.7</b>	<b>\$ 446.6</b>	<b>\$ 471.0</b>	<b>\$ 451.0</b>
Efficiency ratio	62.8%	62.8%	69.2%	76.4%	71.3%	73.9%

(1) Fully taxable equivalent.

**Table of Contents****HOW WE INTEND TO USE THE PROCEEDS FROM THE OFFERING**

The net offering proceeds will depend on the total number of shares of common stock sold in the offering, which in turn will depend on RP Financial's independent appraisal, regulatory and market considerations, and the expenses incurred in connection with the offering. Although we will not be able to determine the actual net proceeds from the sale of the common stock until we complete the offering, we estimate the net proceeds to be between \$2.658 billion and \$3.587 billion, or \$4.121 billion if the offering is increased by 15%.

We intend to distribute the net proceeds from the offering as follows:

	Number of Shares Sold			Adjusted Maximum 213,253,125
	Minimum	Midpoint	Maximum	
	137,062,500	161,250,000	185,437,500	
	Shares	Shares	Shares	Shares
	(In millions)			
Gross offering proceeds	\$ 2,741.3	\$ 3,225.0	\$ 3,708.8	\$ 4,265.1
Less: offering expenses	83.6	102.9	122.3	144.5
Net offering proceeds	2,657.7	3,122.1	3,586.5	4,120.6
Less:				
Proceeds contributed to People's Bank	1,328.8	1,561.1	1,793.2	2,060.3
Loan to employee stock ownership plan	166.9	195.9	224.9	258.3
Proceeds contributed to charitable foundation	20.0	20.0	20.0	20.0
Proceeds retained by People's United Financial	\$ 1,141.9	\$ 1,345.2	\$ 1,548.3	\$ 1,782.0

We intend to contribute 50% of the net proceeds from the offering to People's Bank. We also intend to lend our employee stock ownership plan cash to enable the plan to purchase an amount of common stock equal to up to 6% of the sum of the shares sold in the offering and those issued to the charitable foundation. Our employee stock ownership plan, with prior Office of Thrift Supervision approval, expects to purchase these shares of common stock in the open market after the offering, although it may purchase common stock in the offering pursuant to the subscription right granted to our tax-qualified employee stock benefit plans. In addition, we expect to contribute \$20.0 million in cash to The People's Community Foundation. The balance of the net proceeds will be retained by People's United Financial and used for general corporate purposes, which we expect to include:

financing acquisitions of other financial institutions or other businesses related to banking (although there is no specific agreement with any institution or business at this time);

investing in short-term investments, government securities or government-sponsored agency securities;

payment of cash dividends; and

repurchasing shares of our common stock.

The funds contributed to People's Bank will be used for general business purposes, including:

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financing acquisitions of other financial institutions or other businesses related to banking (although there is no specific agreement with any institution or business at this time);

originating and purchasing residential mortgage loans, commercial real estate loans, commercial loans, People's Capital and Leasing loans and home equity lines of credit;

opening additional branch offices on a *de novo* basis; and

distributions of capital to People's United Financial.

People's Bank currently intends to open at least 15 traditional branches in Westchester County, New York over the next three years. These additional traditional branches will be evaluated and added consistent with the branch expansion strategy that People's Bank has followed in the past. The expected average cost to construct and equip a new 3,000 square foot traditional storefront branch located within a shopping center is \$1.0 million. The expected average cost to construct and equip a new 3,000 square foot free-standing branch is \$1.7 million. Factors that would affect this investment include the

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locations of the properties, whether the properties are purchased or leased, local zoning ordinances, whether the properties are existing structures or new construction and, if existing structures, the state of repair of the structures.

In addition to expanding our core banking business through internal growth (funded by customer deposits and borrowed funds) and *de novo* branching, we will also consider expansion opportunities such as the acquisition of other financial institutions, businesses related to banking and branches. We do not, however, have any current understandings, agreements or arrangements for expansion by the acquisition of any branches or other financial institutions.

Due to the amount of net proceeds being raised in the offering, it may take a significant amount of time for us and People's Bank to deploy the net proceeds to our best advantage. We anticipate that our retained portion of the net proceeds and the net proceeds that we contribute to People's Bank from the offering proceeds will be invested in accordance with People's Bank's investment policy. It is expected that the investments will include short-term investments, government securities or government-sponsored agency securities.

The net proceeds may vary because total expenses relating to the conversion and offering may be more or less than our estimates. For example, our expenses will increase if we sell a smaller amount of common stock in the subscription offering and a larger amount in the syndicated offering than is set forth in our assumptions under *Pro Forma Data*. The net proceeds will also vary if the number of shares to be sold in the offering is adjusted to reflect a change in the estimated pro forma market value of People's United Financial. Payments for shares made through withdrawals from existing deposit accounts will not result in the receipt of new funds for investment by People's United Financial or People's Bank but will result in a reduction of People's Bank's deposits and may result in a reduction of interest expense as funds are transferred from interest-bearing deposit accounts.

**Table of Contents****OUR POLICY REGARDING DIVIDENDS**

People's Bank has paid quarterly cash dividends in each quarter since the fourth quarter of 1993. On October 19, 2006, the Board of Directors of People's Bank declared a quarterly cash dividend of \$0.25 per common share outstanding, or \$1.00 per share on an annualized basis, payable on November 15, 2006 to stockholders of record as of the close of business on November 1, 2006. The amount of dividends that People's United Financial initially intends to pay to stockholders following the conversion is intended to approximate the per share dividend amount, adjusted to reflect the share exchange, that People's Bank's stockholders currently receive on their shares of People's Bank common stock. During the three-year period following the completion of the conversion, we will not take any action to declare an extraordinary dividend to stockholders that would be treated by recipients as a tax-free return of capital for federal income tax purposes.

The following table sets forth the dividend amounts that we expect to initially pay per share at the minimum, midpoint, maximum and adjusted maximum of the offering range.

	Quarterly dividends per share	Annual dividends per share	Annual dividend yield(1)
<b>Dividends on People's United Financial Common Stock:</b>			
Minimum of offering range	\$ 0.15	\$ 0.60	3.00%
Midpoint of offering range	\$ 0.13	\$ 0.52	2.60%
Maximum of offering range	\$ 0.11	\$ 0.44	2.20%
15% above the maximum of offering range	\$ 0.10	\$ 0.40	2.00%

(1) Based upon a price of \$20.00 per share.

The continued payment of dividends will be subject to the determination of the Board of Directors of People's Bank and People's United Financial, which will take into account, among other things, our debt and equity structure, earnings and financial condition, need for capital in connection with possible future acquisitions and other factors, including economic conditions, regulatory restrictions and tax considerations. We cannot guarantee that we will pay dividends in the future or, if we pay dividends, the amount and frequency of these dividends.

The only funds available for the payment of dividends on People's United Financial common stock will be cash and cash equivalents held by People's United Financial, earnings from the investment of net proceeds from the sale of common stock retained by People's United Financial, dividends paid by People's Bank to People's United Financial, and borrowings.

People's Bank's ability to pay dividends will be governed by the Home Owners' Loan Act and the regulations of the Office of Thrift Supervision. Under that statute and those regulations, all dividends declared by a federal savings bank must be paid out of current or retained net profits. In addition, the prior approval of the Office of Thrift Supervision is required for the payment of a dividend if the total of all dividends declared by a federal savings bank in any calendar year would exceed the total of its net profits for the year combined with its net profits for the two preceding years, less any capital distributions (including dividends) paid during that time and any required transfers to surplus or a fund for the retirement of any preferred stock. People's Bank will also be prohibited from paying cash dividends to People's United Financial to the extent that any such payment would reduce People's Bank's capital below required capital levels or would impair the liquidation account to be established for the benefit of the People's Bank's eligible account holders and supplemental eligible account holders at the time of the conversion and offering. See *The Conversion and Offering Effects of the Conversion Effect on Liquidation Rights*. For more information regarding the capital distribution regulations of the Office of Thrift Supervision and restrictions on the ability of People's Bank to lend funds or make other payments to People's United Financial, see *Regulation of People's Bank and People's United Financial*.



**Table of Contents****MARKET FOR THE COMMON STOCK**

People's Bank common stock is currently listed on the Nasdaq Global Select Market under the trading symbol PBCT. Upon completion of the offering, the new shares of People's United Financial common stock will replace existing shares and will continue to be traded on the Nasdaq Global Select Market. For a period of 20 trading days following completion of the offering, our trading symbol will be PBCTD. Thereafter, our trading symbol will revert to PBCT. At September 30, 2006, People's Bank had approximately 32 market makers, including Ryan Beck & Co., Inc. and Morgan Stanley & Co. Incorporated, which intend to remain market makers in our common stock following the offering.

At the close of business on September 29, 2006, there were 142,142,485 shares of People's Bank common stock outstanding. The following table sets forth for the periods indicated the high and low sales prices per share of the common stock as reported by the Nasdaq Global Select Market and dividends paid per share. The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commissions, and may not represent actual transactions.

	Sales Price		Amount Per Share	Dividend Information
	High	Low		Date of Payment
<b>2004</b>				
First Quarter	\$ 20.91	\$ 14.44	\$ 0.18	February 15, 2004
Second Quarter	22.49	18.39	0.19	May 15, 2004
Third Quarter	24.67	20.00	0.19	August 15, 2004
Fourth Quarter	29.65	23.30	0.19	November 15, 2004
<b>2005</b>				
First Quarter	\$ 28.00	\$ 23.99	\$ 0.19	February 15, 2005
Second Quarter	30.48	26.27	0.22	May 15, 2005
Third Quarter	33.75	28.17	0.22	August 15, 2005
Fourth Quarter	33.57	28.85	0.22	November 15, 2005
<b>2006</b>				
First Quarter	\$ 33.83	\$ 30.00	\$ 0.22	February 15, 2006
Second Quarter	34.50	30.87	0.25	May 15, 2006
Third Quarter	41.15	31.89	0.25	August 15, 2006
Fourth Quarter	45.40	39.24	0.25	November 15, 2006

Figures in the table above have been adjusted to reflect the three-for-two stock splits effected by People's Bank on each of May 15, 2004 and May 15, 2005.

On September 19, 2006, the business day immediately preceding the public announcement of the conversion, the closing price of People's Bank common stock, as reported on the Nasdaq Global Select Market, was \$37.39 per share. On [ ], 2007, the closing price of People's Bank common stock was \$[ ] per share and there were approximately [ ] holders of record.

**Table of Contents****BANK REGULATORY CAPITAL COMPLIANCE**

At September 30, 2006, People's Bank exceeded all regulatory capital requirements. Set forth below is a summary of People's Bank's capital computed under accounting principles generally accepted in the United States of America, referred to as GAAP, and its compliance with regulatory capital standards at September 30, 2006, on a historical and pro forma basis under Office of Thrift Supervision regulations. The pro forma calculations reflect several assumptions. First, we have assumed that the indicated number of shares were sold as of September 30, 2006. Second, we have assumed that the assets of People's Bank increased as a result of receiving 50% of the net proceeds from the offering and receiving a deposit from People's United Financial for the portion of the net proceeds retained after funding the employee stock ownership plan and funding the cash portion of the charitable foundation. The change in risk weighted assets assumed People's Bank invested the funds in 20% risk-weighted assets. Third, we have assumed that tangible, core and total risk-based capital of People's Bank increased as a result of receiving 50% of the net proceeds from the offering, reduced by the contra-equity adjustment related to the employee stock ownership plan. See *Pro Forma Data*. For a discussion of the capital requirements applicable to People's Bank, see *Regulation of People's Bank and People's United Financial Federally Chartered Savings Bank Regulation Capital Requirements*.

	Pro Forma at September 30, 2006 Based Upon the Sale at \$20.00 Per Share									
	Historical at		137,062,500 Shares		161,250,000 Shares		185,437,500 Shares		213,253,125 Shares	
	September 30, 2006	(Minimum of the	(Minimum of the	(Midpoint of the	(Midpoint of the	(Maximum of the	(Maximum of the	(Maximum of the	(15% Above Maximum	(15% Above Maximum
Amount	Percent	Range)	Range)	Range)	Range)	Range)	Range)	Range)	of the Range) <sup>(1)</sup>	of the Range) <sup>(1)</sup>
of Assets <sup>(2)</sup>	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
	Amount	of Assets <sup>(2)</sup>	Amount	of Assets <sup>(2)</sup>	Amount	of Assets <sup>(2)</sup>	Amount	of Assets <sup>(2)</sup>	Amount	of Assets <sup>(2)</sup>
	(Dollars in millions)									
Capital under generally accepted accounting principles <sup>(3)</sup>	\$ 1,351.4	12.73%	\$ 2,513.4	19.19%	\$ 2,716.5	20.08%	\$ 2,919.8	20.91%	\$ 3,153.4	21.80%
Tangible capital	\$ 1,248.5	11.80%	\$ 2,410.5	18.47%	\$ 2,613.6	19.38%	\$ 2,816.9	20.24%	\$ 3,050.5	21.15%
Requirement	158.7	1.50%	195.7	1.50%	202.3	1.50%	208.8	1.50%	216.3	1.50%
Excess	\$ 1,089.8	10.30%	\$ 2,214.8	16.97%	\$ 2,411.3	17.88%	\$ 2,608.1	18.74%	\$ 2,834.2	19.65%
Core capital <sup>(4)</sup>	\$ 1,248.5	11.80%	\$ 2,410.5	18.47%	\$ 2,613.6	19.38%	\$ 2,816.9	20.24%	\$ 3,050.5	21.15%
Requirement	423.1	4.00%	522.0	4.00%	539.4	4.00%	556.8	4.00%	576.8	4.00%
Excess	\$ 825.4	7.80%	\$ 1,888.5	14.47%	\$ 2,074.2	15.38%	\$ 2,260.1	16.24%	\$ 2,473.7	17.15%
Total risk-based capital	\$ 1,374.7	16.19%	\$ 2,536.7	28.24%	\$ 2,739.8	30.21%	\$ 2,943.1	32.14%	\$ 3,176.7	34.31%
Requirement	679.2	8.00%	718.7	8.00%	725.7	8.00%	732.6	8.00%	740.7	8.00%
Excess	\$ 695.5	8.19%	\$ 1,818.0	20.24%	\$ 2,014.1	22.21%	\$ 2,210.5	24.14%	\$ 2,436.0	26.31%

- (1) As adjusted to give effect to an increase in the number of shares which could occur due to an increase in the offering range of up to 15% as a result of market demand, regulatory considerations or changes in financial markets following the commencement of the offering.
- (2) Core capital levels are shown as a percentage of total assets, and risk-based capital levels are calculated on the basis of a percentage of risk-weighted assets, each as defined in the Office of Thrift Supervision regulations.
- (3) At September 30, 2006, the \$102.9 million decrease in the amount of tangible capital from the amount of capital under generally accepted accounting principles, referred to as GAAP, is due to the deduction of \$105.5 million of goodwill and certain other intangible assets from GAAP capital, the addition of \$2.6 million of unrealized losses on cash flow derivatives and to the inclusion in GAAP capital of an unrealized gain on People's Bank's available for sale securities. The increase of \$126.2 million in the amount of total risk-based capital is due to the addition of \$52.1 million of qualifying subordinated notes and the addition of the allowance for loan losses up to 1.25% of total risk weighted assets in the total risk-based capital calculation.

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- (4) The current core capital requirement for savings banks is 3% of total adjusted assets for savings banks that receive the highest supervisory ratings for safety and soundness and that are not experiencing or anticipating significant growth. The current core capital ratio applicable to all other savings banks is 4%.

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The following table provides a reconciliation of People's Bank's capital under generally accepted accounting principles to regulatory capital amounts under Office of Thrift Supervision regulations at September 30, 2006.

	At September 30, 2006 (In millions)
Capital under generally accepted accounting principles	\$ 1,351.4
Adjustments for regulatory capital purposes:	
Goodwill and certain other intangible assets	(105.5)
Net unrealized losses on derivatives accounted for as cash flow hedges, net of tax	2.6
<b>Total tangible, leverage and core (tier 1) capital</b>	<b>1,248.5</b>
Qualifying subordinated notes	52.1
Qualifying allowance for loan losses	74.0
Other	0.1
<b>Total risk-based capital</b>	<b>\$ 1,374.7</b>

The following table provides a reconciliation of People's Bank's historical regulatory capital amounts under Office of Thrift Supervision regulations to regulatory capital amounts stated on a pro forma basis at September 30, 2006.

	137,062,500 Shares	161,250,000 Shares	185,437,500 Shares	213,253,125 Shares
	(Minimum of Range)	(Midpoint of Range)	(Maximum of Range)	(15% Above Maximum of Range)(1)
	(In millions)			
Historical total tangible, leverage and core (tier 1) capital	\$ 1,248.5	\$ 1,248.5	\$ 1,248.5	\$ 1,248.5
Pro forma adjustments:				
Gross proceeds	2,741.3	3,225.0	3,708.8	4,265.1
Offering expenses	(83.6)	(102.9)	(122.3)	(144.5)
Retained at holding company <sup>(2)</sup>	(1,328.8)	(1,561.1)	(1,793.2)	(2,060.3)
ESOP contra	(166.9)	(195.9)	(224.9)	(258.3)
<b>Pro forma total tangible, leverage and core (tier 1) capital</b>	<b>2,410.5</b>	<b>2,613.6</b>	<b>2,816.9</b>	<b>3,050.5</b>
Qualifying subordinated notes	52.1	52.1	52.1	52.1
Qualifying allowance for loan losses	74.0	74.0	74.0	74.0
Other	0.1	0.1	0.1	0.1
<b>Pro forma total risk-based capital</b>	<b>\$ 2,536.7</b>	<b>\$ 2,739.8</b>	<b>\$ 2,943.1</b>	<b>\$ 3,176.7</b>

- (1) As adjusted to give effect to an increase in the number of shares which could occur due to an increase in the offering range of up to 15% as a result of market demand, regulatory considerations or changes in financial markets following the commencement of the offering.
- (2) Funds retained at holding company will be used to fund the loan to the employee stock ownership plan and the cash contribution to the charitable foundation.



**Table of Contents****CAPITALIZATION**

The following table presents the historical deposits and consolidated capitalization of People's Bank at September 30, 2006, and the pro forma consolidated capitalization of People's United Financial after giving effect to the conversion and offering, based upon the sale of the number of shares shown below at \$20.00 per share and the other assumptions set forth under *Pro Forma Data*. A change in the number of shares sold in the offering may materially affect the capitalization.

	Historical	Pro Forma Capitalization at September 30, 2006			
		137,062,500	161,250,000	185,437,500	213,253,125
		Shares	Shares	Shares	Shares
		(Minimum of Range)	(Midpoint of Range)	(Maximum of Range)	(15% Above Maximum of Range) <sup>(1)</sup>
		(Dollars in millions)			
Deposits <sup>(2)</sup>	\$ 8,978.6	\$ 8,978.6	\$ 8,978.6	\$ 8,978.6	\$ 8,978.6
Borrowed funds	13.6	13.6	13.6	13.6	13.6
Subordinated notes	108.8	108.8	108.8	108.8	108.8
Total deposits and borrowings	\$ 9,101.0	\$ 9,101.0	\$ 9,101.0	\$ 9,101.0	\$ 9,101.0
<b>Stockholders' equity:</b>					
Common stock, par value \$0.01 per share, 1.95 billion shares authorized; to be issued as reflected <sup>(3)</sup>	\$ 142.1	\$ 2.4	\$ 2.8	\$ 3.2	\$ 3.7
Additional paid-in capital	177.8	3,015.2	3,479.2	3,943.2	4,476.8
Retained earnings <sup>(4)</sup>	1,038.6	1,038.6			