

People's United Financial, Inc.
Form 424B3
February 23, 2007
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Filed Pursuant to Rule 424(b)(3)
File No. 333-138389

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 Inc. 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

	Minimum	Maximum	Adjusted Maximum
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 ⁽¹⁾	\$ 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

(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 &

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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 50 and *The Conversion and Offering Plan of Distribution; Selling Agent Compensation* on page 190.

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 February 14, 2007

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	VILLA AVENUE SUPER STOP & SHOP	RIDGEFIELD SUPER STOP & SHOP	PARADISE GREEN	BLOOMFIELD SUPER STOP & SHOP
BETHEL	766 Villa Avenue	125 Danbury Road	3395 Main Street	315 Cottage Grove Road
293 Greenwood Avenue	Fairfield, CT 06825	Ridgefield, CT 06877	Stratford, CT 06614	Bloomfield, CT 06002
Bethel, CT 06801				
	BLACK ROCK TURNPIKE	RIDGEFIELD	RYDER S LANDING	DUNCASTER
MADISON AVENUE SUPER STOP & SHOP	1940 Black Rock Turnpike	66 Danbury Road	88 Ryder s Lane	40 Loeffler Road
2600 Madison Avenue	Fairfield, CT 06824	Ridgefield, CT 06877	Stratford, CT 06614	Bloomfield, CT 06002
Bridgeport, CT 06606				
	FAIRFIELD	RIVERSIDE	STRATFORD	SEABURY
BROOKSIDE SUPER STOP & SHOP	1055 Post Road	1155 E. Putnam Avenue	2772 Main Street	200 Seabury Drive
4531 Main Street	Fairfield, CT 06824	Riverside, CT 06878	Stratford, CT 06615	Bloomfield, CT 06002
Bridgeport, CT 06606				
	STRATFIELD	SHELTON SUPER STOP & SHOP	TRUMBULL SUPER STOP & SHOP	BRISTOL SUPER STOP & SHOP
BARNUM AVENUE	1237 Stratfield Road	898 Bridgeport Avenue	100 Quality Street	603 Farmington Avenue, Route 6
1450 Barnum Avenue	Fairfield, CT 06825	Shelton, CT 06484	Trumbull, CT 06611	Bristol, CT 06010
Bridgeport, CT 06610				
	GREENWICH	SHELTON FINANCIAL CENTER	HAWLEY LANE	FORESTVILLE SUPER STOP & SHOP
BOSTON AVENUE	410 Greenwich Avenue	1000 Bridgeport Avenue	100 Hawley Lane	747 Pine Street
58 Boston Avenue	Greenwich, CT 06830	Shelton, CT 06484	Trumbull, CT 06611	Bristol, CT 06010
Bridgeport, CT 06610				
	PICKWICK PLAZA	ENTERPRISE TOWER	NORTH MADISON AVENUE	EAST HARTFORD SUPER STOP & SHOP
* BRIDGEPORT CENTER OFFICE	3 Pickwick Plaza	1 Corporate Drive	4180 Madison Avenue	940 Silver Lane
850 Main Street	Greenwich, CT 06830	Shelton, CT 06484	Trumbull, CT 06611	East Hartford, CT 06118
Bridgeport, CT 06604				
	MONROE FINANCIAL CENTER			

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	Route 111, Village Square Shopping Center	SOUTHPORT	TRUMBULL FINANCIAL CENTER	
FAIRFIELD AVENUE SUPER STOP & SHOP	Monroe, CT 06468	411 Old Post Road	40 Quality Street	ENFIELD SUPER STOP & SHOP
2145 Fairfield Avenue		Southport, CT 06890	Trumbull, CT 06611	54 Hazard Avenue
Bridgeport, CT 06605	STEPNEY			Enfield, CT 06082
	435 Main Street	SOUTHPORT TRUST	WHITE PLAINS ROAD	
NORTH & PARK	Monroe, CT 06468	226 Main Street	888 White Plains Road	ENFIELD MALL
1728 Park Avenue		Southport, CT 06890	Trumbull, CT 06611	25 Hazard Avenue
Bridgeport, CT 06604	NEW CANAAN			Enfield, CT 06082
	95 Main Street	STAMFORD SUPER STOP & SHOP	GREEN FARMS SUPER STOP & SHOP	
NORTH MAIN STREET	New Canaan, CT 06840	2200 Bedford Street	1790 Post Road East	FARMINGTON
3969 Main Street		Stamford, CT 06905	Westport, CT 06880	188-210 Main Street
Bridgeport, CT 06606	SAND HILL PLAZA SUPER STOP & SHOP			Farmington, CT 06032
	228 South Main Street	STAMFORD WEST SUPER STOP & SHOP	GREEN FARMS	
3030 PARK	Newtown, CT 06470	1937 West Main Street	1800 Post Road	GLASTONBURY SUPER STOP & SHOP
3030 Park Avenue		Stamford, CT 06902	Westport, CT 06880	215 Glastonbury Boulevard
Bridgeport, CT 06606	NEWTOWN			Glastonbury, CT 06033
	6 Queen Street	BEDFORD STREET	WESTPORT	
BROOKFIELD	Newtown, CT 06470	350 Bedford Street	371 Post Road East	OAK STREET SUPER STOP & SHOP
143 Federal Road, Route 7		Stamford, CT 06901	Westport, CT 06880	55 Oak Street
Brookfield, CT 06804	CONNECTICUT AVENUE SUPER STOP & SHOP			Glastonbury, CT 06033
	385 Connecticut Avenue	HIGH RIDGE ROAD	WHITE BIRCH PLAZA	
COS COB	Norwalk, CT 06854	1022 High Ridge Road	361 Post Road West	GLASTONBURY FINANCIAL CENTER
119 East Putnam Avenue		Stamford, CT 06905	Westport, CT 06880	Three Welles Street
Cos Cob, CT 06807	NORWALK SUPER STOP & SHOP			Glastonbury, CT 06033
	380 Main Avenue, Route 7	HOPE STREET	WILTON CENTER SUPER STOP & SHOP	
MILL PLAIN SUPER STOP & SHOP	Norwalk, CT 06851	346 Hope Street	5 River Road	GRANBY SUPER STOP & SHOP
44 Lake Ave Ext.		Stamford, CT 06906	Wilton, CT 06897	124 Salmon Brook Street
Danbury, CT 06811				

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	NORWALK FINANCIAL CENTER	SHIPPAN AVENUE		Granby, CT 06035
NUTMEG SQUARE SUPER STOP & SHOP	295 Westport Avenue	328 Shippan Avenue	WILTON	
72 Newtown Road	Norwalk, CT 06851	Stamford, CT 06902	31 Danbury Road	HARTFORD SUPER STOP & SHOP
Danbury, CT 06810			Wilton, CT 06897	150 New Park Avenue
	BELDEN AVENUE	SUMMER STREET		Hartford, CT 06106
DARIEN	11 Belden Avenue	2586 Summer Street	<u>HARTFORD COUNTY</u>	
25 Old Kings Highway North	Norwalk, CT 06850	Stamford, CT 06905		FINANCIAL PLAZA
Darien, CT 06820			AVON FINANCIAL CENTER	One Financial Plaza
	OLD GREENWICH	EDGEHILL	27 East Main Street	Hartford, CT 06103
NOROTON HEIGHTS	146 Sound Beach Avenue	122 Palmers Hill Road	Avon, CT 06001	
72 Edgerton Street	Old Greenwich, CT 06870	Stamford, CT 06902		FRANKLIN AVENUE
Darien, CT 06820			BERLIN SUPER STOP & SHOP	290 Franklin Avenue
		THE DOCK SUPER STOP & SHOP	1135 Farmington Avenue	Hartford, CT 06114
FAIRFIELD SUPER STOP & SHOP		200 East Main Street	Berlin, CT 06037	
1160 Kings Highway Cut-Off		Stratford, CT 06614		
Fairfield, CT 06824				

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MANCHESTER SUPER STOP & SHOP	NORTH CANAAN SUPER STOP & SHOP	PUTNAM PLACE SUPER STOP & SHOP	SOUTHURY SUPER STOP & SHOP	NORWICH
286 Broad Street	11 East Main Street	1245 Dixwell Avenue	100 Main Street North	4 Broadway
Manchester, CT 06040	North Canaan, CT 06018	Hamden, CT 06514	Southbury, CT 06488	Norwich, CT 06360
NEW BRITAIN SUPER STOP & SHOP	TORRINGTON SUPER STOP & SHOP	HAMDEN	SOUTHURY	NORWICHTOWN FINANCIAL CENTER
677 West Main Street	211 High Street	2165 Dixwell Avenue	61 Southbury Plaza	45 Town Street
New Britain, CT 06053	Torrington, CT 06790	Hamden, CT 06514	Southbury, CT 06488	Norwich, CT 06360
NEWINGTON SUPER STOP & SHOP	TORRINGTON FINANCIAL CENTER	WESTWOODS	WALLINGFORD SUPER STOP & SHOP	WEST MAIN
44 Fenn Road	1692 East Main Street	3496 Whitney Avenue	930 North Colony Road	624 West Main Street
Newington, CT 06111	Torrington, CT 06790	Hamden, CT 06518	Wallingford, CT 06492	Norwich, CT 06360
NEWINGTON	WATERTOWN SUPER STOP & SHOP	MADISON SUPER STOP & SHOP	REIDVILLE DRIVE SUPER STOP & SHOP	WATERFORD SUPER STOP & SHOP
135 Lowrey Place	757 Straits Turnpike	128 Samson Rock Drive	410 Reidville Drive	117 Boston Post Road,
Newington, CT 06111	Watertown, CT 06795	Madison, CT 06443	Waterbury, CT 06705	Route 1
ROCKY HILL SUPER STOP & SHOP	WINSTED SUPER STOP & SHOP	MADISON CENTER	CHASE AVENUE SUPER STOP & SHOP	WATERFORD
80 Town Line Road	200 New Hartford Road, Route 44	752 Boston Post Road	240 Chase Avenue	716 Broad Street Ext.
Rocky Hill, CT 06067	Winsted, CT 06098	Madison, CT 06443	Waterbury, CT 06704	Waterford, CT 06385
SIMSBURY SUPER STOP & SHOP	MIDDLESEX COUNTY	MERIDEN SUPER STOP & SHOP	NAUGATUCK VALLEY SUPER STOP & SHOP	TOLLAND COUNTY
530 Bushy Hill Road		485 Broad Street	920 Wolcott Road	
Simsbury, CT 06070		Meriden, CT 06450	Waterbury, CT 06705	
	CLINTON SUPER STOP & SHOP			MANSFIELD
				155 Storrs Road, Route 195

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SOUTH WINDSOR SUPER STOP & SHOP	215 East Main Street Clinton, CT 06413 1739 Ellington Road South Windsor, CT 06074	MERIDEN WEST SUPER STOP & SHOP	Mansfield Center, CT 06250
		580 West Main Street Meriden, CT 06451	WATERBURY
			255 Bank Street Waterbury, CT 06702
	CROMWELL SUPER STOP & SHOP		STORRS
	195 West Street Cromwell, CT 06416	MILFORD SUPER STOP & SHOP	1244 Storrs Road Storrs, CT 06268
SOUTHINGTON SUPER STOP & SHOP	505 North Main Street Southington, CT 06489	1364 East Town Road Milford, CT 06460	WEST HAVEN SUPER STOP & SHOP
			460 Elm Street West Haven, CT 06516
	MIDDLETOWN SUPER STOP & SHOP		UCONN CO-OP
	416 East Main Street Middletown, CT 06457	SILVER SANDS PLAZA SUPER STOP & SHOP	2075 Hillside Road Storrs, CT 06269
SOUTHINGTON	812 Queen Street Southington, CT 06489	855 Bridgeport Avenue Milford, CT 06460	SAVIN ROCK
			220 Captain Thomas Boulevard West Haven, CT 06516
	OLD SAYBROOK SUPER STOP & SHOP		VERNON SUPER STOP & SHOP
	105 Elm Street Old Saybrook, CT 06475	MILFORD	10 Pitkin Road Vernon, CT 06066
BISHOP S CORNER		190 South Broad Street Milford, CT 06460	WOODBRIDGE
714 North Main Street West Hartford, CT 06117			198 Amity Road Woodbridge, CT 06525
	NEW HAVEN COUNTY		VERNON CIRCLE
	McAULEY	NAUGATUCK SUPER STOP & SHOP	35 Talcottville Road, Tri City Plaza Vernon, CT 06066
275 Steele Road West Hartford, CT 06117	ANSONIA SUPER STOP & SHOP	727 Rubber Avenue Naugatuck, CT 06770	NEW LONDON COUNTY
	100 Division Street Ansonia, CT 06401		COLCHESTER
		AMITY SUPER STOP & SHOP	139 South Main Street Colchester, CT 06415
WEST HARTFORD CENTER		112 Amity Road New Haven, CT 06515	WINDHAM COUNTY
1013 Farmington Avenue West Hartford, CT 06107	LEETES ISLAND SUPER STOP & SHOP		PUTNAM SUPER STOP & SHOP
	22 Leetes Island Road Branford, CT 06405		60 Providence Pike Putnam, CT 06260
WEST HARTFORD/ FARMINGTON		CENTURY TOWER	
1232 Farmington Avenue West Hartford, CT 06107		265 Church Street, One Century Tower	WILLIMANTIC SUPER STOP & SHOP

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	BRANFORD	New Haven, CT 06510	GROTON SUPER STOP & SHOP	1391 Main Street
WETHERSFIELD SUPER STOP & SHOP	500 East Main Street		220 Groton Square,	Willimantic, CT 06226
1380 Berlin Turnpike	Branford, CT 06405	NORTH HAVEN SUPER STOP & SHOP	Route 12	
Wethersfield, CT 06109		79 Washington Avenue	Groton, CT 06340	
	CHESHIRE SUPER STOP & SHOP	North Haven, CT 06473		
WETHERSFIELD	275 Highland Avenue		MONTVILLE	
1310 Silas Deane Highway	Cheshire, CT 06410	ORANGE SUPER STOP & SHOP	563 Norwich-New London Turnpike	
Wethersfield, CT 06109		259 Bull Hill Lane	Uncasville, CT 06382	
	TROLLEY SQUARE SUPER STOP & SHOP	Orange, CT 06477		
LITCHFIELD COUNTY	370 Hemingway Avenue		MYSTIC PACKER	
	East Haven, CT 06512	ORANGE	12 Roosevelt Avenue	
NEW MILFORD SUPER STOP & SHOP		653 Orange Center Road	Mystic, CT 06355	
180 Danbury Road		Orange, CT 06477		
New Milford, CT 06776	HAMDEN SUPER STOP & SHOP		NORWICH SUPER STOP & SHOP	
	2331 Dixwell Avenue	SEYMOUR SUPER STOP & SHOP	42 Town Street	
	Hamden, CT 06514	12 Franklin Street	Norwich, CT 06360	
		Seymour, CT 06483		

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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 of 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.

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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 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.

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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 loan