

People's United Financial, Inc.
Form S-4
August 31, 2007
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Registration Statement No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

PEOPLE S UNITED FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

20-8447891
(I.R.S. Employer
Identification Number)

Bridgeport, Connecticut 06604

(203) 338-7171

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

John A. Klein

Chairman, Chief Executive Officer and President

People's United Financial, Inc.

850 Main Street

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Bridgeport, Connecticut 06604

(203) 338-7171

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

Copies to:

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Washington, DC 20006	Boston, Massachusetts 02109	Washington, DC 20006
(202) 347-8400	(617) 570-1000	(202) 974-1500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and upon completion of the merger described in this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, 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, 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

Title of each class of securities to be registered	Amount to be registered⁽¹⁾	Proposed maximum offering price per unit	Proposed maximum aggregate offering price⁽²⁾	Amount of registration fee⁽²⁾
Common Stock, par value \$0.01 per share	53,010,159	N/A	\$834,786,045	\$25,628

(1) The maximum number of shares of People's United Financial common stock estimated to be issuable upon the completion of the People's United Financial/Chittenden merger described herein. This number is based on the number of shares of Chittenden common stock outstanding, reserved for issuance under various plans, or issuable upon the completion of the Chittenden Corporation/Community Bank & Trust Company merger, as of August 30, 2007 and the exchange of each such share of Chittenden common stock for cash and shares of People's United Financial common stock pursuant to the formula set forth in the Agreement and Plan of Merger, dated as of June 26, 2007, by and between People's United Financial and Chittenden.

(2)

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Estimated solely for purposes of calculating the registration fee required by Section 6(b) of the Securities Act, and calculated pursuant to Rules 457(f)(1), 457(f)(3) and 457(c) under the Securities Act, the proposed maximum aggregate offering price of the registrant's common stock was calculated based upon the market value of shares of Chittenden common stock (the securities to be cancelled in the merger) in accordance with Rule 457(c) under the Securities Act as follows: (A) the product of (1) \$34.475, the average of the high and low prices per share of Chittenden common stock on August 30, 2007, as quoted on the New York Stock Exchange, multiplied by (2) 53,598,519, the maximum number of shares of Chittenden common stock which may be exchanged in the merger, less (B) the amount of cash paid by the Registrant in exchange for shares of Chittenden common stock (which equals \$1,013,022,898).

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 said Section 8(a), may determine.

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The information in this document is not complete and may be changed. People's United Financial may not sell the securities offered by this document until the registration statement filed with the Securities and Exchange Commission is effective. This document is not an offer to sell these securities, and People's United Financial is not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

[], 2007

Dear Stockholder:

You are cordially invited to attend a special meeting of stockholders of Chittenden Corporation to be held in the Chittenden Room, Two Burlington Square, Main Floor, Burlington, Vermont 05401 on [], [], 2007, at 10:00 a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to approve a merger agreement under which Chittenden will merge with and into People's United Financial, Inc.

If the merger agreement is approved and the merger is subsequently completed, each share of Chittenden common stock will be converted into the right to receive merger consideration having a value equal to the sum of \$20.35, plus 0.8775 multiplied by the average closing sale price of People's United Financial common stock during the five trading days before completion of the merger. Subject to election and proration procedures described in this document, you will be entitled to elect to receive your merger consideration in the form of People's United Financial common stock, cash or a combination of both.

The value of the merger consideration will fluctuate with the market price of People's United Financial common stock. People's United Financial common stock is traded on the NASDAQ Global Select Market under the trading symbol PBCT, and on [], 2007, the closing sale price of People's United Financial common stock was \$[] per share. A chart showing the cash and common stock merger consideration at various hypothetical average closing sale prices of People's United Financial common stock is provided on page [] of this document.

The merger cannot be completed unless the stockholders of Chittenden approve the merger agreement. The Chittenden board of directors unanimously adopted and approved the merger agreement and determined that the merger agreement is advisable and in the best interests of Chittenden and its stockholders, and accordingly unanimously recommends that stockholders vote **FOR** approval of the merger agreement.

This document serves as the proxy statement for the special meeting of stockholders of Chittenden and the prospectus for the shares of People's United Financial common stock to be issued in the merger, and includes detailed information about the special meeting, the merger, and the documents related to the merger. **We urge you to read this entire document carefully, including the discussion in the section titled *Risk Factors* beginning on page [].** You can also obtain information about Chittenden and People's United Financial from documents that have been filed with the Securities and Exchange Commission.

Your vote is important. Whether or not you plan to attend the special meeting, please take the time to vote by completing and mailing the enclosed proxy card or by submitting a proxy through the Internet or by telephone as described on the enclosed proxy card. If you submit a properly signed proxy card without indicating how you want to vote, your proxy will be counted as a vote **FOR** approval of the merger agreement. The failure to vote will have the same effect as a vote against approval of the merger agreement.

Sincerely,

Paul A. Perrault
Chairman, Chief Executive Officer and President

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the shares of People's United Financial common stock to be issued in the merger or determined if this document is accurate or adequate. Any representation to the contrary is a criminal offense. The shares of People's United Financial common stock to be issued in the merger are not savings accounts, deposits or other obligations of any bank or savings association and are not insured by any federal or state governmental agency.

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This document is dated [], 2007, and is first being mailed to Chittenden stockholders on or about [], 2007.

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REFERENCE TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about People's United Financial and Chittenden from other documents that are not included in or delivered with this document. This information is available to you without charge upon your written or oral request. You can obtain copies of those documents incorporated by reference in this document through the Securities and Exchange Commission's website at <http://www.sec.gov> or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

People's United Financial, Inc.

850 Main Street

Bridgeport, Connecticut 06604

(203) 338-7171

Attn: Debbie A. Healey, Investor Relations

If you would like to request documents, please do so by [], 2007 to receive them before the special meeting of Chittenden stockholders.

Chittenden Corporation

P.O. Box 820

Burlington, Vermont 05402-0820

(802) 658-4000

Attn: F. Sheldon Prentice, Secretary

[], 2007 to receive them before the special meeting of Chittenden

See also the section in this document titled *Where You Can Find More Information* beginning on page [].

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CHITTENDEN CORPORATION

Two Burlington Square

Burlington, Vermont 05401

(802) 659-4000

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON [], 2007

A special meeting of stockholders of Chittenden Corporation will be held in the Chittenden Room, Two Burlington Square, Main Floor, Burlington, Vermont 05401 on [], [], 2007, at 10:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of June 26, 2007, by and between People's United Financial, Inc. and Chittenden, a copy of which is attached as *Appendix A* to the accompanying document;
2. To consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the merger agreement; and
3. To consider and act upon any other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

The Chittenden board of directors has fixed the close of business on [], 2007 as the record date for the special meeting. Accordingly, only stockholders of record on that date are entitled to notice of and to vote at the special meeting or any adjournment or postponement of the special meeting. The affirmative vote of holders of at least a majority of the shares of Chittenden common stock outstanding and entitled to vote at the special meeting is required to approve the merger agreement.

Chittenden stockholders have the right to dissent from the merger and obtain payment in cash of the fair value of their shares of Chittenden common stock under applicable provisions of Vermont law. A copy of the applicable Vermont statutory provisions is included as *Appendix D* to the accompanying document, and a summary of these provisions can be found under the section titled *The Merger Dissenters' Rights* beginning on page [].

Your vote is important regardless of the number of shares you own. Whether or not you plan to attend the special meeting, please complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope or submit a proxy through the Internet or by telephone as described on the enclosed proxy card. This will not prevent you from voting in person at the special meeting but will assure that your vote is counted if you are unable to attend. If you do not vote in person or by proxy, the effect will be a vote against approval of the merger agreement.

By Order of the Board of Directors,

F. Sheldon Prentice
Secretary

Burlington, Vermont

[], 2007

Please do not send your stock certificates at this time. You will be sent separate instructions regarding the surrender of your stock certificates.

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QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING

Q: Why am I receiving this document?

A: People's United Financial, Inc. and Chittenden Corporation have agreed to the acquisition of Chittenden by People's United Financial under the terms of a merger agreement that is described in this document. A copy of the merger agreement is attached to this document as *Appendix A*. In order to complete the merger, Chittenden stockholders must vote to approve the merger agreement. Chittenden will hold a special meeting of its stockholders to obtain this approval. This document contains important information about the merger, the merger agreement, the special meeting of Chittenden stockholders, and other related matters, and you should read it carefully. The enclosed voting materials for the special meeting allow you to vote your shares of Chittenden common stock without attending the special meeting.

Q: What will happen in the merger?

A: In the proposed merger, Chittenden will merge with and into People's United Financial, with People's United Financial being the surviving corporation.

Q: What will I receive in the merger?

A: You will receive merger consideration in a per share amount equal to \$20.35 plus the product of 0.8775 times the five-day average closing sale price of People's United Financial common stock on the NASDAQ Global Select Market ending on the day before the completion of the merger. You may elect to receive your merger consideration in cash, People's United Financial common stock, or a combination of both. **However, the form of merger consideration you actually receive may differ from the form of consideration you elect to receive.** This is because the aggregate amount of cash that will be paid as consideration in the merger is fixed. As a result, if more Chittenden stockholders make valid elections to receive either People's United Financial common stock or cash than is available as merger consideration under the merger agreement, those Chittenden stockholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and will receive a portion of their consideration in the other form, despite their election. **As explained in more detail in this document, whether you make a cash election or a stock election, the value of the consideration you receive as of the date of completion of the merger will be substantially the same.**

Q: Will I receive any fractional shares of People's United Financial common stock as part of the merger consideration?

A: No. People's United Financial will not issue any fractional shares of People's United Financial common stock in the merger. Instead, People's United Financial will pay you the cash value of a fractional share measured by the average of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending on the day before the completion of the merger.

Q: How do I make an election as to the form of merger consideration I wish to receive?

A: No later than 20 business days prior to the anticipated election deadline (which will be a date mutually agreed upon by Chittenden and People's United Financial), we will mail to you separately an election form and letter of transmittal for the surrender of your Chittenden stock certificates in exchange for the merger consideration. Along with those documents, you will receive detailed instructions describing the procedures you must follow to make your election. We also will publicly announce the election deadline, which will be before the closing date for the merger. As a result, you will not know before your election decision the exact value of the consideration to be received

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in the merger.

We are not making any recommendation to you as to whether or not you should elect to receive cash, shares of People's United Financial common stock or a combination of each in the merger. You should evaluate your own specific circumstances and investment preferences in making your election.

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Q: Can I elect to receive my merger consideration in the form of cash with respect to a portion of my Chittenden shares and People's United Financial common stock with respect to the rest of my Chittenden shares?

A: Yes. The election form and letter of transmittal will permit you, subject to the proration procedures described in this document, to receive at your election:

all of your merger consideration in the form of shares of People's United Financial common stock;

all of your merger consideration in the form of cash; or

a portion of your merger consideration in cash and the remaining portion in shares of People's United Financial common stock.

Please see the examples set forth in the section of this document titled *The Merger Agreement Proration* beginning on page [] of this document.

Q: Will I be able to trade the shares of People's United Financial common stock that I receive in the merger?

A: You may freely trade the shares of People's United Financial common stock issued in the merger, unless you are an affiliate of Chittenden. The shares will be quoted on the NASDAQ Global Select Market under the symbol PBCT. Persons who are considered affiliates (generally directors, officers and 10% or greater stockholders) of Chittenden must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of People's United Financial common stock that they receive in the merger. We will notify you if we believe you are an affiliate of Chittenden.

Q: What will happen to shares of People's United Financial common stock in the merger?

A: Nothing. Each share of People's United Financial common stock outstanding will remain outstanding as a share of People's United Financial common stock.

Q: What are the material federal income tax consequences of the merger to me?

A: In general, if you are a U.S. holder (as defined under *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [] of this document) and exchange all of your shares of Chittenden common stock for shares of People's United Financial common stock, you will not recognize either gain or loss for federal income tax purposes, except with respect to cash received in lieu of fractional shares of People's United Financial common stock. If you are a U.S. holder and exchange your shares of Chittenden common stock for a combination of cash and People's United Financial common stock, you generally will recognize gain, but not loss, for federal income tax purposes in an amount equal to the lesser of (1) the amount of cash you receive in the merger; or (2) the amount, if any, by which the sum of the fair market value, as of the effective time of the merger, of any shares of People's United Financial common stock that you receive, and the amount of cash you receive in the merger, exceeds your adjusted tax basis in your shares of Chittenden common stock. If you exchange all of your shares of Chittenden common stock solely for cash in the merger, you will recognize capital gain or loss equal to the difference between the amount of cash received (other than, in the case of a dissenting stockholder, amounts, if any, which are or are deemed to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and your tax basis in the Chittenden common stock surrendered. Any capital gain or loss recognized generally will be long-term capital gain or loss if you held the shares of Chittenden common stock for more than one year at the time the merger is completed. Long-term gain of an individual generally is subject to a maximum U.S. federal income tax of 15%. For a more detailed discussion of the U.S. federal income tax consequences of

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the merger and certain requirements, see *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [] of this document.

The above described tax treatment may not apply to all Chittenden stockholders. We strongly urge you to consult your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

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

A: The obligations of People's United Financial and Chittenden to complete the merger are subject to the satisfaction or waiver of certain closing conditions contained in the merger agreement, including the receipt of required regulatory approvals, tax opinions and approval of the merger agreement by Chittenden stockholders.

Q: When do you expect the merger to be completed?

A: We will complete the merger when all of the conditions to completion contained in the merger agreement are satisfied or waived, including obtaining customary regulatory approvals and the approval of the merger agreement by Chittenden stockholders at the special meeting. However, if the conditions are satisfied or waived during December 2007, the merger agreement provides that the merger will be postponed until January 2008, but no later than the end of the first full week of January 2008. Therefore, while we currently expect to complete the merger during the first calendar quarter of 2008, it could be completed as early as November 2007. Because fulfillment of some of the conditions to completion of the merger, such as receiving required regulatory approvals, is not entirely within our control, we cannot predict the actual timing.

Q: What stockholder approvals are required to complete the merger?

A: For Chittenden, the affirmative vote of holders of at least a majority of the shares of Chittenden common stock outstanding and entitled to vote at the special meeting is required to approve the merger agreement. For People's United Financial, no approval of stockholders is needed and no vote will be taken.

Q: When and where is the special meeting?

A: The special meeting of stockholders of Chittenden will be held in the Chittenden Room, Two Burlington Square, Main Floor, Burlington, Vermont 05401 on [], [], 2007, at 10:00 a.m., local time.

Q: What will happen at the special meeting?

A: At the special meeting, Chittenden stockholders will consider and vote upon a proposal to approve the merger agreement and consider and act upon any other matters as may properly come before the special meeting. If, at the time of the special meeting, there are not sufficient votes to approve the merger agreement, we may ask you to consider and vote upon a proposal to adjourn the special meeting, so that we can solicit additional proxies.

Q: Does the Chittenden board of directors recommend voting in favor of the merger agreement?

A: Yes. After careful consideration, the Chittenden board of directors unanimously recommends that Chittenden stockholders vote **FOR** approval of the merger agreement.

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

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A: Yes. You should read and carefully consider the risk factors set forth in the section in this document titled *Risk Factors* beginning on page [].

Q: What do I need to do now?

A: You should carefully read and consider the information contained in or incorporated by reference into this document, including its annexes. It contains important information about the merger, the merger agreement, People's United Financial and Chittenden. After you have read and considered this information, you should complete and sign your proxy card and return it in the enclosed postage-paid return envelope or submit a proxy through the Internet or by telephone as soon as possible so that your shares of Chittenden common stock will be represented and voted at the special meeting.

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

A: No. Your broker, bank or other nominee will not vote your shares of Chittenden common stock unless you provide instructions to your broker, bank or other nominee on how to vote. You should fill out the voter instruction form sent to you by your broker, bank or other nominee with this document.

Q: What if I fail to submit my proxy card or to instruct my broker, bank or other nominee?

A: If you fail to submit your proxy card or to instruct your broker, bank or other nominee to vote your shares of Chittenden common stock and you do not attend the special meeting and vote your shares in person, your shares will not be voted and this will have the same effect as a vote against approval of the merger agreement.

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

A: Yes. Although the Chittenden board of directors requests that you return the proxy card accompanying this document, all Chittenden stockholders are invited to attend the special meeting. Stockholders of record on [], 2007 can vote in person at the special meeting. If your shares are held by a broker, bank or other nominee, then you are not the stockholder of record and you must bring to the special meeting appropriate documentation from your broker, bank or other nominee to enable you to vote at the special meeting.

Q: Can I change my vote after I have submitted my signed proxy card?

A: Yes. If you have not voted through your broker, bank or other nominee, you can change your vote at any time after you have submitted your proxy card and before your proxy is voted at the special meeting.

You may deliver a written notice bearing a date later than the date of your proxy card to the secretary of Chittenden, stating that you revoke your proxy.

You may sign and deliver to the secretary of Chittenden a new proxy card relating to the same shares and bearing a later date.

You may properly cast a new vote through the Internet or by telephone at any time before the closure of the Internet voting facilities and the telephone voting facilities.

You may attend the special meeting and vote in person, although attendance at the special meeting will not, by itself, revoke a proxy. You should send any notice of revocation or your completed new proxy card, as the case may be, to Chittenden at the following address:

Chittenden Corporation

P.O. Box 820

Burlington, Vermont 05402-0820

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Attn: F. Sheldon Prentice, Secretary

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

Q: Am I entitled to dissenters rights in connection with the merger?

A: Yes. Under applicable Vermont law, you have the right to dissent from the merger and to receive payment in cash for the appraised fair value of your shares of Chittenden common stock. To exercise these rights, you must:

deliver to Chittenden before the special meeting written notice of your intent to exercise these rights with respect to your shares if the merger is completed;

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not vote your shares in favor of approval of the merger agreement; and

follow the applicable statutory procedures for perfecting dissenters' rights under Vermont law. A copy of the relevant statutory provisions is attached to this document as *Appendix D*.

Q: Should I send in my stock certificates now?

A: No. You will receive separate written instructions for making your election for all cash, all People's United Financial common stock or a combination of cash and People's United Financial common stock for your shares of Chittenden common stock, and for surrendering your shares of Chittenden common stock in exchange for the merger consideration. In the meantime, you should retain your stock certificate(s) because they are still valid. Please do not send in your stock certificate(s) with your proxy card.

Q: Where can I find more information about the companies?

A: You can find more information about People's United Financial and Chittenden from the various sources described under the section of this document titled *Where You Can Find More Information* beginning on page [].

Q: Whom should I call with questions?

A: You may contact People's United Financial or Chittenden at the telephone numbers listed under *Where You Can Find More Information* on page [] of this document. In each case, please ask to speak with the persons identified in that section.

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SUMMARY

This summary highlights selected information from this document and may not contain all of the information that is important to you. You should carefully read this entire document and the other documents to which this document refers to fully understand the merger and the related transactions. See "Where You Can Find More Information" beginning on page [] of this document. Most items in this summary include a page reference directing you to a more complete description of those items.

Unless the context otherwise requires, throughout this document, "People's United Financial" refers to People's United Financial, Inc. and "Chittenden" refers to Chittenden Corporation; and "we," "us" and "our" collectively refer to People's United Financial and Chittenden. Also, we refer to the merger between People's United Financial and Chittenden as the "merger" and the Agreement and Plan of Merger, dated as of June 26, 2007, by and between People's United Financial and Chittenden as the "merger agreement."

THE COMPANIES (see page [])

People's United Financial, Inc.

850 Main Street

Bridgeport, Connecticut 06604

(203) 338-7171

Through its subsidiaries, People's United Financial offers a full range of financial services, primarily in the state of Connecticut, to individuals, corporate, municipal and institutional customers. At June 30, 2007, People's United Financial had total consolidated assets of approximately \$13.8 billion, loans of approximately \$9.0 billion, deposits of approximately \$9.1 billion and stockholders' equity of approximately \$4.5 billion.

Chittenden Corporation

Two Burlington Square

Burlington, Vermont 05401

(802) 658-4000

Through its subsidiaries, Chittenden offers a broad range of financial products and services to individuals, businesses and the public sector. Chittenden operates throughout New England and adjoining areas and has six subsidiary banks. At June 30, 2007, Chittenden had total consolidated assets of approximately \$6.9 billion, net loans of approximately \$5.0 billion, deposits of approximately \$5.7 billion, and stockholders' equity of approximately \$723.3 million.

THE MERGER (see page [])

The terms and conditions of the merger are contained in the merger agreement, which is attached as *Appendix A* to this document. Please carefully read the merger agreement, as it is the legal document that governs the merger.

Chittenden Will Merge into People's United Financial

We propose a merger of Chittenden with and into People's United Financial. People's United Financial will survive the merger.

Chittenden Stockholders Will Receive Cash and/or Shares of People's United Financial Common Stock in the Merger depending on their Election and any Proration (see pages []-[])

Chittenden stockholders will have the right to elect to receive merger consideration for each of their shares of Chittenden common stock in the form of cash, shares of People's United Financial common stock or a

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combination of both, subject to proration in the circumstances described below. In the event of proration, a Chittenden stockholder may receive a portion of the merger consideration in a form other than that which such stockholder elected.

The value of the merger consideration will fluctuate with the market price of People's United Financial common stock and will be determined based on the five-day average closing sale price on the NASDAQ Global Select Market of People's United Financial common stock ending on the last trading day before the completion of the merger. As explained in more detail in this document, whether a Chittenden stockholder makes a cash election or a stock election, the value of the consideration that such stockholder receives as of the date of completion of the merger will be substantially the same based on the average People's United Financial closing sale price used to calculate the merger consideration. A Chittenden stockholder may specify different elections with respect to different shares that such stockholder holds. For example, a Chittenden stockholder who owns 100 shares of Chittenden common stock may make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares.

As an example, based on the average of the closing sale prices of People's United Financial common stock for the five trading days ended on [], 2007, for each share of Chittenden common stock held, a Chittenden stockholder would receive either approximately \$[] in cash or [] shares of People's United Financial common stock, subject to possible proration. We will compute the actual amount of cash and number of shares of People's United Financial common stock that each Chittenden stockholder will receive in the merger using the formula contained in the merger agreement. For a summary of the formula contained in the merger agreement, see *The Merger Agreement Consideration To Be Received in the Merger* beginning on page [] of this document.

Set forth below is a table showing a hypothetical range of five-day average closing sale prices for shares of People's United Financial common stock and the corresponding consideration that a Chittenden stockholder would receive in a cash election, on the one hand, or in a stock election, on the other hand, under the merger consideration formula. The table does not reflect the fact that cash will be paid instead of fractional shares. As described below, regardless of whether a Chittenden stockholder makes a cash election or a stock election, that Chittenden stockholder may nevertheless receive a mix of cash and stock.

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People's United Financial Common Stock		Chittenden Common Stock Stock Election: Stock		
		Consideration Per Share		
Cash Election:				
Cash		OR		
Hypothetical Five-Day	Consideration	Shares of People's United Financial		
Average Closing Sale Prices	Per Share	Common Stock	Market Value ^(*)	
\$22.00	\$39.655	1.8025	\$39.655	
21.00	38.778	1.8465	38.778	
20.00	37.900	1.8950	37.900	
19.00	37.023	1.9486	37.023	
18.00	36.145	2.0081	36.145	
17.00	35.268	2.0746	35.268	
16.00	34.390	2.1494	34.390	
15.00	33.513	2.2342	33.513	
14.00	32.635	2.3311	32.635	
13.00	31.758	2.4429	31.758	
12.00	30.880	2.5733	30.880	

(*) Market value based on hypothetical five-day average closing sale prices on the NASDAQ Global Select Market of People's United Financial common stock.

The examples above are illustrative only. The value of the merger consideration that a Chittenden stockholder actually receives will be based on the actual five-day average closing sale price on the NASDAQ Global Select Market of People's United Financial common stock prior to completion of the merger, as described above. The actual average closing sale price may be outside the range of the amounts set forth above, and as a result, the actual value of the merger consideration per share of Chittenden common stock may not be shown in the above table. Chittenden does not have the right to terminate the merger agreement in the event of a decrease in the trading price of People's United Financial common stock.

Regardless of Whether Chittenden Stockholders Make a Cash Election or a Stock Election, Chittenden Stockholders May Nevertheless Receive a Mix of Cash and Stock (see pages []-[])

The aggregate number of shares of People's United Financial common stock expected to be issued in the merger is approximately [] million, based on the number of shares of Chittenden common stock outstanding on [], 2007 and the number of shares of Chittenden common stock expected to be issued in Chittenden's planned acquisition of Community Bank & Trust Company, and the aggregate amount of cash that will be paid in the merger is fixed at \$1,013,022,898 (subject to a reduction in the amount of \$67,675,757 in the event that Chittenden's planned acquisition of Community Bank & Trust Company is not completed). As a result, if more Chittenden stockholders make valid elections to receive either People's United Financial common stock or cash than is available as merger consideration under the merger agreement, those Chittenden stockholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and will receive a portion of their consideration in the other form, despite their election.

If shares of Chittenden common stock are issued upon the exercise of outstanding Chittenden stock options, upon vesting of other stock-settled awards or as otherwise permitted by the merger agreement, the aggregate number of shares of People's United Financial common stock to be issued as consideration in the merger will be increased accordingly. The aggregate amount of cash payable as merger consideration will remain fixed at \$1,013,022,898 (subject to a reduction in the amount of \$67,675,757 in the event that Chittenden's planned acquisition of Community Bank & Trust Company is not completed).

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What Holders of Chittenden Stock Options and Other Equity-Based Awards Will Receive (see page [])

Immediately before we complete the merger, any outstanding Chittenden stock options granted under Chittenden's stock option and incentive plans will be cancelled, and each option holder will be entitled to receive cash equal to the number of Chittenden shares subject to that holder's option(s), multiplied by the excess, if any, of the per-share value of the merger consideration over the per-share exercise price of that holder's option, less any required withholding taxes.

At the effective time of the merger, each outstanding performance share award granted under Chittenden's Performance Share Program will be exchanged for an amount of cash determined in accordance with a formula contained in the merger agreement. For a summary of this formula see *The Merger Agreement Stock Options and Other Stock-Based Awards* beginning on page [] of this document.

In Order To Make a Valid Election, Chittenden Stockholders Must Properly Complete and Deliver the Form of Election that Will Be Sent at a Later Date (see pages []-[])

Chittenden stockholders will receive at a later date a form of election with instructions for making cash and stock elections. Chittenden stockholders must properly complete and deliver to the exchange agent a form of election along with their stock certificates (or a properly completed notice of guaranteed delivery). The form of election will also include delivery instructions with respect to any shares they may hold in book-entry form. Chittenden stockholders should NOT send their stock certificates with their proxy card.

Forms of election and stock certificates (or a properly completed notice of guaranteed delivery) must be received by the exchange agent by the election deadline. Since the actual election deadline is not currently known, People's United Financial will issue a press release announcing the date of the election deadline as promptly as practicable after the election deadline is determined. For further details on the determination of the election deadline, see *The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election* beginning on page [] of this document. Once Chittenden stockholders have tendered their Chittenden stock certificates to the exchange agent, they may not transfer their shares of Chittenden common stock represented by those stock certificates until the merger is completed, unless they revoke their election by written notice to the exchange agent that is received prior to the election deadline. If the merger is not completed and the merger agreement is terminated, all elections will automatically be deemed to be revoked and all stock certificates will be returned by the exchange agent.

If Chittenden stockholders fail to submit a properly completed form of election, together with their Chittenden stock certificates (or a properly completed notice of guaranteed delivery), prior to the election deadline, they will be deemed not to have made an election. As non-electing holders, they will be paid merger consideration in an amount per share that is equivalent in value to the amount paid per share to holders making elections. However, the merger consideration received by non-electing holders may be paid all in cash, all in People's United Financial common stock, or in part cash and in part People's United Financial common stock, depending on the remaining pool of cash and People's United Financial common stock available for paying merger consideration after honoring the cash elections and stock elections that other Chittenden stockholders have made, and without regard to any preference of the non-electing holder.

Dividend Policy of People's United Financial; Dividends from Chittenden (see page [])

The holders of People's United Financial common stock receive dividends as and when declared by the People's United Financial board of directors out of statutory surplus or from net profits. People's United Financial declared quarterly cash dividends of \$0.12 per share of common stock for each of the last two quarters in 2006 and for the first quarter of 2007, and a dividend of \$0.1333 per share of common stock for the second

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and third quarters of 2007. Following the completion of the merger, subject to approval and declaration by the People's United Financial board of directors, People's United Financial expects to continue paying quarterly cash dividends on a basis consistent with past practices.

Prior to completion of the merger, Chittenden stockholders will continue to receive any regular quarterly dividends declared and paid by Chittenden, at a rate not to exceed \$0.22 per share of Chittenden common stock. See *The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Dividends and Distributions* on page [] of this document.

Source of Funds

People's United Financial's obligation to complete the merger is not conditioned upon People's United Financial obtaining financing. People's United Financial anticipates that approximately \$1.1 billion will be required to pay the aggregate cash merger consideration to Chittenden stockholders and option holders. People's United Financial intends to finance the cash component of the transaction through internal cash resources.

Chittenden's Financial Advisors have Provided Opinions as to the Fairness of the Merger Consideration, from a Financial Point of View, to Chittenden Stockholders (see pages [])

J.P. Morgan Securities Inc., or JPMorgan, has provided an opinion to the Chittenden board of directors, dated as of June 26, 2007, that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the consideration to be received by the holders of Chittenden common stock in the merger was fair, from a financial point of view, to such stockholders. Similarly, Lehman Brothers Inc., or Lehman Brothers, has provided an opinion to the Chittenden board of directors, dated as of June 26, 2007, that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the consideration to be offered to the holders of Chittenden common stock in the merger was fair, from a financial point of view, to such stockholders. We have attached to this document the full text of JPMorgan's opinion as *Appendix B* and of Lehman Brothers' opinion as *Appendix C*, which set forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan and Lehman Brothers in connection with their respective opinions. We urge you to read the opinions in their entirety. The opinions of JPMorgan and Lehman Brothers are addressed to the board of directors of Chittenden, are directed only to the consideration to be paid in the merger and do not constitute a recommendation to any stockholder as to how that stockholder should vote on the merger agreement. Pursuant to engagement letters between Chittenden and each of JPMorgan and Lehman Brothers, Chittenden has agreed to pay each of JPMorgan and Lehman Brothers a fee, a substantial portion of which is payable only upon completion of the merger.

The Chittenden Board of Directors Recommends that Chittenden Stockholders Vote **FOR Approval of the Merger Agreement (see page [])**

The Chittenden board of directors has unanimously determined that the merger agreement is advisable and in the best interests of Chittenden and its stockholders and accordingly unanimously recommends that Chittenden stockholders vote **FOR** the proposal to approve the merger agreement.

In determining whether to approve the merger agreement, the Chittenden board of directors consulted with certain of its senior management and with its legal and financial advisors. In arriving at its determination, the Chittenden board of directors also considered the factors described under *The Merger Recommendation of the Chittenden Board of Directors and Reasons for the Merger* beginning on page [] of this document.

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Interests of Chittenden's Executive Officers and Directors in the Merger (see pages []-[])

Some of the directors and executive officers of Chittenden have financial interests in the merger that are different from, or in addition to, the interests of other Chittenden stockholders generally. These interests include rights of executive officers under change of control agreements with Chittenden, rights under Chittenden's equity-based benefit programs and awards, and rights to continued indemnification and insurance coverage by People's United Financial after the merger for acts and omissions occurring before the merger. In addition, People's United Financial entered into an employment agreement with Paul A. Perrault, Chairman, President and Chief Executive Officer of Chittenden, under which, effective as of the completion of the merger, Mr. Perrault will be employed by People's United Financial as Vice Chairman and a member of People's United Financial's executive officer group, as described more fully under *Interests of Chittenden's Executive Officers and Directors in the Merger Employment Agreements-Employment Agreement with Paul A. Perrault* beginning on page [] of this document. In addition, in connection with the execution of the merger agreement, People's United Financial agreed to offer to enter into an employment agreement with the president of each Chittenden bank as described more fully under *Interests of Chittenden's Executive Officers and Directors in the Merger Employment Agreements-Employment Agreements with Chittenden Bank Presidents* on page [] of this document.

The Chittenden board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement.

Board of Directors after the Merger (see page [])

Upon completion of the merger, People's United Financial will take such actions as may be reasonably required to appoint two independent directors of Chittenden to the People's United Financial board of directors. The independent Chittenden directors to serve on the People's United Financial board had not been selected as of the date of this document.

Non-Solicitation (see pages []-[])

Chittenden has agreed that it will not solicit or knowingly encourage any inquiries or proposals regarding any acquisition proposals by third parties. Chittenden may respond to unsolicited proposals in certain circumstances if required by the Chittenden board of directors' fiduciary duties. Chittenden must promptly notify People's United Financial if it receives any acquisition proposals.

Conditions to Complete the Merger (see pages []-[])

Each of People's United Financial's and Chittenden's obligations to complete the merger is subject to the satisfaction or waiver of a number of mutual conditions, including:

the approval of the merger agreement by Chittenden stockholders;

the approval of the listing of People's United Financial common stock to be issued in the merger on the NASDAQ Global Select Market, subject to official notice of issuance;

the effectiveness of the registration statement with respect to the People's United Financial common stock to be issued in the merger under the Securities Act of 1933, and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose; and

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement.

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Each of People's United Financial's and Chittenden's obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions, including:

the receipt by the party of a legal opinion from its counsel with respect to certain federal income tax consequences of the merger;

the receipt and effectiveness of all regulatory approvals, registrations and consents, and the expiration of all waiting periods required to complete the merger and the merger of each Chittenden bank with new bank subsidiaries of People's United Bank, referred to as the bank mergers; and

the other company's representations and warranties in the merger agreement being true and correct, subject to the materiality standards contained in the merger agreement, and the performance by the other party in all material respects of its obligations under the merger agreement.

People's United Financial's obligation to complete the merger is further subject to the condition that the regulatory approvals received in connection with the completion of the merger not include any conditions or restrictions that would reasonably be expected to have a material adverse effect on People's United Financial, and the condition that Chittenden has either completed its acquisition of Community Bank & Trust Company or terminated its merger agreement with Community Bank & Trust Company.

Termination of the Merger Agreement (see page [])

People's United Financial and Chittenden may mutually agree at any time to terminate the merger agreement without completing the merger, even if Chittenden stockholders have approved the merger agreement. Also, either of People's United Financial or Chittenden can terminate the merger agreement in various circumstances, including the following:

if a governmental entity which must grant a regulatory approval as a condition to the merger or a bank merger denies approval of the merger or a bank merger or any governmental entity has issued an order prohibiting the merger or any of the bank mergers and such action has become final and non-appealable;

if the merger is not completed by June 26, 2008 (other than because of a breach of the merger agreement caused by the party seeking termination);

if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to cure the breach within 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach); or

if the Chittenden stockholders do not approve the merger agreement.

Additionally, People's United Financial may terminate the merger agreement if:

Chittenden has materially breached its non-solicitation obligations described under *The Merger Agreement - No Solicitation of Alternative Transactions* beginning on page [] of this document; or

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the Chittenden board has failed to recommend in this proxy statement the approval of the merger agreement, or has withdrawn, modified or qualified, or proposed to withdraw, modify or qualify, in any manner adverse to People's United Financial, its recommendation to Chittenden stockholders, or has made any statement in connection with the special meeting that is inconsistent with stockholder approval, or the Chittenden board has recommended any alternative transaction proposals with third parties or failed to call the special meeting of its stockholders.

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Chittenden may also terminate the merger agreement if it enters into a Superior Proposal as described under *The Merger Agreement No Solicitation of Alternative Transactions* beginning on page [] of this document, so long as it pays a termination fee of \$65 million.

Termination Fee (see page [])

Chittenden has agreed to pay a termination fee of \$65 million to People's United Financial if the merger agreement is terminated under any of the circumstances described in *The Merger Agreement Termination of the Merger Agreement Termination Fee* beginning on page [] of this document.

Dissenters' Rights (see pages [])

Under Vermont law, Chittenden stockholders have the right to dissent from the merger and seek cash for the appraised value of their shares of Chittenden common stock. To exercise these rights, Chittenden stockholders must follow carefully the procedures described in *Appendix D* and summarized at pages [] of this document.

Chittenden Will Hold a Special Meeting of Stockholders on [], 2007 (see page [])

Chittenden will hold a special meeting of stockholders in the Chittenden Room, Two Burlington Square, Main Floor, Burlington, Vermont 05401 on [], 2007 at 10:00 a.m., local time. At the special meeting, Chittenden stockholders will be asked:

to approve the merger agreement;

to vote upon a proposal to adjourn the special meeting, if necessary, to solicit additional proxies; and

to consider and act upon any other matters as may properly come before the special meeting or any adjournment or postponement of the special meeting.

You can vote at the Chittenden special meeting if you owned Chittenden common stock at the close of business on [], 2007. On that date, there were [] shares of Chittenden common stock outstanding and entitled to vote, approximately []% of which were owned and entitled to be voted by Chittenden directors and executive officers and their affiliates. You can cast one vote for each share of Chittenden common stock you owned on that date. In order to approve the merger agreement, the holders of a majority of the outstanding shares of Chittenden common stock entitled to vote must vote in favor of doing so.

Regulatory Approvals Required for the Merger (see pages [])

Completion of the transactions contemplated by the merger agreement is subject to various regulatory approvals, including approval from the Office of Thrift Supervision and various state regulatory authorities. People's United Financial and Chittenden have completed, or will complete, filing all of the required applications and notices with regulatory authorities. Although we do not know of any reason why we would not be able to obtain the necessary regulatory approvals in a timely manner, we cannot be certain when or if we will receive them.

The Merger Generally Will Be Tax-Free to Holders of Chittenden Common Stock to the Extent They Receive People's United Financial Common Stock (see pages [])

The exchange by U.S. holders of Chittenden common stock for People's United Financial common stock has been structured to be generally tax-free for U.S. federal income tax purposes, except that:

U.S. holders of Chittenden common stock that receive both cash and People's United Financial common stock generally will recognize gain, but not loss, to the extent of the cash received; the gain

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recognized will be equal to the lesser of the excess, if any, of the sum of the cash and the fair market value of the People's United Financial common stock received in the merger, over the tax basis in the shares of Chittenden common stock surrendered by the U.S. holder in the merger, or the amount of cash received;

U.S. holders of Chittenden common stock that receive only cash generally will recognize gain or loss equal to the difference between the amount of cash received and their tax basis in the Chittenden common stock surrendered; and

U.S. holders of Chittenden common stock generally will recognize gain or loss with respect to cash received in lieu of fractional shares of People's United Financial common stock that the former Chittenden stockholders would otherwise be entitled to receive. *Holders of Chittenden common stock should consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.*

COMPARATIVE PER SHARE MARKET PRICE INFORMATION (SEE PAGE [])

People's United Financial common stock is listed on the NASDAQ Global Select Market under the trading symbol "PBCT" and Chittenden common stock is listed on the New York Stock Exchange under the symbol "CHZ." The following table presents the closing sale prices of People's United Financial common stock and Chittenden common stock on June 26, 2007, the last trading day before we announced the merger agreement, and on [], 2007, the last practicable date prior to mailing this document. The table also presents the equivalent value of the merger consideration per share of Chittenden common stock on those dates, calculated by multiplying the closing sale price of People's United Financial common stock on those dates by 1.9652 and [], respectively, each representing the number of shares of People's United Financial common stock that Chittenden stockholders electing to receive People's United Financial common stock would receive in the merger for each share of Chittenden common stock, assuming that the average of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending the day before the completion of the merger was the closing sale price of People's United Financial common stock on June 26, 2007 and [], 2007, respectively, and assuming no proration.

Date	People's United Financial	Chittenden	
	Closing Price	Closing Price	Equivalent Per Share Value
June 26, 2007	\$ 18.71	\$ 28.24	\$ 36.77
[], 2007	\$	\$	\$

The market prices of both People's United Financial common stock and Chittenden common stock will fluctuate prior to the merger. You should obtain current stock price quotations for People's United Financial common stock and Chittenden common stock.

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SUMMARY HISTORICAL AND UNAUDITED PRO FORMA FINANCIAL INFORMATION

Unaudited Comparative Per Share Information

The table on the following page presents, for both People's United Financial and Chittenden, historical information with respect to earnings, dividends and book value on a per share basis. The table also presents preliminary pro forma information for both companies on a per share basis. The preliminary pro forma information was prepared as if the merger had become effective on January 1, 2006.

The preliminary pro forma information assumes that the merger consideration consisted of approximately \$1.0 billion in cash and approximately 43.8 million shares of People's United Financial common stock. The number of shares of People's United Financial common stock was calculated based on (1) the number of shares of Chittenden common stock outstanding on July 19, 2007; (2) the number of shares of Chittenden common stock expected to be issued upon completion of its pending acquisition of Community Bank & Trust Company; and (3) the \$18.71 closing sale price of People's United Financial common stock on June 26, 2007, the last trading day before announcement of the merger. Using those assumptions, the value of the merger consideration to be received in exchange for one share of Chittenden common stock would have been approximately \$36.77 and each share of Chittenden common stock not exchanged for that amount in cash would have been exchangeable for 1.9652 shares of People's United Financial common stock.

The preliminary pro forma equivalent per share information shown for Chittenden in the following table was obtained by multiplying the pro forma per share amounts shown for People's United Financial by the exchange ratio of 1.9652. The actual exchange ratio will depend on the average closing sale price of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending the day before completion of the merger. This average value may differ, perhaps substantially, from the closing sale price of People's United Financial common stock on June 26, 2007. The actual number of shares to be issued by People's United Financial in the merger will also depend on the number of shares of Chittenden common stock outstanding immediately prior to the effective date of the merger.

The preliminary pro forma financial information includes estimated adjustments to record Chittenden's assets and liabilities at their respective fair values based on management's best estimate using the information available at this time. The preliminary pro forma adjustments may be revised as additional information becomes available and as additional analyses are performed. The final allocation of the purchase price will be determined after the merger is completed and after the completion of a final analysis to determine the fair values of Chittenden's tangible and identifiable intangible assets and liabilities as of the closing date. The final purchase price adjustments may differ materially from the preliminary pro forma adjustments presented in this document. Increases or decreases in fair value of certain balance sheet amounts and other items of Chittenden as compared to the information presented in this document may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of adjusted assets and liabilities.

It is anticipated that the merger will provide People's United Financial with financial benefits such as possible expense efficiencies and revenue enhancements, among other factors, although no assurances can be given that these benefits will actually be achieved. The impact of these benefits has not been reflected in the preliminary pro forma financial information. As required, the preliminary pro forma financial information includes adjustments that give effect to events that are directly attributable to the merger and factually supportable. As a result, any planned adjustments affecting the balance sheet, income statement, or shares of common stock outstanding subsequent to the assumed merger completion date have not been included.

The preliminary pro forma financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results of the combined companies had the merger actually been completed as of or at the beginning of each period presented nor does it indicate future results for any other interim or full-year period.

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The information in the following table is derived from and should be read in conjunction with the historical consolidated financial statements and related notes of People's United Financial and Chittenden, which are incorporated into this document by reference. People's United Financial per common share data at or for the year ended December 31, 2006 has been adjusted to reflect the exchange of each share of People's United Bank common stock for 2.1 shares of People's United Financial common stock in connection with the second-step conversion effective April 16, 2007. See *People's United Financial Selected Historical Financial and Operating Data* below.

	At or For The Six Months Ended June 30,	At or For The Year Ended December 31,
	2007	2006
People's United Financial		
Basic earnings per common share		
Historical	\$ 0.16	\$ 0.42
Pro forma	0.17	0.55
Diluted earnings per common share		
Historical	0.16	0.41
Pro forma	0.17	0.55
Dividends declared per common share		
Historical	0.25	0.46
Pro forma	0.25	0.46
Book value per common share		
Historical	15.50	4.49
Pro forma	15.92	N/A
Chittenden		
Basic earnings per common share		
Historical	\$ 0.64	\$ 1.85
Pro forma equivalent	0.33	1.08
Diluted earnings per common share		
Historical	0.64	1.83
Pro forma equivalent	0.33	1.08
Dividends declared per common share		
Historical	0.42	0.78
Pro forma equivalent	0.49	0.90
Book value per common share		
Historical	15.57	14.79
Pro forma equivalent	31.29	N/A

Table of Contents**Comparative Stock Prices and Dividends**

People's United Financial common stock is listed on the NASDAQ Global Select Market under the trading symbol PBCT. Prior to People's United Bank and People's Mutual Holdings completing their second-step conversion from a mutual holding company structure to a fully-public stock holding company structure on April 16, 2007, People's United Bank common stock was listed on the NASDAQ Global Select Market under the trading symbol PBCT. Chittenden common stock is listed on the New York Stock Exchange under the trading symbol CHZ. The following table sets forth, for the periods indicated, the high and low sale prices per share of People's United Financial common stock as reported by the NASDAQ Global Select Market and the high and low sale prices per share of Chittenden common stock as reported on the New York Stock Exchange. The table also provides information as to dividends declared per share of People's United Financial common stock and Chittenden common stock.

	People's United Financial			Chittenden		
	High	Low	Dividend Per Share	High	Low	Dividend Per Share
2005						
First Quarter	\$ 13.33	\$ 11.42	\$ 0.09	\$ 29.03	\$ 25.54	\$ 0.18
Second Quarter	14.51	12.51	0.10	27.70	23.85	0.18
Third Quarter	16.07	13.41	0.10	29.55	25.77	0.18
Fourth Quarter	15.99	13.74	0.10	30.30	24.47	0.18
2006						
First Quarter	\$ 16.11	\$ 14.29	\$ 0.10	\$ 29.78	\$ 27.00	\$ 0.18
Second Quarter	16.43	14.70	0.12	29.44	25.01	0.20
Third Quarter	19.60	15.19	0.12	29.69	24.60	0.20
Fourth Quarter	21.62	18.69	0.12	31.40	28.16	0.20
2007						
First Quarter	\$ 22.81	\$ 19.78	\$ 0.12	\$ 31.96	\$ 29.28	\$ 0.20
Second Quarter	21.38	17.56	0.13	36.00	27.70	0.22
Third Quarter						

(through [], 2007)

Common stock sale prices and dividend per share figures in the table above for People's United Financial for the periods prior to the second quarter of 2007 reflect the historical sale prices and dividend information for People's United Bank as adjusted to reflect the exchange of each share of People's United Bank common stock for 2.1 shares of People's United Financial common stock upon completing the second-step conversion on April 16, 2007.

People's United Financial expects that after the completion of the merger, subject to approval and declaration by the People's United Financial board of directors, it will continue to declare quarterly cash dividends on shares of its common stock consistent with past practices. The current annualized rate of distribution on a share of People's United Financial common stock is \$0.5332 per share.

Chittenden expects to continue to declare quarterly cash dividends on Chittenden common stock until the merger is completed, subject to the terms and conditions of the merger agreement. Holders of Chittenden common stock will stop receiving cash dividends with respect to shares of Chittenden common stock upon the completion of the merger, when the separate corporate existence of Chittenden will cease.

People's United Financial Selected Historical Financial and Operating Data

The selected historical financial data 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 June 30, 2007 and 2006 (which has not been

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audited), is derived in part from the audited consolidated financial statements of People's United Bank. On April 16, 2007, People's United Bank and People's Mutual Holdings completed their second-step conversion from a mutual holding company structure to a fully-public stock holding company structure. People's Mutual Holdings merged with and into People's United Bank, with People's United Bank as the surviving entity, and People's United Bank became a wholly-owned subsidiary of People's United Financial.

The following information is only a summary and you should read it in conjunction with People's United Financial's Annual Report on Form 10-K for the year ended December 31, 2006, which includes People's United Bank's audited consolidated financial statements and related notes, and is incorporated by reference into this document. Common share data for all periods prior to June 30, 2007 (except total dividend payout ratio) has been adjusted to reflect the exchange of each share of People's United Bank common stock for 2.1 shares of People's United Financial common stock. See *Where You Can Find More Information* beginning on page [] of this document.

	At June 30,		At December 31,			
	2007	2006	2005	2004	2003	2002
(In millions)						
Selected Financial Condition Data:						
Total assets ⁽¹⁾	\$ 13,822	\$ 10,687	\$ 10,933	\$ 10,718	\$ 11,672	\$ 12,261
Loans	9,047	9,372	8,573	7,933	7,105	6,675
Short-term investments ⁽¹⁾	3,655	225	57	24	72	269
Securities, net	70	77	1,363	2,071	2,405	3,230
Allowance for loan losses	73	74	75	73	71	69
Deposits	9,091	9,083	9,083	8,862	8,714	8,426
Core deposits	9,054	9,040	8,954	8,756	8,519	8,229
Borrowings		4	295	341	1,516	2,437
Subordinated notes	65	65	109	122	253	252
Stockholders' equity ⁽⁴⁾	4,504	1,340	1,289	1,200	1,002	940
Non-performing assets	18	23	22	29	34	36

For the Six

Months

	Ended June 30,		2006	For the Year Ended December 31,			
	2007	2006		2005	2004	2003	2002
(In millions)							
Selected Operating Data:							
Net interest income FTE ⁽²⁾	\$ 227.3	\$ 190.1	\$ 382.4	\$ 370.0	\$ 327.4	\$ 284.3	\$ 318.5
Provision for loan losses	2.6	(2.1)	3.4	8.6	13.3	16.7	22.2
Fee-based revenues	76.3	75.3	153.0	151.5	142.9	143.0	136.2
Net security losses		(4.0)	(27.2)	(0.1)	(4.7)	(0.6)	(3.3)
All other non-interest income ⁽³⁾	12.8	10.3	21.6	21.9	13.5	23.9	16.3
Non-interest expense ⁽⁴⁾	243.8	174.2	346.9	344.4	479.7	346.0	341.5
Income (loss) from continuing operations	46.2	66.1	121.7	125.9	(5.6)	62.7	67.7
Income (loss) from discontinued operations ⁽⁵⁾	0.9	1.6	2.3	11.2	205.3	1.1	(12.3)
Net income	47.1	67.7	124.0	137.1	199.7	63.8	55.4

(1) The increases from December 31, 2006 primarily reflect the net proceeds of \$3.3 billion from the sale of 172.2 million shares of People's United Financial common stock in connection with the second-step conversion completed on April 16, 2007.

(2) Fully taxable equivalent basis.

(3) Includes an \$8.1 million gain on sale of branches for the year ended December 31, 2005.

(4) Includes a \$60.0 million contribution to The People's United Community Foundation for the six months ended June 30, 2007. Includes liability restructuring costs of \$2.7 million, \$133.4 million and \$1.2 million for the years ended December 31, 2005, 2004 and 2003,

respectively.

- (5) Includes an after-tax gain on sale of \$6.2 million for the year ended December 31, 2005 and \$198.5 million for the year ended December 31, 2004 related to the sale of People's United Bank's credit card business in March 2004.

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	For the Six Months Ended June 30,		2006	For the Year Ended December 31,			2002
	2007	2006		2005	2004	2003	
Selected Financial Ratios and Other Data:							
Performance Ratios:							
Return on average assets ⁽¹⁾	0.78%	1.24%	1.15%	1.27%	1.86%	0.54%	0.47%
Return on average stockholders' equity ⁽¹⁾	3.50	10.40	9.40	11.10	17.60	6.60	5.90
Net interest margin ⁽²⁾	4.10	3.80	3.87	3.68	3.33	2.89	3.24
Net interest rate spread	3.69	3.68	3.75	3.59	3.25	2.84	3.28
Efficiency ratio	57.4	62.0	61.3	62.8	69.2	76.4	71.3
Average interest-earning assets to average interest-bearing liabilities	157.7	138.7	138.6	140.1	139.5	130.5	120.0
Per Common Share Data⁽³⁾:							
Basic earnings per share	\$ 0.16	\$ 0.22	\$ 0.42	\$ 0.46	\$ 0.68	\$ 0.22	\$ 0.19
Diluted earnings per share	0.16	0.22	0.41	0.46	0.68	0.22	0.19
Cash dividends paid per share ⁽⁴⁾	0.25	0.22	0.46	0.40	0.36	0.32	0.30
Book value (end of period)	15.50	4.45	4.49	4.33	4.06	3.42	3.22
Tangible book value (end of period)	15.14	4.09	4.13	3.98	3.69	3.03	2.83
Total dividend payout ratio ⁽⁴⁾	115.0 %	42.8 %	48.3 %	38.3 %	22.9 %	63.7 %	67.4 %
Capital Ratios:							
Average stockholders' equity to average assets	29.7%	12.0%	12.3%	11.5%	10.6%	8.2%	8.0%
Stockholders' equity to total assets	32.6	12.1	12.5	11.8	11.2	8.6	7.7
Tangible stockholders' equity to total assets	31.8	11.1	11.6	10.8	10.2	7.6	6.7
Regulatory Capital Ratios⁽⁵⁾:							
Leverage capital	24.3%	11.5%	12.0%	11.2%	10.5%	8.0%	7.4%
Tier 1 capital	33.9	14.8	14.8	14.8	14.6	9.9	9.1
Total risk-based capital	35.1	16.4	16.1	16.4	16.7	13.1	12.5
Assets Quality Ratios:							
Non-performing loans to total loans	0.20%	0.31%	0.24%	0.25%	0.35%	0.48%	0.52%
Non-performing assets to total assets	0.13	0.26	0.21	0.20	0.27	0.29	0.29
Non-performing assets to total loans, real estate owned and repossessed assets	0.20	0.31	0.24	0.26	0.36	0.48	0.53
Net loan charge-offs (recoveries) to average loans ⁽²⁾	0.09	(0.03)	0.05	0.07	0.15	0.22	0.42
Allowance for loan losses to non-performing loans	404.8	266.8	327.9	352.5	264.6	208.4	198.2
Allowance for loan losses to total loans	0.80	0.82	0.79	0.87	0.91	0.99	1.04

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

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

(3) Common share data has been adjusted (except total dividend payout ratio) to reflect the exchange of each share of People's United Bank common stock for 2.1 shares of People's United Financial common stock upon completing the second-step conversion.

(4) Reflects the waiver of dividends on the substantial majority of the common shares owned by People's Mutual Holdings for all periods ended prior to April 16, 2007.

(5) Regulatory capital ratios are presented for People's United Bank, not for People's United Financial. These ratios are calculated in accordance with Office of Thrift Supervision regulations as of December 31, 2006 and June 30, 2007, respectively, and Federal Deposit Insurance Corporation regulations for all prior period ends.

Table of Contents**People's United Financial Non-GAAP Financial Measures and Reconciliation to GAAP**

In addition to evaluating People's United Financial's results of operations in accordance with U.S. generally accepted accounting principles, or GAAP, management routinely supplements this evaluation with an analysis of certain non-GAAP financial measures, such as the efficiency ratio, core deposits and purchased funds. Management believes such non-GAAP financial measures provide information useful to investors in understanding People's United Financial's underlying operating performance and trends, and facilitates comparisons with the performance of other banks and thrifts.

Management utilizes core deposits and purchased funds as non-GAAP financial measures to supplement its analysis of People's United Financial'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) and municipal deposits (which are seasonally variable by nature). 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 United Financial'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:

	At June 30,		At December 31,			
	2007	2006	2005	2004	2003	2002
	(In millions)					
Deposits	\$ 9,091	\$ 9,083	\$ 9,083	\$ 8,862	\$ 8,714	\$ 8,426
Less:						
Municipal deposits	37	43	129	106	125	77
Brokered certificates of deposit					70	120
Core deposits	\$ 9,054	\$ 9,040	\$ 8,954	\$ 8,756	\$ 8,519	\$ 8,229

	At June 30,		At December 31,			
	2007	2006	2005	2004	2003	2002
	(In millions)					
Borrowings	\$ 37	\$ 47	\$ 424	\$ 447	\$ 1,711	\$ 2,437
Plus:						
Municipal deposits	37	43	129	106	125	77
Brokered certificates of deposit					70	120
Purchased funds	\$ 37	\$ 47	\$ 424	\$ 447	\$ 1,711	\$ 2,634

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 United Financial 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 (including the fully taxable equivalent adjustment on bank-owned life insurance income, and excluding gains and losses on sales of assets, other than residential mortgage loans, and nonrecurring income) (the denominator). People's United Financial generally considers an item of income or expense to be nonrecurring if it is not similar to an item of income or expense of a type incurred within the last two years and is not similar to an item of 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 United Financial's ongoing operating efficiency, as the excluded items are generally related to external market conditions and non-routine transactions.

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The following table summarizes People's United Financial's efficiency ratio derived from amounts reported in the consolidated statements of income incorporated by reference into this document.

	2006	For the Year Ended December 31,			2002
		2005	2004	2003	
		(Dollars in millions)			
Total non-interest expense	\$ 346.9	\$ 344.4	\$ 479.7	\$ 346.0	\$ 341.5
Less:					
Amortization of other acquisition-related intangibles	1.1	1.8	3.4	3.5	3.1
Loss on sale of reverse repurchase agreements	0.3				
Severance-related charges	1.2				
RC Knox settlement	0.9				
Goodwill impairment charge		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	0.3	0.1	1.6	0.2	2.6
Total	\$ 343.1	\$ 337.1	\$ 334.6	\$ 341.1	\$ 335.8
Net interest income ⁽¹⁾	\$ 382.4	\$ 370.0	\$ 327.4	\$ 284.3	\$ 318.5
Total non-interest income	147.4	173.3	151.7	166.3	149.2
Add:					
BOLI FTE adjustment ⁽¹⁾	4.6	1.8			
Net security losses	27.2	0.1	4.7	0.6	3.3
Less:					
Interest from completed IRS audit	0.6			4.3	
Gain on sale of assets	0.7	8.1			
MasterCard common stock redemption	0.7				
Other		0.3	0.1	0.3	
Total	\$ 559.6	\$ 536.8	\$ 483.7	\$ 446.6	\$ 471.0
Efficiency ratio	61.3%	62.8%	69.2%	76.4%	71.3%

(1) Fully taxable equivalent.

	For the Six Months	
	Ended June 30, 2007	2006
	(Dollars in millions)	
Total non-interest expense	\$ 243.8	\$ 174.2
Less:		
Contribution to The People's United Community Foundation	60.0	
Amortization of other acquisition-related intangibles	0.5	0.6
Severance-related charges		1.2
RC Knox settlement		0.9
Other	0.2	
Total	\$ 183.1	\$ 171.5

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Net interest income ⁽¹⁾	\$ 227.3	\$ 190.1
Total non-interest income	89.1	81.6
Add:		
BOLI FTE adjustment ⁽¹⁾	2.7	2.1
Net security losses		4.0
Less:		
Interest from completed IRS audit		0.6
MasterCard common stock redemption		0.7
Other		0.1
Total	\$ 319.1	\$ 276.4
Efficiency ratio	57.4%	62.0%

(1) Fully taxable equivalent.

Table of Contents**Chittenden Selected Historical Consolidated Financial Data**

The following table provides summary historical consolidated financial data for Chittenden as of the end of and for each of the fiscal years in the five-year period ended December 31, 2006, and as of the end of and for each of the six months ended June 30, 2007 and 2006. The historical consolidated financial data as of the end of and for each of the fiscal years in the five-year period ended December 31, 2006 have been derived in part from Chittenden's audited financial statements and related notes incorporated by reference into this document. The historical consolidated financial data as of the end of and for each of the six months ended June 30, 2007 and 2006 have been derived from Chittenden's unaudited financial statements and related notes incorporated by reference into this document. The following information is only a summary and you should read it in conjunction with Chittenden's financial statements and related notes incorporated by reference into this document.

The table below also includes certain non-GAAP financial measures. While Chittenden's management uses non-GAAP financial measures for operational and investment decisions and believes that these measures are among several useful measures for understanding its operating results and financial condition, these measures should not be construed as a substitute for GAAP measures. Non-GAAP measures should be read and used in conjunction with Chittenden's reported GAAP operating results and financial information.

	For the Six Months Ended		For the Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(In thousands, except share and per share amounts)						
Statements of Income:							
Interest income	\$ 196,741	\$ 180,626	\$ 374,712	\$ 320,242	\$ 269,767	\$ 271,442	\$ 259,019
Interest expense	76,006	57,578	125,710	75,929	44,269	53,379	66,404
Net interest income	120,735	123,048	249,002	244,313	225,498	218,063	192,615
Provision for loan losses	3,000	3,283	6,920	5,154	4,377	7,175	8,331
Noninterest income	22,855	36,115	70,189	69,964	73,405	97,031	65,060
Noninterest expense	99,838	94,036	186,367	183,841	183,190	198,124	157,445
Income before income taxes	40,752	61,844	125,904	125,282	111,336	109,795	91,899
Income tax expense	11,688	20,637	40,436	43,243	38,656	37,542	30,297
Net Income	\$ 29,064	\$ 41,207	\$ 85,468	\$ 82,039	\$ 72,680	\$ 72,253	\$ 61,602
Total assets at period end	\$ 6,878,287	\$ 6,460,615	\$ 6,431,803	\$ 6,473,536	\$ 6,078,305	\$ 5,900,644	\$ 4,920,544
Common shares outstanding at period end	46,464,305	45,978,122	45,360,125	46,829,048	46,341,819	45,795,688	39,924,338
Balance sheets - average daily balances:							
Total assets	\$ 6,532,150	\$ 6,446,587	\$ 6,449,556	\$ 6,225,167	\$ 5,903,245	\$ 5,777,538	\$ 4,551,879
Net loans	4,760,135	4,504,401	4,567,228	4,240,206	3,842,719	3,568,323	2,969,430
Investment securities	1,123,799	1,362,248	1,298,515	1,394,556	1,478,989	1,696,982	1,264,156
Deposits	5,436,950	5,375,015	5,413,033	5,204,051	4,956,450	4,758,388	3,896,968
Borrowings	356,155	344,496	306,006	317,777	293,583	413,339	194,118
Stockholder's equity	671,212	666,008	667,753	644,929	599,218	544,522	399,896
Per common share:							
Basic earnings	\$ 0.64	\$ 0.88	\$ 1.85	\$ 1.76	\$ 1.58	\$ 1.61	\$ 1.53
Diluted earnings	0.64	0.87	1.83	1.74	1.56	1.60	1.52
Cash dividends declared	0.42	0.38	0.78	0.72	0.70	0.64	0.63
Book value	15.57	14.26	14.79	14.34	13.56	12.81	10.62
Tangible book value ⁽¹⁾	9.04	9.20	9.70	9.35	8.45	7.59	9.00
Weighted average common shares outstanding	45,145,823	46,612,713	46,235,151	46,502,983	46,106,057	44,719,710	40,132,330
Weighted average common and common equivalent shares outstanding	45,746,848	47,151,324	46,802,265	47,051,394	46,731,304	45,150,135	40,619,253

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	For the Six Months Ended		For the Year Ended December 31,				
	2007	June 30, 2006	2006	2005	2004	2003	2002
(In thousands, except share and per share amounts)							
Selected financial ratios:							
Return on average stockholders equity	8.73%	12.48%	12.80%	12.72%	12.13%	13.27%	15.45%
Return on average tangible stockholders equity ⁽²⁾	13.96%	19.40%	19.83%	20.22%	20.32%	21.75%	18.37%
Return on average total assets	0.90%	1.29%	1.33%	1.32%	1.23%	1.25%	1.36%
Return on average tangible assets ⁽²⁾	0.96%	1.36%	1.40%	1.40%	1.32%	1.33%	1.39%
Common stock dividend payout ratio ⁽³⁾	45.43%*	43.19%	42.35%	40.78%	43.88%	39.17%	41.20%
Net yield on earning assets	4.10%	4.21%	4.24%	4.31%	4.21%	4.12%	4.53%
Interest rate spread	3.51%	3.75%	3.72%	3.99%	4.02%	3.90%	4.16%
Efficiency ratio ⁽⁴⁾	57.92%	56.74%	55.98%	56.67%	58.67%	61.82%	59.56%
Net charge-offs as a percent of average loans	0.08%^	0.08%^	0.12%	0.05%	0.07%	0.16%	0.28%
Nonperforming assets ratio ⁽⁵⁾	0.58%	0.54%	0.43%	0.36%	0.49%	0.39%	0.49%
Allowance for credit losses as a percent of year-end loans	1.34%	1.38%	1.35%	1.38%	1.45%	1.54%	1.62%
Leverage capital ratio	8.73%	9.04%	9.24%	9.21%	8.54%	7.91%	9.37%
Risk-based capital ratios:							
Tier 1	10.26%	11.29%	11.56%	11.23%	10.61%	10.22%	12.39%
Total	13.83%	12.49%	12.78%	12.40%	11.82%	11.47%	13.64%
Average equity/Average assets	10.28%	10.15%	10.35%	10.36%	10.15%	9.42%	8.79%
Tangible capital ratio ⁽¹⁾	6.39%	6.79%	7.10%	7.01%	6.71%	6.14%	7.40%

Reconciliation of non-GAAP measurements to GAAP

(1) Tangible/capital book value reconciliation

Total equity	\$ 723,278	\$ 655,476	\$ 671,086	\$ 671,390	\$ 628,352	\$ 586,652	\$ 424,042
Goodwill	282,448	216,038	216,038	216,038	216,136	216,431	55,257
Identified intangible	20,986	16,326	14,996	17,655	20,422	22,733	9,480
Tangible equity ^(A)	\$ 419,844	\$ 423,112	\$ 440,052	\$ 437,697	\$ 391,794	\$ 347,488	\$ 359,305
Total assets	\$ 6,878,287	\$ 6,460,615	\$ 6,431,803	\$ 6,473,536	\$ 6,078,305	\$ 5,900,644	\$ 4,920,544
Goodwill	282,448	216,038	216,038	216,038	216,136	216,431	55,257
Identified intangible	20,986	16,326	14,996	17,655	20,422	22,733	9,480
Tangible assets ^(B)	\$ 6,574,853	\$ 6,228,251	\$ 6,200,769	\$ 6,239,843	\$ 5,841,747	\$ 5,661,480	\$ 4,855,807
Tangible capital ^{(A)/(B)}	6.39%	6.79%	7.10%	7.01%	6.71%	6.14%	7.40%
Common shares outstanding at year-end ^(C)	46,464,305	45,978,122	45,360,125	46,829,048	46,341,819	45,795,688	39,924,338
Tangible book value ^{(A)/(C)}	\$ 9.04	\$ 9.20	\$ 9.70	\$ 9.35	\$ 8.45	\$ 7.59	\$ 9.00
(2) Return on average tangible equity & assets							
Net income (GAAP)	\$ 29,064	\$ 41,207	\$ 85,468	\$ 82,039	\$ 72,680	\$ 72,253	\$ 61,602
Amortization of identified intangibles, net of tax	904	864	1,728	1,799	2,000	1,786	831

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	For the Six Months Ended			For the Year Ended December 31,			
	2007	2006	2006	2005	2004	2003	2002
	(In thousands, except share and per share amounts)						
Tangible net income ^(A)	\$ 29,968	\$ 42,071	\$ 87,196	\$ 83,838	\$ 74,680	\$ 74,039	\$ 62,433
Average equity GAAP	\$ 671,212	\$ 666,008	\$ 667,753	\$ 644,929	\$ 599,218	\$ 544,522	\$ 399,896
Average identified intangibles	15,551	16,990	16,320	19,056	21,741	22,493	9,108
Average deferred tax on identified intangibles	(4,333)	(4,435)	(4,430)	(4,785)	(6,392)	(5,763)	(2,280)
Average goodwill	227,045	216,038	216,038	216,127	216,519	187,369	53,293
Average tangible equity ^(B)	\$ 432,949	\$ 437,415	\$ 439,825	\$ 414,531	\$ 367,350	\$ 340,423	\$ 339,775
Return on average tangible equity ^{(A)/(B)}	13.96%	19.40%	19.83%	20.22%	20.32%	21.75%	18.37%
Average assets (GAAP)	\$ 6,532,150	\$ 6,446,587	\$ 6,449,556	\$ 6,225,167	\$ 5,903,245	\$ 5,777,538	\$ 4,551,879
Average identified intangibles	15,551	16,990	16,320	19,056	21,741	22,493	9,108
Average deferred tax on identified intangibles	(4,333)	(4,435)	(4,430)	(4,785)	(6,392)	(5,763)	(2,280)
Average goodwill	227,045	216,038	216,038	216,127	216,519	187,369	53,293
Average tangible assets ^(C)	\$ 6,293,887	\$ 6,217,994	\$ 6,221,628	\$ 5,994,769	\$ 5,671,377	\$ 5,573,439	\$ 4,491,758
Return on average tangible assets ^{(A)/(C)}	0.96%	1.36%	1.40%	1.40%	1.32%	1.33%	1.39%

(3) Common stock cash dividends declared divided by net income.

(4) Efficiency Ratio is computed by dividing total noninterest expense (less oreo expense, amortization expense, franchise tax and any nonrecurring items) by the sum of net interest income on a tax equivalent basis and total noninterest income (exclusive of gains and losses from bank investment securities, and nonrecurring items). Chittenden uses this non-GAAP measure, which is used widely in the banking industry, to provide important information regarding its operational efficiency.

(5) The sum of nonperforming assets (nonaccrual loans, restructured loans, and other real estate owned) divided by the sum of total loans and other real estate owned.

* Excludes the nonrecurring loss on the repositioning of the securities portfolio and the one time charge related to the merger of Merrill Merchants Bancshares, Inc.

^ Annualized

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The following table presents summarized preliminary unaudited pro forma selected financial information reflecting the merger of People's United Financial and Chittenden. The preliminary unaudited pro forma selected operating data and per common share data assume the merger was completed as of the beginning of the periods presented. The preliminary unaudited pro forma selected financial condition data and book value per share assume the merger had been completed as of June 30, 2007. The preliminary pro forma financial information has been derived from, and should be read in conjunction with, People's United Financial and Chittenden Preliminary Unaudited Pro Forma Condensed Combined Financial Information beginning on page [] of this document.

	At or For The	
	Six Months Ended June 30,	At or For The Year Ended December 31,
(In millions, except per share data)	2007	2006
Selected Operating Data:		
Net interest income	\$ 333.1	\$ 626.1
Provision for loan losses	5.6	10.3
Non-interest income	125.0	244.3
Non-interest expense	370.2	590.2
Income from continuing operations	56.8	184.2
Net income	57.7	186.5
Per Common Share Data:		
Diluted earnings per share	\$ 0.17	\$ 0.55
Dividends per share	0.25	0.46
Book value per share	15.92	N/A
Selected Financial Condition Data:		
Loans	\$ 14,185.9	
Short-term investments	2,743.1	
Securities	996.9	
Allowance for loan losses	139.9	
Total assets	20,756.4	
Deposits	14,762.7	
Borrowings	154.9	
Subordinated notes	190.3	
Stockholders' equity	5,323.2	

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document, including People's United Financial's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, and Chittenden's Annual Report on Form 10-K for the fiscal year ended December 31, 2006, in both cases as updated by subsequently filed Forms 8-K and 10-Q, as applicable, you should carefully consider the following risk factors relating to the merger in deciding whether to vote to approve the merger agreement.

Because the Market Price of People's United Financial Common Stock Will Fluctuate, Chittenden Stockholders Cannot Be Sure of the Value of the Merger Consideration They Will Receive.

Upon completion of the merger, each share of Chittenden common stock will be converted into the right to receive merger consideration consisting of shares of People's United Financial common stock and/or cash pursuant to the terms of the merger agreement. The value of the merger consideration to be received by Chittenden stockholders will be based in part on the average closing sale price of People's United Financial common stock on the NASDAQ Global Select Market during the five trading days ending on the day before the completion of the merger. This average price may vary from the closing sale price of People's United Financial common stock on the date we announced the merger, on the date that this document was mailed to Chittenden stockholders and on the date of the special meeting of the Chittenden stockholders. Any change in the market price of People's United Financial common stock prior to completion of the merger will affect the value of the merger consideration that Chittenden stockholders will receive upon completion of the merger. Accordingly, at the time of the Chittenden special meeting, Chittenden stockholders will not know or be able to calculate the amount of the cash consideration they would receive or the exchange ratio to be used to determine the number of shares of People's United Financial common stock they would receive upon completion of the merger. Neither company is permitted to terminate the merger agreement or resolicit the vote of Chittenden stockholders solely because of changes in the market prices of either company's stock. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of People's United Financial common stock and for shares of Chittenden common stock.

Chittenden Stockholders May Receive a Form of Consideration Different From What They Elect.

While each Chittenden stockholder may elect to receive cash, People's United Financial common stock, or a combination of both in the merger, the pool of cash available for all Chittenden stockholders will be a fixed amount (subject to adjustment under certain circumstances as permitted by the merger agreement prior to the completion of the merger). As a result, if the total cash elections by Chittenden stockholders are greater, or less, than the aggregate cash consideration to be paid in the merger, or the total stock elections by Chittenden stockholders are greater, or less, than the aggregate stock consideration to be paid in the merger, you may not receive exactly the form of consideration that you elect and you may receive a pro rata amount of cash and People's United Financial common stock.

In Order to Make an Election You Must Submit Your Shares of Chittenden Common Stock, and You Will Then Not Be Able to Sell Those Shares Unless You Revoke Your Election Prior to the Election Deadline.

If you are a Chittenden stockholder and want to make a cash or stock election, you will have to deliver your stock certificates (or follow the procedures for guaranteed delivery) and a properly completed and signed form of election to the exchange agent. Since the actual election deadline is not currently known, People's United Financial will issue a press release announcing the date of the election deadline as promptly as practicable following the determination of the deadline. For further details on the determination of the election deadline, see *The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration* beginning on page [] of this document. The election deadline is expected to be approximately

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five business days in advance of the completion of the merger, but it may be further in advance of the actual closing date. You will not be able to sell any shares of Chittenden common stock that you have delivered as part of your election unless you revoke your election before the election deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in Chittenden common stock for any reason until you receive cash and/or People's United Financial common stock in the merger. In the time between delivery of your shares and the closing of the merger, the trading price of Chittenden common stock or People's United Financial common stock may fluctuate, and you might otherwise want to sell your shares of Chittenden common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

The date that you will receive your merger consideration depends on the completion date of the merger, which is uncertain. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

People's United Financial May Fail To Successfully Integrate Chittenden's Operations and Realize All of the Anticipated Benefits of the Merger.

The success of the merger will depend, in part, on the ability of People's United Financial to realize the anticipated benefits from combining the businesses of People's United Financial and Chittenden. However, to realize these anticipated benefits, People's United Financial must successfully combine the businesses of People's United Financial and Chittenden. If People's United Financial is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

People's United Financial and Chittenden have operated and, until the completion of the merger, will continue to operate, independently. People's United Financial has not previously integrated an institution as large as Chittenden, and as a general matter has not been active as an acquirer of other financial institutions. It is possible that the integration process could result in the loss of key employees, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect our ability to maintain relationships with clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies will also divert management attention and resources. These integration matters could have an adverse effect on the combined company following completion of the merger.

The Market Price of People's United Financial Common Stock after the Merger May Be Affected by Factors Different from Those Affecting the Shares of Chittenden Common Stock or People's United Financial Common Stock Currently.

The businesses of People's United Financial and Chittenden differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations of each of People's United Financial and Chittenden. For a discussion of the businesses of People's United Financial and Chittenden and of certain factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under *Where You Can Find More Information* beginning on page [].

The Fairness Opinions Obtained by Chittenden from its Financial Advisors Will Not Reflect Changes in Circumstances Subsequent to the Date of the Merger Agreement.

Chittenden has not obtained updated opinions as of the date of this document from JPMorgan or Lehman Brothers, Chittenden's financial advisors. Changes in the operations and prospects of People's United Financial or Chittenden, general market and economic conditions and other factors which may be beyond the control of People's United Financial and Chittenden, and on which the fairness opinions were based, may alter the value of

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People's United Financial or Chittenden or the prices of shares of People's United Financial common stock or Chittenden common stock by the time the merger is completed. The opinions do not speak as of the time the merger will be completed or as of any date other than the dates of such opinions. As a result, the June 26, 2007 opinions will not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. For a description of the opinions that Chittenden received from its financial advisors, please refer to *The Merger Opinions of Chittenden's Financial Advisors* beginning on page [] of this document. For a description of the other factors considered by the Chittenden board of directors in determining to approve the merger agreement, please refer to *The Merger Recommendation of the Chittenden Board of Directors and Reasons for the Merger* beginning on page [] of this document.

The Merger Agreement Limits Chittenden's Ability to Pursue Alternatives to the Merger.

The merger agreement contains non-solicitation provisions that, subject to narrow exceptions, limit Chittenden's ability to discuss, facilitate or commit to competing third-party proposals to acquire all or a significant part of the company. Further, there are only limited exceptions to Chittenden's agreement that the Chittenden board of directors will not withdraw, modify or qualify in a way adverse to People's United Financial its recommendation to Chittenden stockholders that they vote in favor of the merger agreement, or recommend any other acquisition proposal. Although the Chittenden board of directors is permitted to take these actions in connection with receipt of a competing acquisition proposal if it determines (after consulting with outside legal counsel and a financial advisor) that the failure to do so would be inconsistent with its fiduciary duties, it must provide People's United Financial with five business days' notice that it has determined that the alternative proposal constitutes a superior proposal (generally, a proposal which is more favorable to Chittenden stockholders than the merger and which satisfies certain other conditions) and negotiate in good faith with People's United Financial to modify the terms and conditions of the merger agreement (though People's United Financial is not obligated to propose any modifications). If at the end of the five business day period the Chittenden board of directors again determines in good faith, after taking into account any revised terms of the merger agreement and after consulting with outside legal counsel and a financial advisor, that failure to recommend the alternative proposal would be inconsistent with its fiduciary duties to Chittenden stockholders under applicable law and that the alternative proposal constitutes a superior proposal, then People's United Financial would be entitled to terminate the merger agreement and to receive a termination fee. The merger agreement may also be terminated by Chittenden if it enters into an agreement based on a superior proposal, so long as it pays a termination fee to People's United Financial. See *The Merger Agreement Stockholder Approval* beginning on page [] of this document and *The Merger Agreement Termination of the Merger Agreement* beginning on page [] of this document.

Also, if Chittenden breaches certain of its obligations (including the non-solicitation provisions and the requirement to recommend approval of the merger agreement to Chittenden stockholders), People's United Financial is entitled to terminate the merger agreement and receive a termination fee. In addition, in some situations where a competing acquisition proposal has been made known to Chittenden or its stockholders and the merger agreement is subsequently terminated for a variety of reasons (including, among other reasons, because Chittenden stockholders fail to approve the merger agreement or Chittenden has materially breached certain obligations under the merger agreement), Chittenden is required to pay People's United Financial a termination fee if Chittenden completes, or enters into a definitive agreement for, an alternative acquisition transaction during the twelve months after the termination. See *The Merger Agreement No Solicitation of Alternative Transactions* beginning on page [] of this document and *The Merger Agreement Termination of the Merger Agreement* beginning on page [] of this document. People's United Financial required Chittenden to agree to these provisions as a condition to People's United Financial's willingness to enter into the merger agreement. However, these provisions might discourage a potential competing acquirer that has an interest in acquiring all or a significant part of Chittenden from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share price than that proposed in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price to acquire Chittenden than it might otherwise have proposed to pay.

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The Shares of People's United Financial Common Stock to be Received by Chittenden Stockholders as a Result of the Merger Will Have Different Rights from the Shares of Chittenden Common Stock.

Upon completion of the merger, Chittenden stockholders who receive shares of People's United Financial common stock in the merger will become People's United Financial stockholders and their rights as stockholders will be governed by the certificate of incorporation and bylaws of People's United Financial and Delaware corporate law. The rights associated with Chittenden common stock are different from the rights associated with People's United Financial common stock. See *Comparison of Rights of Stockholders of Chittenden and People's United Financial*, beginning on page [] of this document, for a discussion of the different rights associated with People's United Financial common stock.

The Tax Consequences of the Merger for Individual Chittenden Stockholders Will Be Dependent Upon the Merger Consideration Received.

The tax consequences of the merger to a Chittenden stockholder will depend upon the merger consideration that the stockholder receives. A Chittenden stockholder generally will not recognize any gain or loss on the conversion of shares of Chittenden common stock solely into shares of People's United Financial common stock. However, a Chittenden stockholder generally will be taxed if he, she, or it receives cash in exchange for shares of Chittenden common stock or for any fractional share of People's United Financial common stock. For a detailed discussion of the tax consequences of the merger to Chittenden stockholders generally, see the section in this document titled *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page []. Each Chittenden stockholder should consult his, her, or its own tax advisors as to the effect of the merger as applicable to the Chittenden stockholder's particular circumstances.

Chittenden Executive Officers and Directors Have Financial Interests in the Merger that Are Different from, or in Addition to, the Interests of Chittenden Stockholders.

Executive officers of Chittenden negotiated the terms of the merger agreement with their counterparts at People's United Financial, and the Chittenden board of directors approved the merger agreement and unanimously recommended that Chittenden stockholders vote to approve the merger agreement. In considering these facts and the other information contained in this document, you should be aware that Chittenden's executive officers and directors have financial interests in the merger that are different from, or in addition to, the interests of Chittenden stockholders generally. Please see *Interests of Chittenden's Executive Officers and Directors in the Merger* beginning on page [] of this document for information about these financial interests.

The Merger is Subject to the Receipt of Consents and Approvals from Governmental Entities that May Delay the Date of Completion of the Merger or Impose Conditions that Could Have an Adverse Effect on People's United Financial.

Before the merger may be completed, various approvals or consents must be obtained from the Office of Thrift Supervision and other governmental authorities. Satisfying the requirements of these governmental entities may delay the date of completion of the merger. In addition, these governmental entities, including the Office of Thrift Supervision, may include conditions on the completion of the merger or require changes to the terms of the merger. While People's United Financial and Chittenden do not currently expect that any such conditions or changes would result in a material adverse effect on People's United Financial, there can be no assurance that they will not, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of People's United Financial following the merger, any of which might have a material adverse effect on People's United Financial following the merger. People's United Financial is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any conditions or restrictions that would reasonably be expected to have a material adverse effect on People's United Financial, but People's United Financial could choose to waive this condition.

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The Unaudited Pro Forma Financial Data Included in this Document is Preliminary, and the Combined Company's Actual Financial Position and Results of Operations May Differ Materially from the Unaudited Pro Forma Financial Data Included in this Document.

The unaudited pro forma financial data in this document is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the merger been completed on the dates indicated. This data reflects certain assumptions about the price of People's United Financial common stock and the number of shares of such stock that will be issued in the merger. That data also reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to Chittenden's net assets. The purchase price allocation reflected in this document is preliminary, and final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Chittenden as of the date of the completion of the merger. In addition, subsequent to the merger completion date, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this document. See *Preliminary Unaudited Pro Forma Condensed Combined Financial Information* beginning on page [] of this document.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

There may be events in the future that People's United Financial and Chittenden are not able to predict accurately or control and that may cause actual results to differ materially from the expectations described in these forward-looking statements. You are cautioned that all forward-looking statements involve risks and uncertainties, and actual results may differ materially from those discussed in this document, including the documents incorporated by reference into this document. These differences may be the result of various factors, including those factors described in the *Risk Factors* section in this document and other risk factors identified from time to time in People's United Financial's and Chittenden's periodic filings with the Securities and Exchange Commission that are incorporated in this document by reference, including the Annual Report on Form 10-K for the year ended December 31, 2006 for each of People's United Financial and Chittenden.

The factors referred to above include many, but not all, of the factors that could impact the relevant company's ability to achieve the results described in any forward-looking statements. You should not place undue reliance on forward-looking statements, which speak only as of the date of this document or the date of any document incorporated by reference into this document. You should be aware that the occurrence of the events described above and elsewhere in this document, including the documents incorporated by reference, could harm each company's or the combined company's business, prospects, operating results or financial condition. Neither People's United Financial nor Chittenden undertakes any obligation to update any forward-looking statements as a result of future events or developments.

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THE SPECIAL MEETING OF CHITTENDEN STOCKHOLDERS

Date, Time and Place of the Special Meeting

The special meeting of stockholders of Chittenden Corporation will be held in the Chittenden Room, Two Burlington Square, Main Floor, Burlington, Vermont 05401 on [], [], 2007, at 10:00 a.m., local time.

Purpose of the Special Meeting

At the special meeting, Chittenden stockholders as of the record date will be asked to consider and vote on the following proposals:

1. To consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of June 26, 2007, by and between People's United Financial and Chittenden;
2. To consider and vote upon a proposal to adjourn the special meeting to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the special meeting, or at any adjournment or postponement of that meeting, to approve the merger agreement; and
3. To act upon such other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.

Recommendation of the Chittenden Board of Directors

The Chittenden board of directors has determined that the merger agreement is advisable and in the best interests of Chittenden and its stockholders and unanimously recommends that stockholders vote **FOR** approval of the merger agreement and **FOR** the adjournment proposal.

Record Date; Shares Entitled to Vote

Only holders of record of Chittenden common stock at the close of business on the record date of [], 2007, are entitled to notice of and to vote at the special meeting. As of the record date, there were [] shares of Chittenden common stock outstanding, held of record by approximately [] stockholders. Each holder of Chittenden common stock is entitled to one vote for each share of Chittenden common stock he, she or it owned as of the record date.

A list of Chittenden stockholders as of the record date will be available for review by any Chittenden stockholder entitled to vote at the special meeting, the stockholder's agent or attorney at Chittenden's principal executive offices during regular business hours beginning two business days after notice of the special meeting is given and continuing through the special meeting.

Quorum; Vote Required

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

The affirmative vote of the holders of at least a majority of the outstanding shares of Chittenden common stock as of the record date is required to approve the merger agreement. If you do not vote, either in person or by proxy, it will have the same effect as voting against approval of the merger agreement.

A majority of the votes properly cast is required to approve one or more adjournments of the special meeting.

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Share Ownership of Management

As of the record date, the directors and executive officers of Chittenden and their affiliates collectively owned [] shares of Chittenden common stock, or approximately []% of Chittenden's outstanding shares.

Voting of Proxies

The Chittenden board of directors requests that you submit the proxy card accompanying this document for use at the special meeting. Please complete, date and sign the proxy card and promptly return it in the enclosed pre-paid envelope. In addition, you may vote your shares through the Internet or by telephone by following the instructions included on the enclosed proxy card. If you vote your shares through the Internet or by telephone, please do not return the proxy card. The Internet voting facility and the telephone voting facility for stockholders of record will close at [] p.m., Eastern Time, on [], 2007.

All properly signed proxies received prior to the special meeting and not revoked before the vote at the special meeting will be voted at the special meeting according to the instructions indicated on the proxies or, **if no instructions are given, the shares will be voted FOR approval of the merger agreement, FOR an adjournment of the special meeting to solicit additional proxies, if necessary, and in the proxies discretion with respect to any other matters as may properly come before the special meeting or any adjournment or postponement of that meeting.**

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

If you hold your shares of Chittenden common stock in street name, meaning in the name of a bank, broker or other nominee who is the record holder, you must either direct the record holder of your shares of Chittenden common stock how to vote your shares or obtain a proxy from the record holder to vote your shares in person at the special meeting.

If you have questions or need assistance in completing or submitting your proxy card, please contact F. Sheldon Prentice, Secretary, at the following address or telephone number:

Chittenden Corporation

P.O. Box 820

Burlington, Vermont 05402-0820

(802) 658-4000

How to Revoke Your Proxy

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

delivering a written notice bearing a date later than the date of your proxy card to the secretary of Chittenden, stating that you revoke your proxy;

signing and delivering to the secretary of Chittenden a new proxy card relating to the same shares and bearing a later date;

properly casting a new vote through the Internet or by telephone at any time before the closure of the Internet voting facilities and the telephone voting facilities; or

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

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

Chittenden Corporation
P.O. Box 820
Burlington, Vermont 05402-0820

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

Voting in Person

If you plan to attend the special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the special meeting, you must bring additional documentation from the broker, bank or other nominee in order to vote your shares. Whether or not you plan to attend the special meeting, Chittenden requests that you complete, sign, date and return the enclosed proxy card as soon as possible in the enclosed postage-paid envelope, or submit a proxy through the Internet or by telephone as described on the enclosed proxy card. This will not prevent you from voting in person at the special meeting but will assure that your vote is counted if you are unable to attend.

Abstentions and Broker Non-Votes

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

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

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

Abstentions and broker non-votes will be included in determining the presence of a quorum at the special meeting, but will have the same effect as voting against approval of the merger agreement. A majority of the votes properly cast is required to approve one or more adjournments of the special meeting. Abstentions and broker non-votes will have no effect on the outcome of that vote.

Proxy Solicitation

The enclosed proxy is solicited by and on behalf of the Chittenden board of directors. All expenses of the solicitation of proxies are being borne by Chittenden. It is expected that solicitations will be made primarily by mail, but regular employees or representatives of Chittenden may also solicit proxies by telephone and other electronic means and in person and arrange for nominees, custodians and fiduciaries to forward proxies and proxy material to their principals at the expense of Chittenden.

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Dissenters' Rights

Chittenden is organized as a corporation under Vermont law. Under Vermont corporate law, Chittenden stockholders who object to the merger have dissenters' rights. See *The Merger Dissenters' Rights* beginning on page [] of this document.

Stock Certificates

You should not send in any certificates representing Chittenden common stock at this time. Prior to the anticipated closing date of the merger, you will receive separate instructions for the exchange of your certificates representing Chittenden common stock. For more information regarding these instructions, please see the section in this document titled *The Merger Agreement Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration* beginning on page [] of this document.

Proposal to Approve Adjournment of the Special Meeting

Chittenden is submitting a proposal for consideration at the special meeting to authorize the named proxies to approve one or more adjournments of the special meeting if there are not sufficient votes to approve the merger agreement at the time of the special meeting. Even though a quorum may be present at the special meeting, it is possible that Chittenden may not have received sufficient votes to approve the merger agreement by the time of the special meeting. In that event, Chittenden would need to adjourn the special meeting in order to solicit additional proxies. The adjournment proposal relates only to an adjournment of the special meeting for purposes of soliciting additional proxies to obtain the requisite stockholder vote to approve the merger agreement. Any other adjournment of the special meeting (e.g., an adjournment required because of the absence of a quorum) would be voted upon pursuant to the discretionary authority granted by the proxy. If the special meeting is adjourned for 120 days or less, Chittenden is not required to give notice of the time and place of the adjourned meeting if the new time and place is announced at the meeting before adjournment, unless the board of directors fixes a new record date for the special meeting.

The adjournment proposal relates only to an adjournment of the special meeting occurring for purposes of soliciting additional proxies for approval of the merger agreement proposal in the event that there are insufficient votes to approve that proposal. Each of the Chittenden board of directors and the presiding officer of the special meeting retains full authority to the extent set forth in Chittenden's bylaws and under Vermont law to adjourn the special meeting for any other purpose, or to postpone the special meeting before it is convened, without the consent of any Chittenden stockholders.

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THE MERGER

General

Under the terms and conditions set forth in the merger agreement, Chittenden will be merged with and into People's United Financial, with People's United Financial being the surviving corporation. At the effective time of the merger, each share of Chittenden common stock outstanding immediately prior to the effective time will, by virtue of the merger and without any action on the part of the stockholder, be converted into the right to receive either:

cash in an amount equal to \$20.35 plus the product of 0.8775 times the average of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending on the day before the completion of the merger (which is referred to as the cash consideration); or

a number of shares of People's United Financial common stock that is approximately equivalent in value to the cash consideration per share (which is referred to as the stock consideration).

You will have the opportunity to elect the form of consideration to be received for all shares of Chittenden common stock that you hold, subject to proration procedures set forth in the merger agreement. You may elect to receive a portion of your merger consideration in cash and the remaining portion in shares of People's United Financial common stock. The proration procedures included in the merger agreement are intended to ensure that \$1,013,022,898 (subject to adjustment as described in *The Merger Agreement Consideration To Be Received in the Merger* beginning on page [] of this document) of the aggregate merger consideration will be paid in cash and the remainder will be paid in shares of People's United Financial common stock.

Background of the Merger

Chittenden's management and board of directors, with the assistance of their financial advisors, have periodically reviewed various strategic alternatives as part of their on-going efforts to improve Chittenden's commercial and community banking franchise and enhance stockholder value. These reviews have focused on assessing opportunities for increasing earnings internally and for growth through acquisitions of other banks, as well as the possibility of a strategic business combination with another institution. Chittenden's management and board of directors also regularly review the banking industry environment, including the trend towards consolidation, and potential strategies for enhancing Chittenden's competitive position in this environment.

Consistent with these goals and in the ordinary course of business, Paul A. Perrault, Chairman, President and Chief Executive Officer of Chittenden, has, from time to time, had informal conversations with members of management of other banking institutions. In the course of these informal conversations, executives from several other banking institutions expressed an interest in discussing a possible strategic transaction with Chittenden. However, these conversations, which were general in nature, did not result in the parties engaging in more significant discussions. During the past several years, these informal conversations have decreased in number due to the continuing consolidation in the banking industry and the resulting decrease in potential strategic partners for Chittenden.

During the summer of 2006, Mr. Perrault engaged in such an informal conversation with an executive of a banking institution operating in the Northeast regarding a potential strategic transaction. However, these discussions never progressed beyond the exploratory stage, as the other party expressed uncertainty as to whether Chittenden was a good fit as a strategic partner given that institution's then recent change in focus and preference for other markets.

Also in the summer of 2006, Kirk W. Walters, Executive Vice President and Chief Financial Officer of Chittenden, contacted People's United Financial's Executive Vice President and Chief Financial Officer, Philip R. Sherringham, and the two officers met to discuss in general terms the possibility of a business

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combination transaction. Following this meeting, on August 17, 2006, Messrs. Perrault and Walters met with Mr. Sherringham and John A. Klein, Chairman, President and Chief Executive Officer of People's United Financial, in Springfield, Massachusetts, where they discussed general industry trends and the strategic challenges and opportunities facing companies in the banking industry. They also discussed, in general terms, the potential merits and challenges of a business combination transaction between the two companies.

On September 15, 2006, Mr. Klein met with Mr. Perrault in Burlington, Vermont to discuss their respective companies and operating models, including Chittenden's structure as a multi-bank holding company. On October 13, 2006, Mr. Perrault traveled to Bridgeport, Connecticut to tour several branches of People's United Bank. Messrs. Perrault and Klein also continued their discussion regarding their respective business models and, in particular, the advisability of a multi-bank structure with significant operating autonomy at the individual bank level. At these meetings, the discussions remained at a preliminary stage and did not involve any discussion of a specific price range or other transaction terms.

During December 2006, Mr. Perrault engaged in informal conversations with an executive of a second banking institution operating in the Northeast regarding a potential strategic transaction. Again, these conversations never progressed beyond the exploratory stage, due primarily to a lack of interest by the other party.

On January 19, 2007, Chittenden announced that it had entered into a definitive agreement to acquire Merrill Merchants Bancshares, Inc., a commercial bank headquartered in Bangor, Maine. Chittenden's acquisition of Merrill Merchants, which was completed in May 2007, and its pending acquisition of Community Bank & Trust Company, headquartered in Wolfeboro, New Hampshire, each represent steps to implement Chittenden's long-term and evolving strategic planning process.

Also during the winter of 2007, Mr. Perrault engaged in informal conversations with an executive of a third banking institution operating in the Northeast regarding a potential strategic transaction. Based on the nature of that institution, including its relative size, an acquisition of Chittenden would have been financially difficult to accomplish. As a result, the transaction framework proposed by the other party had the characteristics of a merger-of-equals, in which Chittenden stockholders would not have realized a full acquisition premium. Chittenden did not believe that such a transaction would sufficiently enhance stockholder value, and consequently these discussions never progressed beyond the exploratory stage.

On April 18, 2007, the Chittenden board of directors held a regular meeting. In addition to other topics, the board discussed Chittenden's strategic alternatives in general. A few weeks after that meeting, Mr. Klein contacted Mr. Perrault about exploring a potential business combination transaction with Chittenden and again indicated his views on the strategic advantages of such a combination. During this period, Mr. Perrault continued to discuss with Chittenden's financial advisors various strategic alternatives.

On May 8, 2007, Chittenden and People's United Financial entered into a customary confidentiality agreement providing for, among other things: (1) the confidentiality of information to be exchanged in connection with the parties' consideration of a potential transaction; (2) the nondisclosure of any negotiations regarding such a transaction; (3) prohibitions on the parties contacting or soliciting each others' employees; and (4) prohibitions on each party's ability to engage in certain hostile takeover activities with respect to the other party for a limited period of time.

On May 9, 2007, Mr. Klein traveled to Burlington, Vermont to meet with Mr. Perrault and discuss the general terms of a potential transaction, including, among other things, the transaction structure, the mix of cash and stock consideration, the anticipated roles of Mr. Perrault and the Chittenden bank presidents with the combined company, and potential seats on the People's United Financial board of directors for Chittenden representatives. Mr. Klein also expressed preliminary interest in pursuing a potential transaction at a price of \$34.50 per share of Chittenden common stock. After discussing the potential merits and challenges of such a transaction, Mr. Perrault expressed his view that the proposed transaction was unlikely to significantly enhance

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stockholder value in the context of then current market conditions and other circumstances. However, in light of the current industry conditions and consistent with the board's practice of periodically evaluating strategic alternatives available to Chittenden, Mr. Perrault offered to provide People's United Financial with additional information that he believed would support a higher price.

The parties subsequently engaged in further discussions regarding the structure and valuation of a potential transaction. On May 18, 2007, Mr. Walters met with Mr. Sherringham in New York, New York to discuss Chittenden's operating results, financial condition and related matters. On May 22, 2007, Mr. Perrault met with Mr. Klein in Bridgeport, Connecticut to continue their discussions regarding the framework for a potential business combination transaction. At this meeting, Mr. Perrault reiterated that, consistent with recent deliberations of the Chittenden board regarding strategic alternatives, prevailing market conditions, Chittenden's record of strong performance, and the perceived importance of maintaining Chittenden as an independent banking organization in its various markets, a per share price of \$34.50 would not be acceptable.

On May 25, 2007, Chittenden formally engaged JPMorgan and Lehman Brothers as its financial advisors to assist the board of directors in assessing the strategic alternatives available to Chittenden, including a proposal submitted by People's United Financial.

On May 29, 2007, Mr. Klein communicated to Mr. Perrault a revised indication of interest at a price of \$36.25 per share of Chittenden common stock, subject to due diligence, negotiation of mutually satisfactory documentation and board approval. On May 30, 2007, the Chittenden board of directors met with its financial advisors to consider the proposed transaction with People's United Financial. After extensive discussion regarding the proposal, current market conditions, and the other strategic alternatives available to Chittenden, the Chittenden board determined that the price per share being offered by People's United Financial was not sufficient.

On June 7, 2007, People's United Financial increased its indication of interest to \$37.00 per share of Chittenden common stock. Shortly after that date, People's United Financial orally submitted a preliminary proposal regarding the acquisition of Chittenden, which provided for, among other things: (1) the \$37.00 per share price; (2) approximately 50% to 60% of the consideration to be paid in cash, with the remainder to be paid in the form of People's United Financial common stock in a tax-free exchange; (3) the ability of Chittenden stockholders to elect between the cash and stock consideration, subject to proration procedures and mechanics that would ensure that Chittenden stockholders, regardless of their election, would receive similar value in the transaction; (4) two seats on the People's United Financial board of directors for current independent directors of Chittenden; and (5) an employment agreement between Mr. Perrault and People's United Financial and other employment opportunities for the Chittenden bank presidents. On June 11, 2007, the Chittenden board met with its financial advisors to consider the proposal. After extensive discussion regarding the proposal, current market conditions, and the other strategic alternatives available to Chittenden, the board authorized Mr. Perrault to proceed with the negotiation of a transaction with People's United Financial on the basis of the \$37.00 per share price and the other proposed terms. In reaching its conclusion, the Chittenden board noted the long-term strategic challenges associated with increasing earnings internally and/or continuing to grow through acquisitions of other banks, due primarily to the consolidation in the banking industry and the increasing level of competition. The board also noted that the consolidation in the banking industry, combined with Chittenden's market location, had resulted in fewer potential strategic partners for Chittenden.

Beginning on June 14, 2007 and over the next several weeks, representatives of People's United Financial performed due diligence with respect to Chittenden's business, including the review of legal and financial documents related to Chittenden. A meeting of senior management of People's United Financial and Chittenden and their representatives on June 12, 2007 preceded this due diligence process. Chittenden and its representatives also conducted due diligence on People's United Financial and its business, including a meeting at People's United Financial's offices on June 22, 2007. During the course of the due diligence process, representatives of People's United Financial and Chittenden, including their respective legal counsel and financial advisors,

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discussed People's United Financial's and Chittenden's respective operations, capital structures, regulatory regimes, and other matters raised in the course of the due diligence process.

On June 17, 2007, counsel to People's United Financial furnished an initial draft of the merger agreement to Chittenden. Following receipt of this initial draft, a number of drafts of the merger agreement and related documentation were negotiated and exchanged between the parties. People's United Financial also negotiated an employment agreement with Mr. Perrault, to be effective upon the closing of the transaction, and a proposed form of employment agreement for the Chittenden bank presidents.

On June 22, 2007, the Chittenden board held a telephonic meeting to receive an update from management and the company's legal counsel on the status of negotiations with People's United Financial. Following questions and discussion among those in attendance, the board authorized management to complete negotiations with People's United Financial and finalize definitive documentation regarding the proposed transaction. Also at this meeting, legal counsel made a presentation regarding the fiduciary duties of the directors in connection with the proposed transaction.

Following the June 22, 2007 board meeting, the parties and their legal counsel and financial advisors worked to finalize the terms of the merger agreement and the related transaction documents.

On June 26, 2007, the Chittenden board held a meeting to consider the merger agreement and the proposed merger. At the meeting, management and Chittenden's legal counsel and financial advisors updated the board on recent events. Legal counsel made a presentation in which the fiduciary duties of the directors in connection with the proposed transaction were again reviewed and the terms of the merger agreement, including the merger consideration, closing conditions, termination rights and termination fee, were summarized. Board members commented and raised a number of questions which were addressed by legal counsel. Representatives of each of JPMorgan and Lehman Brothers then provided the Chittenden board with presentations concerning the financial terms of the merger and certain methods of valuation and financial analyses that they had each performed in connection with evaluating the financial terms of the merger. JPMorgan then delivered its oral opinion (subsequently confirmed by delivery of a written opinion dated June 26, 2007) to the Chittenden board to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the consideration to be received by Chittenden stockholders in the merger was fair, from a financial point of view, to those stockholders. Lehman Brothers also delivered its oral opinion (subsequently confirmed by delivery of a written opinion dated June 26, 2007) to the Chittenden board to the effect that, as of that date and based upon and subject to the factors and assumptions set forth in the opinion, the consideration to be offered to Chittenden stockholders in the merger was fair, from a financial point of view, to those stockholders. The Chittenden board then continued to discuss at length the terms of the proposed merger and a variety of positive and negative considerations concerning the transaction. The factors considered are described in more detail below under the heading *Recommendation of the Chittenden Board of Directors and Reasons for the Merger*. Based on these deliberations, the Chittenden board unanimously determined that the merger agreement was advisable and in the best interests of Chittenden and its stockholders, and voted to adopt and approve the merger agreement.

Also on June 26, 2007, the People's United Financial board of directors held a special meeting at which members of People's United Financial's senior management and People's United Financial's legal and financial advisors made various presentations about, and the board discussed, the potential strategic combination with Chittenden and the proposed terms of the merger. At this meeting, the People's United Financial board approved the merger agreement and the transactions contemplated in the merger agreement.

Following these meetings, on the evening of June 26, 2007, the parties executed the definitive merger agreement. On June 27, 2007, the parties issued a joint press release before the opening of the markets announcing the execution of the merger agreement.

Recommendation of the Chittenden Board of Directors and Reasons for the Merger

After careful consideration, the Chittenden board of directors determined that the merger agreement is advisable and in the best interests of Chittenden and its stockholders. Accordingly, the Chittenden board of

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directors adopted and approved the merger agreement, and unanimously recommends that Chittenden stockholders vote **FOR** approval of the merger agreement.

In reaching its determination that the merger agreement is advisable and in the best interests of Chittenden and its stockholders, the Chittenden board consulted with senior management and Chittenden's financial and legal advisors, drew on its knowledge of the business, operations, properties, assets, financial condition, operating results, historical market prices and prospects of Chittenden and People's United Financial, and considered the following factors, each of which the Chittenden board deemed favorable:

Prevailing Conditions in the Banking Industry. The Chittenden board considered the current and prospective economic and competitive climate facing Chittenden and independent regional banking organizations generally, including:

margin pressure;

minimal deposit and slowing revenue growth;

increasing expenses resulting from regulatory initiatives and compliance mandates;

the need for substantial capital resources to address emerging opportunities in the banking and finance industries;

the pace and scope of consolidation in the banking industry; and

competition from larger institutions.

Specifically, the Chittenden board focused on several major financial companies who are Chittenden's competitors and whose greater resources are likely to afford them marketplace advantage by enabling them to aggressively price products and services on an opportunistic basis, as well as to maintain numerous banking locations and mount extensive promotional and advertising campaigns.

Other Strategic Alternatives Available to Chittenden. The Chittenden board considered the challenges facing Chittenden in remaining an independent banking institution, including the increasing level of competition in the banking industry, and Chittenden's business and earnings prospects if it were to remain an independent entity. The Chittenden board noted the long-term strategic challenges associated with increasing earnings internally and/or continuing to grow through acquisitions of other banks, due primarily to the consolidation in the banking industry and the increasing level of competition. The board also noted that the consolidation in the banking industry, combined with Chittenden's market location, had resulted in fewer potential strategic partners for Chittenden.

Value and Form of Merger Consideration. The Chittenden board considered the value and form of the consideration offered by People's United Financial, including:

the implied transaction value per share of Chittenden common stock of \$37.03, based on the People's United Financial average closing share price of \$19.01 for the three days ending June 25, 2007;

the premium represented by the consideration to be offered to the holders of Chittenden common stock in the merger, which, based upon the \$18.71 closing market price of People's United Financial common stock on June 25, 2007 and the implied value of the merger consideration of \$36.77 per share of Chittenden common stock as of that date, represented approximately a 31% premium over the market price of Chittenden common stock on June 25, 2007;

the mix of the aggregate consideration payable by People's United Financial in the merger between cash (approximately 55%) and People's United Financial common stock (approximately 45%);

the right of Chittenden stockholders, subject to proration, to elect to receive cash or shares of People's United Financial common stock (or a combination of each) in the merger;

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the provisions of the merger agreement that provide for Chittenden stockholders, regardless of their election, to receive consideration with similar value in the transaction;

the right of Chittenden stockholders who receive People's United Financial common stock in the merger to continue to participate in the growth of the combined company; and

the expected treatment of the merger as a reorganization for U.S. federal income tax purposes.

Ability of People's United Financial to Pay Merger Consideration. The Chittenden board considered People's United Financial's recent conversion of its state savings bank to a federal charter and second-step conversion to a 100% publicly-owned company. In particular, the board noted that People's United Financial had raised \$3.3 billion in net proceeds from its second-step conversion that was available to finance the merger.

Advice from Chittenden's Financial Advisors. The Chittenden board considered the presentations made by JPMorgan and Lehman Brothers with respect to the proposed consideration to be received by the holders of Chittenden common stock in the merger. The Chittenden board considered JPMorgan's oral opinion, which was subsequently confirmed in writing, to the effect that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in that opinion, the consideration to be received by Chittenden stockholders in the merger was fair from a financial point of view to those stockholders. Similarly, the Chittenden board considered Lehman Brothers' oral opinion, which was subsequently confirmed in writing, to the effect that, as of the date of the opinion and based upon and subject to the factors and assumptions set forth in that opinion, the consideration to be offered to Chittenden stockholders in the merger was fair from a financial point of view to those stockholders. The full text of each of these opinions is attached to this document as *Appendices B* and *C*.

Compatibility of Cultures. The Chittenden board considered the compatibility of the banking cultures and business and management philosophies of the two companies, particularly with respect to customer service, convenience, the meeting of local banking needs, disciplined loan and deposit pricing, conservative underwriting standards, and the companies' compatible management teams. The Chittenden board also considered the likely impact of the proposed merger on the customers of the Chittenden banks and on the communities in which Chittenden currently conducts its business. In particular, the board noted that People's United Financial will retain Chittenden's multi-bank structure for at least one year after the completion of the merger, resulting in minimal changes for customers. The board also noted that, for at least one year following the merger, People's United Financial had agreed to maintain Chittenden's annual level of charitable giving in the communities currently served by Chittenden.

Projected Strength of Combined Entity. The Chittenden board considered the benefits of bringing together two of the regional banking franchises in the Northeast. The Chittenden board considered the projected market capitalization and market position of the combined entity (and in particular the increasing importance of economies of scale and access to greater financial resources to capitalize on opportunities in the banking and financial services markets), the diversification of the companies' asset and deposit bases, and the ability of the combined entity to compete more effectively in the Northeast.

Chittenden's Termination Rights in the Event of a Superior Proposal and Termination Fee. The Chittenden board considered the terms of the merger agreement which allow the board, under certain circumstances, to furnish information to and conduct negotiations with a third party and subject to the satisfaction of certain conditions, to terminate the merger agreement to accept a superior proposal upon the payment of a termination fee of \$65 million. The board believed that the \$65 million termination fee payable to People's United Financial was reasonable in the context of termination fees that were payable in other comparable transactions and would not be likely to preclude another party from making a competing proposal.

Limited Closing Conditions and Likelihood of Obtaining Regulatory Approvals. The Chittenden board considered the limited nature of the closing conditions included in the merger agreement and the likelihood of

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obtaining the regulatory and stockholder approvals that would be required in order to complete the merger within a reasonable timeframe. The Chittenden board also noted that approval of the merger by People's United Financial stockholders is not required.

Informed Consent of Chittenden Stockholders. The Chittenden board believes that the requirement to submit the merger agreement to Chittenden stockholders for approval permits Chittenden stockholders to make an informed vote on the merits of the transaction. The Chittenden board also noted that dissenters' rights would be available to Chittenden stockholders under Vermont law. For more information on these rights, see the section titled *Dissenters' Rights* below.

In the course of its deliberations, the Chittenden board also considered a variety of risks and other countervailing factors, including the following:

Fixed Share Ratio. The Chittenden board noted that because of the fixed share ratio of 0.8775 used in the merger agreement, the value of the merger consideration is subject to fluctuations in the price of People's United Financial common stock. As a result, before the effective time of the merger, a decrease in the trading price of People's United Financial common stock will reduce the value of the consideration to be paid to Chittenden stockholders in the merger. Chittenden does not have the right to terminate the merger agreement in the event of a decrease in the trading price of People's United Financial common stock.

Challenges of Combining Two Entities. The Chittenden board considered the challenges of combining the two companies generally, including the likelihood of a successful integration of the companies. In particular, the board considered the added complexity of integrating Chittenden's banks with People's United Bank due to the different regulatory regimes currently in place.

Potential Delays in Receiving Regulatory Approvals. The Chittenden board noted the increased complexity associated with merging the Chittenden banks into newly-formed thrift institutions simultaneously with the merger, which was a condition to People's United Financial's willingness to enter into the merger agreement. The board noted that this structure could extend the time period required for receipt of the necessary regulatory approvals and/or increase the cost of obtaining those regulatory approvals.

Significant Costs Involved. The Chittenden board considered the significant costs involved in connection with completing the merger, the substantial management time and effort required to complete the merger and to integrate Chittenden's business with People's United Financial's business, and the related disruption to Chittenden's operations.

The Chittenden board also was aware, and took into consideration, that certain members of Chittenden's management have interests in the merger that are in addition to, or different from, the interests of Chittenden stockholders generally, including those employment and compensation arrangements described in more detail under *Interests of Chittenden's Executive Officers and Directors in the Merger* beginning on page [] of this document.

The foregoing discussion of the factors considered by the Chittenden board is not intended to be exhaustive, but does set forth the principal factors considered by the board. The Chittenden board members collectively reached the unanimous conclusion to approve the merger agreement in light of the various factors described above and other factors that each member of the board felt were appropriate. In view of the wide variety of factors considered by the Chittenden board in connection with its evaluation of the merger and the complexity of these matters, the board did not consider it practical, and did not attempt, to quantify, rank or otherwise assign relative weights to the specific factors it considered in reaching its decision and did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of the board. Rather, the Chittenden board made its recommendation based on the totality of information presented to and the investigation conducted by it. In considering the factors discussed above, individual directors may have given different weights to different factors.

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Opinion of Chittenden's Financial Advisor J.P. Morgan Securities Inc.

At a meeting of the board of directors of Chittenden on June 26, 2007, JPMorgan rendered its oral opinion to the board of directors of Chittenden that, as of that date and based upon and subject to the factors and assumptions set forth in its opinion, the consideration to be received by the holders of common stock of Chittenden in the merger with People's United Financial was fair, from a financial point of view, to such stockholders. JPMorgan confirmed its oral opinion by delivering to the board of directors of Chittenden a written opinion dated June 26, 2007. The Chittenden board of directors did not limit the investigations made or the procedures followed by JPMorgan in giving its oral or written opinion.

The full text of the written opinion of JPMorgan, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by JPMorgan in connection with the opinion, is attached to this document as Appendix B and is incorporated in this document by reference. The description of the JPMorgan opinion is qualified in its entirety by reference to the full text of the opinion set forth in Appendix B. You should read this opinion carefully and in its entirety.

JPMorgan's opinion is directed to the board of directors of Chittenden and addresses only the fairness, from a financial point of view, of the consideration to be received by the holders of common stock of Chittenden. JPMorgan's opinion does not constitute an opinion as to the fairness of the merger to, or any consideration of, the holders of any other class of securities, creditors or other constituencies of Chittenden or the underlying decision by Chittenden to engage in the merger. Moreover, JPMorgan has expressed no opinion as to the price at which Chittenden common stock or People's United Financial common stock will trade at any future time. The JPMorgan opinion is not a recommendation as to how any holder of Chittenden common stock should vote with respect to the merger agreement or any other matter.

In arriving at its opinion, JPMorgan, among other things:

reviewed a draft dated June 26, 2007 of the merger agreement;

reviewed certain publicly available business and financial information concerning Chittenden and People's United Financial and the industries in which they operate;

compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving companies JPMorgan deemed relevant and the consideration received for such companies;

compared the financial and operating performance of Chittenden and People's United Financial with publicly available information concerning certain other companies JPMorgan deemed relevant and reviewed the current and historical market prices of Chittenden common stock and People's United Financial common stock and certain publicly traded securities of such other companies;

reviewed certain internal financial analyses and forecasts (a) relating to Chittenden's business prepared by the management of Chittenden and (b) relating to the estimated amount and timing of the cost savings and related expenses and synergies expected to result from the merger (which are referred to in this section as the Synergies) prepared by the managements of Chittenden and People's United Financial;

reviewed certain publicly available research analyst estimates of the future financial performance of Chittenden and People's United Financial; and

performed such other financial studies and analyses and considered such other information as JPMorgan deemed appropriate for the purposes of its opinion.

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In addition, JPMorgan has held discussions with certain members of the management of Chittenden and People's United Financial with respect to certain aspects of the merger, and the past and current business operations of Chittenden and People's United Financial, the financial condition and future prospects and

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operations of Chittenden and People's United Financial, the effects of the merger on the financial condition and future prospects of Chittenden and People's United Financial, and certain other matters JPMorgan believes necessary or appropriate to its inquiry.

In giving its opinion, JPMorgan has relied upon and assumed, without assuming responsibility or liability for independent verification, the accuracy and completeness of all information that was publicly available or was furnished to or discussed with JPMorgan by Chittenden and People's United Financial or otherwise reviewed by or for JPMorgan. JPMorgan has not reviewed individual credit files nor has JPMorgan conducted or been provided with any valuation or appraisal of any assets or liabilities (including any derivative or off-balance-sheet liabilities), nor has JPMorgan evaluated the solvency of Chittenden or People's United Financial under any state or federal laws relating to bankruptcy, insolvency or similar matters. In addition, JPMorgan are not experts in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for losses with respect thereto and, accordingly, JPMorgan has assumed that such allowances for losses are in the aggregate adequate to cover such losses. In relying on financial analyses and forecasts provided to it, including the Synergies, JPMorgan has assumed that they have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management as to the expected future results of operations and financial condition of Chittenden and People's United Financial to which such analyses or forecasts relate. In addition, in its discussions with the senior managements of People's United Financial and Chittenden regarding the respective future financial performance of Chittenden and People's United Financial, JPMorgan has discussed certain reports and estimates of research analysts, and sensitivities related thereto. With the consent of the Chittenden board of directors, JPMorgan has relied on those reports and estimates (and the related sensitivities) and has assumed that such reports and estimates (and the related sensitivities) are a reasonable basis upon which to evaluate the business and financial prospects of Chittenden and People's United Financial. JPMorgan expresses no view as to the foregoing analyses or forecasts (including the Synergies), reports and estimates (and the related sensitivities) that the Chittenden board of directors has directed JPMorgan to use, or the assumptions on which they were based. JPMorgan has also assumed that the merger will qualify as a tax-free reorganization for United States federal income tax purposes, that the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement, and that the definitive merger agreement will not differ in any material respects from the draft furnished to JPMorgan. JPMorgan has further assumed that all material governmental, regulatory or other consents and approvals necessary for the consummation of the merger will be obtained without any adverse effect on Chittenden or People's United Financial or on the contemplated benefits of the merger.

JPMorgan based its opinion on economic, market and other conditions as in effect on, and the information made available to JPMorgan as of, the date of its opinion. Subsequent developments may affect its opinion and JPMorgan has no obligation to update, revise, or reaffirm its opinion.

In accordance with customary investment banking practice, JPMorgan employed generally accepted valuation methods in reaching its opinion. The following is a summary of the material financial analyses that JPMorgan used in providing its opinion and does not purport to be a complete description of the analyses underlying JPMorgan's opinion or the presentations made by JPMorgan to the Chittenden board of directors. Some of the summaries of financial analyses are presented in tabular format. In order to understand the financial analyses used by JPMorgan more fully, you should read the tables together with the text of each summary. The tables alone do not constitute a complete description of JPMorgan's financial analyses, including the methodologies and assumptions underlying the analyses, and if viewed in isolation could create a misleading or incomplete view of the financial analyses performed by JPMorgan.

Implied Value and Multiple Analysis. Based upon the consideration to be received by Chittenden and the \$18.71 closing market price of People's United Financial common stock on June 25, 2007, JPMorgan calculated that the implied value of the merger consideration was \$36.77 per share of Chittenden common stock. This implied value represents approximately a 31% premium to \$28.01 (the closing price per share of Chittenden common stock on June 25, 2007).

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JPMorgan also determined the multiple of the implied offer price to I/B/E/S median estimated 2007 and 2008 GAAP and cash earnings per share of Chittenden common stock, the stated and tangible book values per share of Chittenden common stock as of December 31, 2006 and the premium to core deposits (comprising domestic deposits excluding CDs with a principal amount of greater than \$100,000) as of December 31, 2006. Cash earnings per share below is based on I/B/E/S median GAAP estimates adjusted based on expected intangible amortization disclosed in Chittenden's public filings. I/B/E/S is a database owned and operated by Thomson Financial, which contains estimated and actual earnings, cash flows, dividends and other data for U.S. and foreign markets. The Chittenden financial data is pro forma for the announced acquisitions of Merrill Merchants Bancshares, Inc. and Community Bank & Trust Company. The results of this analysis are summarized as follows:

Offer to:	Multiples/Premium
2007 GAAP EPS	19.1x
2008 GAAP EPS	17.5x
2007 cash EPS	18.6x
2008 cash EPS	17.2x
Book value per share	2.24x
Tangible book value per share	4.22x
Core deposits	27.0%

Comparable Transactions. Using publicly available information, JPMorgan examined the following transactions involving a bank as a target company with transaction values between \$1 billion and \$3 billion since January 2004, and all bank acquisitions with targets in the Mid-Atlantic or New England regions announced since January 1, 2003 with deal values between \$300 million and \$5 billion, excluding trust bank targets and minority buy-ins.

Peer Transactions Based on Size		
Announcement Date	Acquirer	Target
May 2007	Wells Fargo	Greater Bay Bancorp
January 2007	Merrill Lynch	First Republic Bank
June 2006	Citizens Banking Corp	Republic Bancorp
June 2006	BBVA	Texas Regional Bancshares
July 2005	TD Banknorth	Hudson United Bancorp
July 2005	Zions Bancorp	Amegy Bancorp
August 2004	Fifth Third Bancorp	First Nat'l Bankshares of FL
March 2004	BNP Paribas Group	Community First Bankshares
February 2004	National City Corp	Provident Financial Group

Peer Transactions Based on Geography		
Announcement Date	Acquirer	Target
June 2007	PNC Group	Yardville National
April 2007	Susquehanna Bancshares	Community Banks
April 2006	TD Banknorth	Interchange Financial Services
October 2005	New York Community	Atlantic Bank of New York
July 2005	Fulton Financial	Columbia Bancorp
July 2005	TD Banknorth	Hudson United Bancorp
November 2004	Community Banks	PennRock Financial Services
July 2004	PNC Financial Services	Riggs National
December 2003	Partners Trust Financial (MHC)	BSB Bancorp
December 2003	North Fork Bancorp	Trust Co. of New Jersey
August 2003	PNC Financial Services	United National Bancorp
March 2003	Mercantile Bankshares	F&M Bancorp

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For each of the transactions, JPMorgan analyzed the price as a multiple to the current year EPS, stated book value and tangible book value, and the premium to core deposits. Set forth below are the results of this analysis for the transactions reviewed, based on information available as of June 25, 2007.

	Comparable Transactions Based on Size			Comparable Transaction Based on Geography		
	Low/High Range		Median	Low/High Range		Median
Current year EPS	15.2x	25.5x	17.3x	10.9x	39.4x	20.1x
Book value	1.95x	3.60x	2.84x	1.48x	3.60x	2.47x
Tangible book value	2.46x	6.63x	4.08x	1.75x	4.47x	2.93x
Core deposit premium	18.4%	43.3%	25.5%	10.0%	33.5%	22.4%

Based on 17.3x and 20.1x current year EPS of \$1.93, the implied value of Chittenden common stock ranged from approximately \$33.33 to \$38.70. Based on core deposit premium of 22.4% and 25.5% on core deposits of \$5.35 billion, the implied value of Chittenden common stock ranged from \$32.48 to \$35.81.

Chittenden Comparable Companies Analysis. Using publicly available information, JPMorgan compared selected financial and market data of Chittenden with similar data for the following companies:

Selected Regional Banking Peers

Wilmington Trust
 Fulton Financial Corp
 Susquehanna Bancshares
 FirstMerit Corp
 South Financial
 UMB Financial Corp
 Trustmark Corp
 Citizens Republic
 Alabama National Bancorp
 United Community
 Wintrust Financial
 National Penn Bancshares

JPMorgan calculated and compared various financial multiples and ratios based on publicly available financial data as of March 31, 2007, information it obtained from company filings with the Securities and Exchange Commission, information it obtained from FactSet, SNL Financial and I/B/E/S estimates. The multiples and ratios of Chittenden were calculated using the closing price of Chittenden common stock and People's United Financial common stock as of June 25, 2007. The Chittenden financial data was pro forma for the announced acquisitions of Merrill Merchants Bancshares, Inc. and Community Bank & Trust Company. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. SNL Financial is a recognized data service that collects, standardizes and disseminates relevant corporate, financial, market and mergers and acquisition data for companies in the industries it covers. With respect to the selected companies, JPMorgan presented:

price as a percentage of the selected company's 52-week high;

multiple of price to 2007 and 2008 I/B/E/S median estimated GAAP and cash earnings per share;

multiple of price to stated book value and tangible book value per share;

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price as a percentage of the selected company's dividend yield;

premium to core deposits;

median consensus estimated long-term growth rate of GAAP earnings per share (LTG); and

2008 price to earnings (P/E) to LTG rate and dividend yield.

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The results of this analysis are set forth below:

	Selected Regional Banks Median	Chittenden Median
% of 52-week high	82.7%	87.6%
2007E GAAP EPS	14.3x	14.5
2008E GAAP EPS	13.3x	13.3
2007E Cash EPS	13.9x	14.2
2008E Cash EPS	12.9x	13.0
Book value	1.56x	1.70
Tangible book value	2.42x	3.21
Dividend yield	3.24%	3.14%
Core deposit premium	15.9%	18.2%
LTG (%)	9.0%	8.0%
2008 P/E to LTG (%) and dividend yield	111%	167%

This analysis implied a range of values for Chittenden common stock of approximately \$25.57 to \$27.85 per share.

Chittenden Dividend Discount Analysis. JPMorgan performed a dividend discount analysis to determine a range of equity values of Chittenden common stock, assuming Chittenden continued to operate as a stand-alone entity. The range was determined by adding the present value of an estimated future dividend stream for Chittenden over a five-year period from 2007 through 2012, and the present value of an estimated terminal value of Chittenden common stock at the end of 2013. In performing its analysis, JPMorgan made the following assumptions, among others:

earnings per share in 2007 and 2008 based on I/B/E/S median estimated earnings per share;

an annual earnings per share growth from 2008 to 2013 of 8.0% (based on I/B/E/S estimated median);

a targeted tangible common equity/tangible assets (TCE/TA) ratio of 6.0%;

a terminal value of Chittenden common stock at the end of 2012 based on a price to earnings multiple range of 13.5x to 15.5x to year 2013 projected earnings;

discount rates from 10.0% to 12.0% to calculate the present value of the dividend stream and terminal values;

a 5.0% asset growth rate; and

a 35% marginal tax rate.

This analysis implied a fully-diluted equity value of \$29.47 to \$35.50 per share of Chittenden common stock, on a stand-alone basis, as illustrated by the following table:

	Discount Rate		
	10.0%	11.0%	12.0%
13.5x	\$ 32.05	\$ 30.73	\$ 29.47

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14.5x	\$ 33.78	\$ 32.36	\$ 31.03
15.5x	\$ 35.50	\$ 34.00	\$ 32.58

JPMorgan also tested the sensitivity of the values by varying the targeted long-term growth rate from 7.0% to 9.0% assuming a fixed terminal price to earnings multiple of 14.5x and an 11% discount rate and keeping constant the other assumptions discussed above. This analysis indicated a fully-diluted equity value of \$31.53 to \$33.21 per share of Chittenden common stock, on a stand-alone basis.

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Chittenden Discount Analysis with Synergies. JPMorgan also performed a dividend discount analysis to determine a range of equity values of Chittenden common stock that included the expected synergies from the merger, based on estimates provided by management and discussed with JPMorgan regarding expected expense savings and balance sheet benefits. In performing its analysis, JPMorgan made the following assumptions in addition to the assumptions described under *Chittenden Dividend Discount Analysis* above, among others:

pre-tax cost synergies of \$38 million, phased in 50% in year one, 100% in year two; 3% growth thereafter; and

pre-tax restructuring charge of \$57 million.

This analysis implied a fully-diluted equity value of \$33.76 to \$40.83 per share of Chittenden common stock, as illustrated by the following table:

	Discount Rate		
	10.0%	11.0%	12.0%
13.5x	\$ 36.80	\$ 35.24	\$ 33.76
14.5x	\$ 38.82	\$ 37.15	\$ 35.58
15.5x	\$ 40.83	\$ 39.07	\$ 37.41

JPMorgan also tested the sensitivity of the values by varying the targeted long-term growth rate from 7.0% to 9.0% assuming a fixed terminal price to earnings multiple of 14.5x and an 11% discount rate and keeping constant the other assumptions discussed above. This analysis indicated a fully-diluted equity value of \$36.33 to \$37.99 per share of Chittenden common stock.

People's United Financial Comparable Companies Analysis. Using publicly available information, JPMorgan compared selected financial and market data of People's United Financial with similar data for the following companies:

Thrift Peers

Hudson City Bancorp
 NY Community Bancorp
 Astoria Financial
 Downey Financial
 NewAlliance Bancshares
 First Niagara
 Provident Financial Services

Bank Peers

Commerce Bancorp
 Wilmington Trust
 Valley National Bancorp
 Fulton Financial Corp
 Webster Financial
 Provident Bankshares

JPMorgan calculated and compared various financial multiples and ratios based on publicly available financial data as of March 31, 2007, information it obtained from filings with the Securities and Exchange Commission, FactSet, SNL Financial and I/B/E/S estimates. The multiples and ratios of People's United Financial were calculated using the closing price of People's United Financial common stock as of June 25, 2007. The financial data for People's United Financial is pro forma for the second step conversion completed on April 16, 2007. The multiples and ratios for each of the selected companies were based on the most recent publicly available information. With respect to the selected companies, JPMorgan presented:

price as a percentage of the selected company's 52-week high;

multiple of price to 2007 and 2008 I/B/E/S median estimated GAAP and cash earnings per share;

multiple of price to stated book value and tangible book value per share;

dividend yield;

premium to core deposits;

median consensus estimated LTG; and

2008 P/E to LTG rate and dividend yield.

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The results of this analysis are set forth below:

	Bank Peers			Thrift Peers			People's United Financial
	Range		Median	Range		Median	
% of 52-week high	83.3%	90.3%	86.5%	78.8%	95.0%	86.2%	89.7%
2007E GAAP EPS	14.1x	20.1x	14.9x	11.3x	32.8x	19.0x	26.4x
2008E GAAP EPS	12.8x	17.5x	13.8x	10.4x	27.6x	16.4x	22.8x
2007E Cash EPS	13.5x	20.0x	14.6x	11.3x	28.4x	18.1x	26.3x
2008E Cash EPS	12.5x	17.2x	13.4x	10.4x	24.5x	15.8x	22.8x
Book value	1.27x	2.94x	1.93x	1.05x	2.00x	1.31x	1.29x
Tangible book value	2.23x	3.73x	2.85x	1.31x	3.69x	2.02x	1.32x
Dividend yield	1.51%	4.15%	3.32%	0.62%	5.80%	2.48%	2.83%
Core deposit premium	10.1%	43.8%	18.2%	7.0%	38.0%	16.2%	13.1%
LTG (%)	8.0%	15.0%	8.5%	7.5%	23.0%	9.0%	10.0%
2008 P/E to LTG (%) and dividend yield	105%	151%	114%	100%	192%	112%	228%

Based on 19.0x and 14.9x 2007E GAAP EPS of \$0.71, the implied value of People's United Financial common stock ranged from approximately \$10.56 to \$13.46. Based on core deposit premium of 16.2% and 18.2% on core deposits of \$9.02 billion, the implied value of People's United Financial common stock ranged from \$19.67 to \$20.28.

People's United Financial Dividend Discount Analysis. JPMorgan performed a dividend discount analysis to determine a range of equity values of People's United Financial common stock, assuming People's United Financial continued to operate as a stand-alone entity. In performing its analysis, JPMorgan made the following assumptions, among others:

earnings per share in 2007 and 2008 based on I/B/E/S median estimated earnings per share;

an annual earnings per share growth from 2008 to 2013 of 10.0% (based on I/B/E/S estimated median);

a targeted tangible common equity/tangible assets (TCE/TA) ratio of 6.50%;

a terminal value of People's United Financial common stock at the end of 2012 based on a price to earnings multiple range of 13.0x to 15.0x to year 2013 projected earnings;

discount rates from 10.0% to 12.0% to calculate the present value of the dividend stream and terminal values;

asset growth of 8.0%; and

a 35% marginal tax rate.

This analysis indicated a fully-diluted value of \$18.84 to \$20.66 per share of People's United Financial common stock, on a stand-alone basis, as illustrated by the following table:

Discount Rate

	10.0%	11.0%	12.0%
13.0x	\$ 19.57	\$ 19.20	\$ 18.84
14.0x	\$ 20.12	\$ 19.72	\$ 19.34
15.0x	\$ 20.66	\$ 20.23	\$ 19.83

Sensitivity of People's United Financial Dividend Discount Analysis to Reductions in EPS Growth Rate and Discount Rate as a Result of the Merger. JPMorgan also performed a dividend discount analysis to determine the sensitivity of People's United Financial's equity value to possible reductions in People's United Financial's EPS growth rate and discount rate as a result of the merger, based on estimated ranges deemed appropriate in discussions between People's United Financial management and JPMorgan. The analysis indicated

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a range of equity values by varying the EPS growth rate from 9.0% to 11.0%, assuming a discount rate of 11.0%, assuming a terminal value of People's United Financial common stock at the end of 2012 based on a price to earnings multiple range of 13.0x to 15.0x to year 2013 projected earnings and keeping constant the other assumptions discussed under *People's United Financial Dividend Discount Analysis* above.

This analysis indicated fully-diluted equity values as illustrated by the following table:

	EPS Growth Rate		
	9.0%	10.0%	11.0%
13.0x	\$ 18.99	\$ 19.20	\$ 19.41
14.0x	\$ 19.50	\$ 19.72	\$ 19.94
15.0x	\$ 20.00	\$ 20.23	\$ 20.47

Pro Forma Merger Analysis. JPMorgan analyzed the pro forma impact of the merger on projected earnings per share for People's United Financial for 2008 and 2009, based upon I/B/E/S median estimates and other assumptions as described below. The pro forma results were calculated based on publicly available I/B/E/S estimates of GAAP earnings per share and information provided by management of People's United Financial and Chittenden regarding expected cost savings from the merger.

JPMorgan calculated the effect on earnings per share assuming pre-tax synergies of \$38 million phased in 50% in 2008 and 100% in 2009, a growth rate of 3% post 2009, a pre-tax restructuring charge of 150% of fully phased-in cost savings (90% tax deductible), and a core deposit intangible created equal to 2.75% of Chittenden's total deposits of \$6.2 billion amortized over a ten year period using a sum-of-years method of amortization. The analysis indicated that the merger would be accretive to People's United Financial's estimated 2008 GAAP EPS and Cash EPS and its estimated 2009 GAAP EPS and Cash EPS, in each case excluding merger costs, as set forth below:

	Accretion/(Dilution) (%)
2008 GAAP EPS	9.7%
2009 GAAP EPS	15.1%
2008 Cash EPS	17.0%
2009 Cash EPS	21.1%

* * *

The foregoing summary of certain material financial analyses does not purport to be a complete description of the analyses or data presented by JPMorgan. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances, and therefore, is not readily susceptible to partial analysis or summary description. JPMorgan believes that the foregoing summary and its analyses must be considered as a whole and that selecting portions of the foregoing summary and these analyses, without considering all of its analyses as a whole, could create an incomplete view of the processes underlying the analyses and its opinion. No single factor or analysis was determinative of JPMorgan's fairness determination, and JPMorgan did not attribute any particular weight to any analysis or factor considered by it. Rather, JPMorgan considered the totality of the factors and analyses performed in determining its opinion and made its determination as to fairness based on its professional judgment and after considering the results of all of its analyses. JPMorgan based its analyses on assumptions that it deemed reasonable, including those concerning general business, economic, market and financial conditions, industry-specific factors, and other matters. Analyses based upon forecasts of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties and their advisors. Accordingly, forecasts and analyses used or made by JPMorgan are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by those analyses. Moreover, JPMorgan's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. None of the

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selected companies reviewed as described in the above summary is identical to Chittenden or People's United Financial, and none of the selected transactions reviewed was identical to the merger. However, the companies selected were chosen because they are publicly traded companies with operations and businesses that, for purposes of JPMorgan's analysis, may be considered similar to those of People's United Financial and Chittenden. The transactions selected were similarly chosen because their participants, size and other factors, for purposes of JPMorgan's analysis, may be considered similar to the merger. The analyses necessarily involve complex considerations and judgments concerning, with respect to the selected companies, differences in financial and operating characteristics of the comparable companies and other factors that could affect public trading values of such comparable companies and, with respect to the selected transactions, differences in financial and operational characteristics of the companies involved and other factors that could affect the companies compared to People's United Financial and Chittenden and the transactions compared to the merger. Mathematical analysis (such as determining the median) is not by itself a meaningful method of using selected company or merger and acquisition transaction data.

The terms of the merger agreement were determined through negotiations between People's United Financial and Chittenden and were approved by the Chittenden board of directors. Although JPMorgan provided advice to Chittenden during the course of the negotiations, the decision to enter into the merger was solely that of the Chittenden board of directors. As described above, the presentation and opinion of JPMorgan was only one of a number of factors taken into consideration by the Chittenden board of directors in making its determination to adopt and approve the merger agreement.

As a part of its investment banking business, JPMorgan and its affiliates are continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements, and valuations for estate, corporate and other purposes. JPMorgan and its affiliates have provided, and in the future may continue to provide, for compensation, investment banking and other services to Chittenden and People's United Financial and their respective affiliates. In the ordinary course of business, JPMorgan and its affiliates may actively trade in the debt and equity securities of Chittenden and People's United Financial for their own accounts or for the accounts of their customers, and accordingly, may at any time hold a long or short position in such securities.

Chittenden selected JPMorgan to advise it and deliver a fairness opinion with respect to the merger on the basis of its experience and its familiarity with Chittenden. Pursuant to its engagement letter with JPMorgan, Chittenden has agreed to pay JPMorgan a fee (of which \$2,000,000 has been paid with the remainder due if and when the merger is completed) equal to 0.36% of the aggregate consideration payable in the merger. In addition, Chittenden has agreed to reimburse JPMorgan for its expenses incurred in connection with its services, including the fees and disbursements of counsel, and will indemnify JPMorgan against certain liabilities, including liabilities arising under federal securities laws.

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Opinion of Chittenden's Financial Advisor Lehman Brothers Inc.

In May 2007, Chittenden engaged Lehman Brothers to act as its financial advisor with respect to the merger of Chittenden with and into People's United Financial and to render its opinion with respect to the fairness, from a financial point of view, to Chittenden stockholders of the consideration to be offered to those stockholders in the merger. At a meeting of the board of directors of Chittenden on June 26, 2007, Lehman Brothers delivered its oral opinion, which was confirmed by delivery of a written opinion dated June 26, 2007, that as of such date, and based upon and subject to the matters set forth therein, the consideration to be offered to Chittenden stockholders in the merger was fair to those stockholders from a financial point of view.

The full text of the Lehman Brothers written opinion is attached to this document as *Appendix C*. You are encouraged to read the opinion in its entirety, including the assumptions made, matters considered, procedures followed and limitations upon the review undertaken in connection with such opinion. The description of the opinion set forth below is qualified in its entirety by reference to the opinion.

The services and opinion of Lehman Brothers were provided for the benefit and use of the Chittenden board of directors in connection with its consideration of the merger. Lehman Brothers' opinion is not intended to be and does not constitute a recommendation to the Chittenden board of directors or Chittenden stockholders as to how to vote with respect to the merger. Lehman Brothers was not requested to opine as to, and its opinion does not address, Chittenden's underlying business decision to proceed with the merger, the relative merits of the merger as compared to any alternative business strategies that might exist for Chittenden, the financing for the merger, or the effects of any other transaction in which Chittenden might engage. The opinion is subject to the assumptions and conditions contained in such opinion and is necessarily based on economic, market and other conditions and the information made available to Lehman Brothers, as applicable, as of the date of such opinion.

In arriving at its opinion, Lehman Brothers reviewed and analyzed:

the merger agreement and the specific terms of the merger;

publicly available information concerning Chittenden and People's United Financial that Lehman Brothers believed to be relevant to its analysis, including their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2006 and Quarterly Reports on Form 10-Q for the fiscal quarter ended March 31, 2007;

financial and operating information with respect to the business, operations and prospects of Chittenden and People's United Financial furnished to Lehman Brothers by Chittenden and People's United Financial, respectively, including (a) financial projections of Chittenden prepared by the management of Chittenden and (b) cost savings and restructuring charges expected to result from the merger as estimated by the managements of both companies (which are referred to in this section as the "Pro Forma Effects");

published estimates of independent research analysts with respect to the future financial performance of Chittenden and People's United Financial;

the trading histories of Chittenden and People's United Financial common stock from June 25, 2004 to June 25, 2007 and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;

a comparison of the historical financial results and present financial condition of Chittenden and People's United Financial with those of other companies that Lehman Brothers deemed relevant;

a comparison of the financial terms of the merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant; and

the potential pro forma impact of the merger on the future financial performance of People's United Financial, including the potential effect on People's United Financial pro forma earnings per share and potential dividend stream.

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In addition, Lehman Brothers had discussions with the managements of Chittenden and People's United Financial concerning their respective businesses, operations, assets, liabilities, financial condition, prospects and the Pro Forma Effects and undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

In arriving at its opinion, Lehman Brothers assumed and relied upon the accuracy and completeness of the financial and other information used by Lehman Brothers without assuming any responsibility for independent verification of such information. Lehman Brothers further relied upon the assurances of the managements of Chittenden and People's United Financial that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial projections of Chittenden, upon advice of Chittenden, Lehman Brothers assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Chittenden as to the future financial performance of Chittenden. However, for the purpose of its analysis, upon discussions with the management of Chittenden, Lehman Brothers assumed that the published estimates of independent research analysts were a reasonable basis upon which to evaluate the future financial performance of Chittenden and that Chittenden would perform substantially in accordance with such estimates. Lehman Brothers was not provided with, and did not have access to, financial projections of People's United Financial. Accordingly, upon advice of Chittenden, Lehman Brothers assumed that the published estimates of independent research analysts were a reasonable basis upon which to evaluate the future financial performance of People's United Financial and that People's United Financial would perform substantially in accordance with such estimates. In addition, upon advice of Chittenden, Lehman Brothers assumed that the amounts and timing of the Pro Forma Effects were reasonable and that the Pro Forma Effects would be realized substantially in accordance with such estimates. In arriving at its opinion, Lehman Brothers did not conduct a physical inspection of the properties and facilities of Chittenden or People's United Financial and did not make or obtain any evaluations or appraisals of the assets or liabilities of Chittenden or People's United Financial. In addition, upon advice of Chittenden, Lehman Brothers assumed that the respective current allowances for loan losses of Chittenden and People's United Financial would be, in each case, in the aggregate adequate to cover all such losses. Upon advice of Chittenden and its legal and accounting advisors, Lehman Brothers assumed that the merger would qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and therefore as a tax-free transaction to the stockholders of Chittenden with respect to their receipt of People's United Financial common stock in the merger. Lehman Brothers' opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, the date of such opinion. Lehman Brothers was not asked by Chittenden to solicit, and did not solicit, any indications of interest from third parties with respect to a potential sale of Chittenden.

Additionally, Lehman Brothers expressed no opinion as to the prices at which shares of People's United Financial common stock would trade at any time following the announcement of the merger or the consummation of the merger. Lehman Brothers' opinion should not be viewed as providing any assurance that the market value of the shares of People's United Financial common stock to be held by the stockholders of Chittenden after the consummation of the merger will be in excess of the market value of the shares of Chittenden common stock owned by such stockholders at any time prior to announcement or consummation of the merger.

In connection with rendering its opinion, Lehman Brothers performed certain financial, comparative and other analyses as described below. The preparation of a fairness opinion is a complex process and involves various judgments and determinations as to the most appropriate and relevant assumptions and methods of financial and comparative analyses and the application of those methods to the particular circumstances involved. Such an opinion is therefore not readily susceptible to partial analysis or summary description. Lehman Brothers' opinion, therefore, must be considered as a whole; taking portions of the analyses or factors set forth in the opinion, without considering all analyses and factors as a whole, could create an incomplete and misleading picture of the processes underlying such opinion and the analyses and factors considered in rendering such opinion. In arriving at its opinion, Lehman Brothers did not attribute any particular weight to any one analysis or

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factor considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Lehman Brothers arrived at its opinion based on the totality of the factors considered and the analyses performed by it and did not form an opinion as to whether any individual analysis or factor, considered in isolation, supported or failed to support its opinion.

Lehman Brothers based its analyses on assumptions it deemed reasonable, including assumptions concerning general business and economic conditions, industry performance and other matters, many of which are beyond the control of Chittenden or People's United Financial. The analyses performed, particularly those based on estimates and projections, and any such estimates or projections, are not necessarily indicative of actual values or predicative of future results or values, which may be significantly more or less favorable than as set forth in or suggested by such analyses. None of the public companies used in the comparable company analysis described above are identical to Chittenden or People's United Financial, and none of the precedent transactions used in the precedent transactions analysis described above are identical to the merger. Accordingly, an analysis of publicly traded comparable companies and comparable precedent transactions is not mathematical; rather it involves complex considerations and judgments concerning the differences in financial and operating characteristics of the companies and precedent transactions and other factors that could affect the value of Chittenden and People's United Financial and the public trading values of the companies and precedent transactions to which they were compared. The analyses do not purport to be appraisals or to reflect the prices at which businesses actually may be sold or purchased or at which any securities may trade at the present time or at any time in the future. None of Chittenden, People's United Financial, Lehman Brothers or any other person assumes responsibility if future results are materially different from those discussed.

The following is a summary of the material financial analyses used by Lehman Brothers in connection with providing its opinion to the Chittenden board of directors. Certain of the summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Lehman Brothers, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Accordingly, the analyses listed in the tables and described below must be considered as a whole. Considering any portion of such analyses and of the factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the Lehman Brothers opinion.

Calculation of Implied Transaction Value. Lehman Brothers reviewed the terms of the merger agreement and noted that the consideration to be offered to the Chittenden stockholders consisted of approximately 43.9 million shares of People's United Financial common stock and approximately \$1,064 million in cash. Based on People's United Financial closing share price of \$18.71 on June 25, 2007 (the day preceding the Chittenden board meeting on June 26, 2007), Lehman Brothers calculated an implied transaction value per share of Chittenden common stock of \$36.77. Lehman Brothers also noted that the transaction had an implied aggregate value of approximately \$1.9 billion as of June 25, 2007 based on Chittenden's fully diluted number of outstanding common stock of 51.3 million shares. Lehman Brothers also noted that based on the People's United Financial's average closing share price of \$19.01 for the three days ending June 25, 2007, the implied transaction value per share of Chittenden common stock was \$37.03.

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Comparable Transactions Analysis. Lehman Brothers reviewed twelve transactions involving acquisitions of banks located in the Mid-Atlantic or New England regions announced since January 1, 2003 with transaction values between \$300 million and \$5 billion (which are referred to in this section as the *Regional Transactions*). Lehman Brothers also reviewed nine transactions involving acquisitions of banks located nationwide announced since January 1, 2004 with transaction values between \$1 billion and \$3 billion (which are referred to in this section as the *Nationwide Transactions*). The selected comparable transactions considered by Lehman Brothers were as follows:

Regional Transactions:

PNC Financial Services Group Inc. / Yardville National Bancorp
 Susquehanna Bancshares Inc. / Community Banks Inc.
 TD Banknorth Inc. / Interchange Financial Services Corp.
 New York Community Bancorp Inc. / Atlantic Bank of New York
 Fulton Financial Corp. / Columbia Bancorp
 TD Banknorth Inc. / Hudson United Bancorp
 Community Banks Inc. / PennRock Financial Services Corp.
 PNC Financial Services Group Inc. / Riggs National Corp.
 Partners Trust Financial Group Inc. / BSB Bancorp Inc.
 North Fork Bancorp / Trust Co. of New Jersey
 PNC Financial Services Group Inc. / United National Bancorp
 Mercantile Bankshares Corp. / F&M Bank Corp.

Nationwide Transactions:

Wells Fargo Holdings Corp. / Greater Bay Bancorp
 Merrill Lynch & Co. Inc. / First Republic Bancorp Inc.
 Citizens Republic Bancorp, Inc. / Republic Bancorp Inc.
 BBVA Banco Frances SA / Texas Regional Bancshares Inc.
 TD Banknorth Inc. / Hudson United Bancorp
 Zions Bancorp / Amegy Bancorp Inc.
 Fifth Third Bancorp / First National Bankshares of Florida Inc.
 BNP Paribas / Community First Bankshares Inc.
 National City Bancorp / Provident Financial Group Inc.

For the Regional Transactions and Nationwide Transactions, Lehman Brothers used publicly available information, including information obtained from online databases offered by SNL Financial LC, a recognized data service that collects, standardizes and disseminates relevant corporate, financial, market and mergers and acquisitions data for companies in the industries it covers. Lehman Brothers used this financial information to determine:

the multiples of the transaction price per share to the median current year Institutional Brokers Estimate System (I/B/E/S) consensus earnings per share, or EPS, of the acquired companies at the time of announcement of the transaction;

the multiples of the transaction price per share to both book value per share and tangible book value per share using the acquired companies' most recent financial reports at the time of announcement of the transaction;

the implied premium to total deposits of the acquired companies using their most recent financial reports at the time of announcement of the transaction;

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the implied premium to total core deposits (defined as total deposits less certificates of deposits greater than \$100,000) of the acquired companies using their most recent financial reports at the time of announcement of the transaction; and

the premia of the transaction price per share compared to the share price of the acquired companies prevailing one day, one week and one month prior to the announcement of the transaction.

The following table summarizes the results from the comparable transactions analysis:

Financial Metrics	Premia and Multiples to Chittenden Implied by the Merger	Regional Transactions			Nationwide Transactions		
		High	Median	Low	High	Median	Low
Multiple of Price to:							
Current Year Estimated EPS	19.2x	39.4x	20.1x	10.9x	27.8x	17.3x	15.2x
Book Value	2.25x	3.60x	2.47x	1.48x	3.60x	2.84x	1.95x
Tangible Book Value	4.30x	4.47x	2.93x	1.75x	6.63x	4.08x	2.46x
Premium to Total Deposits	22.8%	36.8%	20.3%	7.3%	35.7%	21.6%	12.8%
Premium to Core Deposits	26.5%	33.5%	22.3%	10.0%	43.3%	25.5%	18.4%
1-Day Market Premium	32.3%	48.8%	14.2%	(2.7)%	43.6%	14.2%	(3.5)%
1-Week Market Premium	30.0%	49.8%	16.7%	(2.5)%	47.5%	23.4%	8.2%
1-Month Market Premium	27.7%	57.9%	20.4%	(1.3)%	40.7%	25.0%	7.1%

Because market conditions, transaction rationale and circumstances surrounding each of the selected comparable transactions were specific to each transaction, and because of the inherent differences between the businesses, operations and prospects of Chittenden and People's United Financial and the businesses, operations and prospects of the acquired companies included in the comparable transactions analysis, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable transactions analysis and accordingly made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Chittenden, People's United Financial and the acquired companies included in the comparable transactions analysis that would affect the transaction value of each.

Based upon these judgments, Lehman Brothers selected a range of median financial multiples described above and applied them to corresponding financial data for Chittenden as of March 31, 2007 to calculate a range of implied equity values per share of Chittenden common stock of \$32.00 to \$39.00 based on the Regional Transactions and \$33.00 to \$36.00 based on the Nationwide Transactions. Lehman Brothers noted that the implied transaction value per share of \$36.77 was within or above the ranges of implied equity values resulting from these analyses.

Comparable Companies Analysis for Chittenden. In order to assess how the public market values shares of similar publicly traded companies, Lehman Brothers reviewed and compared specific financial and operating data relating to Chittenden with selected companies that Lehman Brothers deemed comparable to Chittenden. Lehman Brothers analyzed the public market statistics of certain comparable companies to Chittenden and examined various trading and financial statistics and information relating to those companies.

Lehman Brothers selected the companies below because their businesses and operating profiles are reasonably similar to those of Chittenden. No comparable company identified below is identical to Chittenden. A complete analysis involves complex considerations and qualitative judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies; mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected company data.

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Lehman Brothers selected the following comparable companies:

First Commonwealth Corp.

F.N.B. Corporation

Fulton Financial Corp.

National Penn Bancshares Inc.

NBT Bancorp Inc.

Provident Bankshares Corp.

Susquehanna Bancshares Inc.

Valley National Bancorp

Webster Financial Corp.

As part of this comparable companies analysis, Lehman Brothers examined market multiples, premium data and certain balance sheet and profitability ratios for each such company including:

the multiple of market price to 2007 I/B/E/S consensus earnings per share;

the multiple of market price to 2008 I/B/E/S consensus earnings per share;

the multiple of market price to book value per share;

the multiple of market price to tangible book value per share;

the implied market premium to total deposits;

the implied market premium to core deposits (defined as total deposits less certificates of deposits greater than \$100,000);

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the return on average assets;

the return on average equity;

the return on average tangible equity;

the ratio of fee income to total revenue;

net interest margin (defined as annualized net interest income as a percentage of average earning assets);

the efficiency ratio (the ratio of non-interest expenses to total revenue);

the ratio of tangible equity to tangible assets;

the ratio of core deposits (defined as total deposits less certificates of deposits greater than \$100,000) to total deposits;

the ratio of loans to deposits;

the ratio of borrowings to assets;

the ratio of non-performing loans (defined as loans on which interest is no longer accruing) to total loans; and

the ratio of net charge-offs (defined as loans charged-off net of recoveries of loans previously charged-off) to average loans.

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The estimated 2007 and 2008 earnings per share were obtained from I/B/E/S and the remaining information was obtained from publicly available financial information for the quarter ended March 31, 2007. The stock price data used for this analysis was the closing price for the selected companies on June 25, 2007.

The following tables summarize the results from the comparable companies analysis on Chittenden:

Financial Metrics	Chittenden	Median of Comparable Companies
Multiple of Market Price to 2007 Estimated EPS	14.5x	14.2x
2008 Estimated EPS	13.3x	13.2x
Book Value	1.71x	1.62x
Tangible Book Value	3.25x	2.83x
Premium to Total Deposits	15.6%	14.8%
Premium to Core Deposits	18.1%	17.2%

Profitability Ratios	Chittenden	Median of Comparable Companies
Return on Average Assets	1.26%	1.12%
Return on Average Equity	11.3%	11.1%
Return on Average Tangible Equity	22.2%	19.4%
Fee Income / Total Revenue	22.5%	29.6%
Net Interest Margin	4.10%	3.62%
Efficiency Ratio	58.0%	58.3%

Balance Sheet Ratios	Chittenden	Median of Comparable Companies
Tangible Equity / Tangible Assets	6.00%	6.14%
Core Deposits / Total Deposits	86.0%	85.8%
Loans / Deposits	88.6%	96.4%
Borrowings / Assets	5.9%	16.9%
Non-Performing Loans / Total Loans	0.56%	0.46%
Net Charge-Offs / Average Loans	0.08%	0.17%

Lehman Brothers selected a range of median financial metrics described above and applied them to corresponding financial data for Chittenden as of March 31, 2007 to calculate a range of implied equity values per share of Chittenden common stock of \$27.00 to \$28.00. Lehman Brothers noted that the closing share price of Chittenden common stock of \$28.01 on June 25, 2007 was above the range of implied equity values resulting from this analysis.

Lehman Brothers selected the comparable companies named above because their businesses and operating profiles are reasonably similar to those of Chittenden. However, because of the inherent differences between business, operations and prospects of Chittenden and the businesses, operations and prospects of the comparable companies, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable companies analysis. Accordingly, Lehman Brothers also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of Chittenden and the companies included in this analysis that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Chittenden and the companies included in the comparable companies analysis.

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Discounted Cash Flow Analysis of Chittenden. Lehman Brothers performed a discounted cash flow analysis to estimate a range of the present values per share of Chittenden common stock. A discounted cash flow is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Lehman Brothers performed a discounted cash flow analysis for Chittenden by assuming I/B/E/S consensus earnings estimates for 2007 and 2008 of \$1.73 and \$2.10 per share, respectively, and an annual long-term growth rate range of 7% to 9%, based on the I/B/E/S consensus long-term growth rate of 8%. The valuation range was determined by adding (1) the present value of Chittenden's dividendable earnings, net of earnings necessary to maintain a constant tangible common equity to tangible assets ratio for Chittenden of 6.0% (a customary tangible common equity ratio for well-capitalized banking institutions comparable to Chittenden), from December 31, 2007 through December 31, 2012 and (2) the present value of the terminal value of Chittenden common stock. In calculating the terminal value of Chittenden common stock, Lehman Brothers applied multiples ranging from 14.0x to 15.0x, based upon the price to earnings multiples of comparable companies, to 2013 forecasted earnings. The free cash flow stream and the terminal value were then discounted back to June 25, 2007, using discount rates ranging from 11.0% to 13.0%, based upon a cost of equity calculation conducted using the capital asset pricing model.

Based on the above assumptions, Lehman Brothers calculated a range of implied equity values of \$28.00 to \$32.00 per share of Chittenden common stock on a standalone basis and \$34.00 to \$38.00 per share of Chittenden common stock on an acquisition value basis, which includes the impact of the Pro Forma Effects. Lehman Brothers noted that the closing share price of Chittenden common stock of \$28.01 on June 25, 2007 was within the range of implied standalone equity values resulting from this analysis. Lehman Brothers also noted that the implied transaction value per share of \$36.77 was within the range of implied acquisition equity values resulting from this analysis.

Lehman Brothers performed the following analyses for People's United Financial so as to provide the Chittenden board of directors with context to determine that the shares of People's United Financial common stock that the Chittenden stockholders are receiving in the merger are appropriately valued.

Comparable Companies Analysis for People's United Financial. In order to assess how the public market values shares of similar publicly traded companies, Lehman Brothers reviewed and compared specific financial and operating data relating to People's United Financial with selected companies that Lehman Brothers deemed comparable to People's United Financial. Lehman Brothers analyzed the public market statistics of certain comparable companies to People's United Financial and examined various trading and financial statistics and information relating to those companies.

Lehman Brothers selected the companies below from the list of companies selected by the independent appraiser in People's United Financial's second-step conversion (excluding MAF Bancorp, Inc. due to its pending sale to National City Corporation) because their businesses and operating profiles are reasonably similar to those of People's United Financial. No comparable company identified below is identical to People's United Financial. A complete analysis involves complex considerations and qualitative judgments concerning differences in financial and operating characteristics of the comparable companies and other factors that could affect the public trading values of such comparable companies; mathematical analysis (such as determining the mean or the median) is not in itself a meaningful method of using selected company data.

Lehman Brothers selected the following comparable companies:

Anchor Bancorp Wisconsin Inc.

City National Corp.

Commerce Bancshares Inc.

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Cullen/Frost Bankers Inc.

First Niagara Financial Group Inc.

NewAlliance Bankshares Inc.

PFF Bancorp Inc.

Provident Financial Services Inc.

TCF Financial Corp.

Valley National Bancorp

Webster Financial Corp.

As part of this comparable companies analysis, Lehman Brothers examined market multiples, premium data and certain balance sheet and profitability ratios for each such company including:

the multiple of market price to 2008 I/B/E/S consensus earnings per share;

the multiple of market price to book value per share;

the multiple of market price to tangible book value per share;

the implied market premium to total deposits;

the implied market premium to core deposits (defined as total deposits less certificates of deposits greater than \$100,000);

the return on average assets;

the return on average equity;

the return on average tangible equity;

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the ratio of fee income to total revenue;

net interest margin (defined as annualized net interest income as a percentage of average earning assets);

the efficiency ratio (the ratio of non-interest expenses to total revenue);

the ratio of tangible equity to tangible assets;

the ratio of core deposits (defined as total deposits less certificates of deposits greater than \$100,000) to total deposits;

the ratio of loans to deposits;

the ratio of borrowings to assets;

the ratio of non-performing loans (defined as loans on which interest is no longer accruing) to total loans; and

the ratio of net charge-offs (defined as loans charged-off net of recoveries of loans previously charged-off) to average loans.

The estimated 2008 earnings per share were obtained from I/B/E/S and the remaining information was obtained from publicly available financial information for the quarter ended March 31, 2007. The stock price data used for this analysis was the closing price for the selected companies on June 25, 2007.

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The following tables summarize the results from the comparable companies analysis on People's United Financial:

Financial Metrics	People's United Financial	Median of Comparable Companies
Multiple of Market Price to 2008 Estimated EPS	22.8x	13.6x
Book Value	1.29x	1.75x
Tangible Book Value	1.33x	2.28x
Premium to Total Deposits	13.9%	15.0%
Premium to Core Deposits	15.4%	17.0%

Profitability Ratios	People's United Financial	Median of Comparable Companies
Return on Average Assets	1.48%	1.14%
Return on Average Equity	4.7%	12.9%
Return on Average Tangible Equity	4.8%	14.3%
Fee Income / Total Revenue	24.5%	30.8%
Net Interest Margin	4.25%	3.45%
Efficiency Ratio	56.8%	60.6%

Balance Sheet Ratios	People's United Financial	Median of Comparable Companies
Tangible Equity / Tangible Assets	29.29%	7.88%
Core Deposits / Total Deposits	90.5%	87.9%
Loans / Deposits	93.4%	98.0%
Borrowings / Assets	0.5%	13.2%
Non-Performing Loans / Total Loans	0.21%	0.37%
Net Charge-Offs / Average Loans	0.02%	0.09%

Lehman Brothers selected a range of median financial metrics described above and applied them to corresponding financial data for People's United Financial as of March 31, 2007 to calculate a range of implied equity values per share of People's United Financial common stock of \$19.00 to \$25.00. Lehman Brothers noted that the average closing share price of People's United Financial common stock of \$19.01 for the three days ending June 25, 2007 was within the range of implied equity values resulting from this analysis.

Lehman Brothers selected the comparable companies named above because their businesses and operating profiles are reasonably similar to those of People's United Financial. However, because of the inherent differences between business, operations and prospects of People's United Financial and the businesses, operations and prospects of the comparable companies, Lehman Brothers believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the comparable companies analysis. Accordingly, Lehman Brothers also made qualitative judgments concerning differences between the financial and operating characteristics and prospects of People's United Financial and the companies included in this analysis that would affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between People's United Financial and the companies included in the comparable companies analysis.

Discounted Cash Flow Analysis of People's United Financial. Lehman Brothers performed a discounted cash flow analysis to estimate a range of the present values per share of People's United Financial common stock by assuming I/B/E/S consensus earnings estimates for 2007 and 2008 of \$0.71 and \$0.82 per share, respectively,

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and an annual long-term growth rate range of 9% to 11%, based on the I/B/E/S consensus long-term growth rate of 10%. The valuation range was determined by adding (1) the present value of People's United Financial dividendable earnings, net of earnings necessary to maintain a constant tangible common equity to tangible assets ratio for People's United Financial of 6.0% (a customary tangible common equity ratio for well-capitalized banking institutions comparable to People's United Financial), from December 31, 2007 through December 31, 2012 and (2) the present value of the terminal value of People's United Financial common stock. In calculating the terminal value of People's United Financial common stock, Lehman Brothers applied multiples ranging from 14.0x to 15.0x, based upon price to earnings multiples of comparable companies, to 2013 forecasted earnings. The free cash flow stream and the terminal value were then discounted back to June 25, 2007, using discount rates ranging from 11.0% to 13.0%, based upon a cost of equity calculation conducted using the capital asset pricing model.

Based on the above assumptions, Lehman Brothers calculated a range of implied equity values of \$19.00 to \$20.00 per share of People's United Financial common stock on a standalone basis. Lehman Brothers noted that the average closing share price of People's United Financial common stock of \$19.01 for the three days ending June 25, 2007 was within the range of implied equity values resulting from this analysis.

Merger Consequences Analysis. Lehman Brothers performed an illustrative pro forma analysis of the financial impact of the merger on People's United Financial, using I/B/E/S consensus earnings estimates for People's United Financial and Chittenden. In calculating the impact of the merger on the pro forma income statement and balance sheet of the combined company, the following assumptions were made:

deposit intangibles created will be 2.75% of Chittenden's total deposits and will be amortized on a sum-of-years-digits basis over 10 years;

a 35.0% tax rate; and

a 5.25% pre-tax cost of cash.

Based on these assumptions and taking into account the impact of the Pro Forma Effects, Lehman Brothers calculated that the merger would be accretive to People's United Financial earnings per share by 10.2% in 2008 and 16.1% in 2009.

General. The terms of the merger were determined through arms-length negotiations between Chittenden with its advisors, and People's United Financial with its advisors, and were unanimously approved by the members of the board of directors of Chittenden. Lehman Brothers' opinion does not address any other aspects of the merger transaction and does not constitute a recommendation to any stockholder as to how to vote or to take any other action with respect to the merger. Lehman Brothers' opinion was one of the many factors taken into consideration by the members of the Chittenden board of directors in making its unanimous determination to approve the merger agreement. Lehman Brothers' analyses summarized above should not be viewed as determinative of the opinion of the Chittenden board of directors with respect to the value of Chittenden or whether the Chittenden board would have been willing to agree to a different price.

Lehman Brothers is an internationally-recognized investment banking firm and, as part of its investment banking business, is regularly engaged in the evaluation of businesses and their debt and equity securities in connection with mergers and acquisitions; underwritings, private placements and other securities offerings; senior credit financings; valuations; and general corporate advisory services. The Chittenden board of directors selected Lehman Brothers as its financial advisor because of its reputation and experience advising companies in the financial institutions industry generally, as well as its substantial experience in transactions comparable to the merger.

Chittenden has entered into a letter of agreement with Lehman Brothers dated May 25, 2007 in connection with its engagement as Chittenden's financial advisor with respect to the merger. Pursuant to the terms of Lehman Brothers' engagement letter, Chittenden has agreed to pay Lehman Brothers \$2,000,000 in connection

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with the rendering of its fairness opinion and an additional fee of approximately \$4,750,000, contingent upon the consummation of the merger. In addition, Chittenden has agreed to reimburse Lehman Brothers for its reasonable out-of-pocket expenses incurred in connection with the engagement and to indemnify Lehman Brothers and certain related parties against certain liabilities that may arise out of its engagement and the rendering of its opinion. Lehman Brothers has provided various investment banking services to Chittenden and People's United Financial in the past and expects to perform various investment banking services to the combined company in the future and has received, and expects to receive, customary fees for the rendering of those services. Most recently, Lehman Brothers acted as Sole Bookrunner on Chittenden's subordinated debt offering in February 2007, and as Joint Lead Manager on the syndicated offering of People's United Financial second-step conversion in April 2007. In the ordinary course of its business, Lehman Brothers and its affiliates may actively trade in the equity and securities of Chittenden and People's United Financial for their own accounts and the accounts of their customers and, accordingly, may at any time hold long or short positions in such securities.

People's United Financial's Reasons for the Merger

People's United Financial's reasons for entering into the merger agreement include:

the opportunity to combine two banking institutions with similar balance sheets, management styles and cultures to create a premier New England banking franchise;

the quality of Chittenden's business, customer relationships and assets and the compatibility of the People's United Financial and Chittenden operating models;

the opportunity to expand into attractive contiguous and near-contiguous markets in a transaction that is accretive to earnings per share; and

the opportunity for the combined company to be well positioned in the consumer and commercial markets in New England and to have the size and scale for future growth.

Regulatory Approvals Required for the Merger

General. People's United Financial and Chittenden have filed all applications and notices and have taken or will take all other appropriate actions with respect to any required approvals or other action of any governmental authority. The merger agreement provides that the obligation of each of People's United Financial and Chittenden to complete the merger is conditioned upon the receipt of all required regulatory approvals, the giving of all required notices to regulatory agencies, and the expiration of all waiting periods. There can be no assurance that any governmental agency will approve or take any required action with respect to the merger. If such approvals are received or action is taken, there can be no assurance as to the date of such approvals or action, that such approvals or action will not be conditioned upon matters that would cause the parties to mutually consent to abandon the merger or constitute a materially burdensome condition such that People's United Financial will terminate the transaction. Further, there can be no assurance that an action will not be brought challenging such approvals or action, or, if such a challenge is made, the result of that challenge. People's United Financial and Chittenden are not aware of any governmental approvals or actions that may be required for completion of the merger other than as described below. Should any other approval or action be required, People's United Financial and Chittenden currently contemplate that such approval or action would be sought. As such, before People's United Financial and Chittenden may complete the merger, they must obtain a number of regulatory approvals from, or give notices to, federal and state bank regulators, as summarized in the following paragraphs.

Office of Thrift Supervision. In order to consummate the merger of each of Chittenden's bank subsidiaries with and into separate to-be-formed federally chartered savings bank subsidiaries of People's United Bank, People's United Bank must form interim banks into which the Chittenden bank subsidiaries will be merged. We refer to these entities as the interim banks. Before the completion of the merger, People's United Financial and People's United Bank must receive approval from the Office of Thrift Supervision of their H-(e)3 application to acquire Chittenden and to establish and acquire the interim banks. The Office of Thrift Supervision must also approve each of People's United Bank's federal thrift applications to establish and merge the interim banks. In

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making its determination, the Office of Thrift Supervision considers the financial and managerial resources and future prospects of the acquirer and the institution, willingness to furnish requested information and risk of a monopoly in any part of the United States or impact on competition. The interim banks must also be granted fiduciary powers from the Office of Thrift Supervision. Furthermore, the interim banks must receive approval from the Office of Thrift Supervision of their respective applications under the Bank Merger Act.

Board of Governors of the Federal Reserve. People's United Financial must receive confirmation from the Board of Governors of the Federal Reserve System, or the Board, or the Federal Reserve Bank of New York acting on delegated authority, pursuant to Section 225.12(d)(2) of the Board's Regulation Y, that the application requirements of Section 3 of the Bank Holding Company Act of 1956 do not apply to the merger or the merger of each of Chittenden's bank subsidiaries with and into separate to-be-formed federally chartered savings bank subsidiaries of People's United Bank.

State Regulatory Filings.

Massachusetts. Before the completion of the merger, the Massachusetts Board of Bank Incorporation must approve the petition for People's United Financial to acquire Chittenden Corporation (as the holding company of Flagship Bank and Trust Company and The Bank of Western Massachusetts) and for People's United Financial and People's United Bank to become bank holding companies for purposes of Massachusetts law. Additionally, People's United Bank must receive the approval of its application to the Massachusetts Division of Banks for the merger of Flagship Bank and Trust Company and The Bank of Western Massachusetts with their respective interim banks. Under Massachusetts law, the Massachusetts Commissioner of Banks may authorize an acquisition of a state bank by an out-of-state acquirer; provided (1) the laws of the jurisdiction in which the acquirer has its principal place of business expressly authorize, under conditions no more restrictive than those imposed by Massachusetts law, a Massachusetts bank to exercise like authority; (2) the target Massachusetts bank has been in existence for a period of three years or more; and (3) the acquirer will not control more than thirty percent of the total insured deposits in Massachusetts following the acquisition. The Commissioner has authority to waive certain statutory requirements if he determines that economic conditions warrant granting such waiver.

Similarly, the Massachusetts Board of Bank Incorporation must approve a company's petition to become a bank holding company and to acquire another financial institution. The Board's decision is based on a finding of whether competition among banking institutions will be unreasonably affected and whether public convenience and advantage will be promoted by the acquisition. In making such determination, the Board considers a showing of net new benefits, such as initial capital investments, job creation plans, consumer and business services, and commitments to maintain and open branch offices within the Massachusetts bank's delineated local community. The Board must also receive (1) notice from the Massachusetts Housing Partnership Fund that arrangements have been made satisfactory to the fund for the acquirer to make 0.0090 percent of its assets located in Massachusetts available for call by the fund for a period of ten years for the purpose of providing loans to the fund for financing, qualified low- and moderate-income housing acquisition or ownership programs; and (2) written assurances from the acquirer that a resident of Massachusetts will occupy a position of an executive officer in the acquired Massachusetts bank or any successor institution for so long as such acquirer controls the institution. Finally, the acquirer must maintain, for a period of two years, an asset base in the acquired institution equal to or greater than the total assets of such institution on the date of acquisition, unless such requirement is waived by the Commissioner if, in his judgment, economic conditions warrant a waiver.

Maine. Prior to the completion of the merger, the Superintendent of the Maine Bureau of Financial Institutions must approve the application of People's United Financial to acquire Chittenden Corporation (as the holding company of Maine Bank & Trust Company and Merrill Merchants Bank). In considering approval of the merger, the Maine Superintendent must consider whether the merger will contribute to the financial strength and success of the institutions involved and will promote the convenience and advantage of the public. In determining whether this standard has been met, the Maine Superintendent must consider, among other things,

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the effect of the merger on competition, the character, ability and overall sufficiency of the management of the institutions concerned, and the adequacy of capital and financial resources of the institutions.

New Hampshire. Prior to completion of the merger, People's United Financial must file with the New Hampshire Banking Commissioner an application for authority for a subsidiary interim federal savings bank to merge with, and to change the charter of, Ocean Bank. The Commissioner must find no violation of the deposit limitations of New Hampshire and that the laws of each state in which People's United Bank is located would permit a substantially similar transaction to occur.

Vermont. Prior to the completion of the merger, People's United Financial must file notice with the Commissioner of the Vermont Department of Banking, Insurance, Securities and Health Care Administration of the transaction with Chittenden Trust Company, including the plan of merger and certified resolutions. No formal approval is required.

Stock Exchange Listing

Listing of People's United Financial Common Stock. Under the terms of the merger agreement, People's United Financial must obtain approval for listing on the NASDAQ Global Select Market the shares of People's United Financial common stock to be issued to Chittenden stockholders in the merger.

Delisting and Deregistration of Chittenden Common Stock. If the merger is completed, Chittenden's common stock will be delisted from the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934.

Dissenters' Rights

Dissenters' rights are statutory rights that enable stockholders to dissent from an extraordinary transaction, such as a merger, and to demand that the corporation pay the fair value for their shares as determined by a court in a judicial proceeding instead of receiving the consideration offered to stockholders in connection with the merger.

Stockholders of Chittenden are entitled to exercise their rights as dissenting stockholders under Title 11A, Chapter 13 of the Vermont Business Corporation Act, but only if you comply strictly with all of the procedural and other requirements of Chapter 13, a copy of which is attached to this document as Appendix D.

The provisions of Chapter 13 of the Vermont Business Corporation Act are summarized below.

You must deliver to Chittenden written notice of your intent to demand payment. If you intend to demand payment of the fair value of your shares of Chittenden common stock, you must deliver, before the vote on the merger agreement is taken at the special meeting, a written notice of intent to demand payment for your shares if the proposed merger is completed. This written notice of intent must be separate from the proxy card. A vote against the merger agreement alone will not constitute a written notice of intent to demand payment. Chittenden stockholders who elect to exercise dissenters' rights should mail or deliver a written notice of intent to demand payment to: Chittenden Corporation, P.O. Box 820, Burlington, Vermont 05402-0820, Attention: F. Sheldon Prentice. It is important that Chittenden receive all written notices of intent before the vote concerning the merger agreement is taken at the special meeting. The written notice of intent should specify your name and mailing address, the number of shares of common stock owned, and that you intend to demand payment for your shares under Chapter 13 of the Vermont Business Corporation Act.

You must NOT vote for approval of the merger agreement. If you intend to demand payment of the fair value of your shares of Chittenden common stock, you must *not* vote for approval of the merger agreement. If

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you vote, by proxy or in person, in favor of the merger agreement, this will terminate your right to demand payment for your shares under Chapter 13 of the Vermont Business Corporation Act. You will also terminate your right to demand payment if you submit a signed proxy card and (1) fail to vote against approval of the merger agreement, or (2) fail to note that you are abstaining from voting. If you do either of these two things, your dissenters' rights will terminate, even if you previously filed a written notice of intent to demand payment. However, you will not terminate your right to demand payment if you do not submit a proxy card.

You must demand payment for your shares of Chittenden common stock and deposit certificates for certificated shares. If the merger agreement is approved by Chittenden stockholders, Chittenden will be required to deliver a written dissenters' notice to all stockholders who delivered a written notice of intent to demand payment for their shares of Chittenden common stock and who did not vote for the approval of the merger agreement. The written dissenters' notice must be sent to you by Chittenden no later than ten days after the approval of the merger agreement and must state where a demand for payment must be sent, where and when certificates for certificated shares must be deposited, and to what extent the transfer of uncertificated shares will be restricted after the payment demand is received. The written dissenters' notice must also supply a form for demanding payment, indicating the date of the first announcement to news media of the terms of the proposed merger, which was June 27, 2007, and set a date by which Chittenden must receive the payment demand, which date may not be fewer than 30 nor more than 60 days after the date the dissenters' notice is delivered.

You must demand payment for your shares of Chittenden common stock using the form provided with Chittenden's written dissenters' notice, certifying whether or not you acquired beneficial ownership of your shares before June 27, 2007, and depositing certificates for certificated shares in accordance with the terms of the written dissenters' notice. If you do not demand payment or deposit your certificates for certificated shares as required by the written dissenters' notice, you will not be entitled to payment for your shares under Chapter 13 of the Vermont Business Corporation Act.

Chittenden may restrict the transfer of uncertificated shares of Chittenden common stock from the date that the demand for their payment is received until the merger is completed. The holder of the uncertificated shares will retain all other rights of a stockholder of Chittenden until those rights are cancelled or modified by the merger.

If you fail to strictly comply with any of the conditions in Chapter 13 of the Vermont Business Corporation Act and the merger becomes effective, you will only be entitled to receive the consideration provided in the merger agreement for your shares.

If the merger is completed, each holder of shares of Chittenden common stock who acquired those shares prior to June 27, 2007 and who perfected dissenters' rights in accordance with Chapter 13 of the Vermont Business Corporation Act, will be paid by Chittenden the amount that Chittenden estimates to be the fair value, plus accrued interest. The payment must be accompanied by Chittenden's balance sheet, income statement, and statement of changes in stockholders' equity as of and for the fiscal year ending not more than 16 months before the date of payment, and the latest available interim financial statements. The payment must also be accompanied by a statement of Chittenden's estimate of the fair value of the shares and how such estimate was calculated, an explanation of how the interest was calculated, and a statement of the dissenting stockholder's right to demand payment if dissatisfied with the amount of the payment.

If the merger is completed, Chittenden may elect to withhold payment from holders of Chittenden common stock who acquired those shares after June 27, 2007 and who perfected dissenters' rights in accordance with Chapter 13 of the Vermont Business Corporation Act. If Chittenden elects to withhold payment, Chittenden will be required to estimate the fair value of the dissenting stockholders' shares of Chittenden common stock, plus accrued interest and to send an offer to pay this amount in full satisfaction of the stockholder's demand, accompanied by a statement of the estimate and calculation of the fair value of the shares, an explanation of how

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the interest was calculated, and a statement of the dissenting stockholder's right to demand payment if dissatisfied with the amount of the offer. If you agree to accept the offer of payment in full satisfaction of your demand, you will be sent that amount in payment by Chittenden.

If you believe that the amount paid or offered to be paid by Chittenden is less than the fair value of your shares or that the interest due is incorrectly calculated, you may, within 30 days of receipt of the payment or offer of payment, notify Chittenden in writing of your own estimate of the fair value of your shares and the amount of interest due and demand payment of your estimate of the fair value of your shares and interest due, less any payment received. If such a demand for payment is not settled within 60 days of Chittenden's receipt of that demand, Chittenden would be required to petition the court to determine the fair value of the shares and accrued interest, or if such petition is not made, to pay the amount that you demanded. Chittenden is required to commence the proceeding in the superior court of Chittenden County, Vermont.

If Chittenden petitions the court to determine the fair value of the shares and accrued interest, the court will assess costs of the proceeding, including reasonable compensation and expenses of appraisers appointed by the court, against Chittenden, except that the court may assess costs against all or some of the dissenters, in amounts the court finds equitable, to the extent the court finds the dissenters acted arbitrarily, vexatiously, or not in good faith in demanding payment. The court may also assess the fees and expenses of counsel and experts in amounts the court finds equitable against Chittenden if the court finds that Chittenden did not substantially comply with the requirements of Chapter 13 of the Vermont Business Corporation Act, or against either Chittenden or the dissenters if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith. In addition, if the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and that the fees for those services should not be assessed against Chittenden, the court may award reasonable fees to such counsel to be paid out of the amounts awarded to the dissenters who benefited.

If you are considering demanding payment of the fair value of your shares, you should note that the fair value of your shares determined under Chapter 13 of the Vermont Business Corporation Act could be more than, the same as, or less than the consideration you would receive under the terms of the merger agreement if you did not demand payment of the fair value of your shares.

If you fail to comply strictly with the procedures described in Chapter 13 of the Vermont Business Corporation Act and summarized above, you will lose your dissenters' rights. Consequently, if you wish to exercise your dissenters' rights, you are strongly urged to consult a legal advisor before attempting to do so.

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INTERESTS OF CHITTENDEN S EXECUTIVE OFFICERS AND DIRECTORS IN THE MERGER

In considering the Chittenden board of directors' recommendation to vote in favor of the approval of the merger agreement, you should be aware that Chittenden's executive officers and directors may have interests in the merger that may be different from, or in addition to, the interests of other Chittenden stockholders generally. The Chittenden board was aware of these interests and considered them, among other matters, when it approved the merger agreement.

Employment Agreements

Employment Agreement with Paul A. Perrault. In connection with the execution of the merger agreement, People's United Financial entered into an employment agreement with Paul A. Perrault, Chittenden's Chairman, President and Chief Executive Officer. Upon the closing of the merger, this employment agreement will become effective and will supersede Mr. Perrault's existing employment agreement with Chittenden. The employment agreement has a two-year term commencing upon the closing of the merger, and provides for automatic one-year renewals, unless either party has given the other sufficient prior notice of its or his desire to terminate the agreement at the end of the current period.

During the employment period, Mr. Perrault will serve as Vice Chairman of People's United Financial and a member of People's United Financial's executive officer group. Mr. Perrault will receive an annual base salary of \$650,000 and will be eligible to participate in the bonus plan and other incentive programs applicable to People's United Financial's senior management. Beginning in 2008, during each year Mr. Perrault is employed by People's United Financial, People's United Financial will make awards to Mr. Perrault under these incentive programs based on a target level which, in combination with Mr. Perrault's base salary, would provide him with total target earnings of \$1.4 million (on an annualized basis) in compensation with respect to employment services rendered during the applicable year. These awards may be partially in the form of equity-based awards, provided that the cash-based awards must constitute an amount equal to at least 70% of his base salary.

Also under the employment agreement, Mr. Perrault will be entitled to perquisites, fringe benefits (including the use of an automobile), group insurance coverage, vacation entitlements and other benefits, including supplemental retirement benefits, generally provided to other senior executives of People's United Financial from time to time. In addition, Mr. Perrault will be entitled to receive a paid, furnished apartment located within a reasonable commuting distance to People's United Financial's headquarters in Bridgeport, Connecticut. In the event People's United Financial requires Mr. Perrault to move to Connecticut, reasonable relocation expenses will be paid. The employment agreement also entitles Mr. Perrault to enter into an agreement substantially the same as the Agreement for Compensation on Discharge Subsequent to a Change of Control entered into between People's United Financial and various of its senior executives. Accordingly, in the event Mr. Perrault's employment is terminated under certain circumstances, he would generally be eligible for cash severance, continuation of group health benefits and certain supplemental retirement benefits. Under the terms of the employment agreement, in the event Mr. Perrault's employment terminates under certain circumstances, Mr. Perrault may elect to receive either the applicable severance benefits provided under the employment agreement or this change of control agreement, but not both.

Termination by People's United Financial of Mr. Perrault's employment under the employment agreement without cause (including non-renewal by People's United Financial) or a termination of employment by Mr. Perrault for good reason will entitle Mr. Perrault to:

continued payment of the then rate of base salary for the severance period, which lasts from termination through the later of (1) six months after such termination or (2) the end of the term as scheduled before such termination;

the target value of the cash-based incentive awards for the then current performance period pro-rated for the number of days of service completed in that performance period;

the full premium cost for continuation of group health plan benefits during the severance period;

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vesting of any stock options and lapsing of all restrictions on restricted stock or other equity-based awards; and

any previously unpaid payments or unissued equity awards under any incentive programs with respect to the previous calendar year that would have been paid or issued in the event of continued employment.

As a condition to receiving the benefits described above, Mr. Perrault will be required to execute a general release of claims.

Mr. Perrault is also subject to non-competition, non-solicitation, and confidentiality obligations through the end of one year after termination of his employment, so long as People's United Financial is not in default of any material obligation under the employment agreement.

Employment Agreements with Chittenden Bank Presidents. In connection with the execution of the merger agreement, People's United Financial agreed to offer to enter into an employment agreement with the president of each Chittenden bank. The Chittenden bank presidents are as follows: Timothy P. Crimmins, Jr. The Bank of Western Massachusetts; James C. Garvey Flagship Bank and Trust Company; John W. Kelly Chittenden Bank; Samuel A. Ladd, III Maine Bank & Trust Company; William P. Lucy Merrill Merchants Bank; and Danny H. O'Brien Ocean Bank. Each bank president would serve as President and Chief Executive Officer of the thrift institution into which his bank is merged at the closing.

These employment agreements each have a one-year term commencing upon the closing of the merger. Thereafter, commencing on each of the nine-month and the 21-month anniversary of the closing of the merger, the scheduled termination date will be extended for one year, unless either party has given the other prior notice that the scheduled termination date will not be extended.

Each bank president's annual base salary will be commensurate with his current base salary with Chittenden, and his bonus target payout amount for each of 2008 and 2009 will be based on Chittenden's current practice. If the effective date of the merger occurs after December 31, 2007, then in addition to the annual bonus, each bank president will be entitled to receive a special transition bonus. Any amount payable to the bank president as an annual bonus or special transition bonus will be offset by the amount payable to the bank president with respect to the same performance period under Chittenden's amended and restated 2005 Executive Management Incentive Compensation Plan as a result of a change of control of Chittenden. During the employment period, starting in 2008, each bank president will be eligible to receive annual grants that are a combination of cash-based and equity-based grants, the amount and mix of grant types to be reasonably comparable to grants made under Chittenden plans in effect for 2007. During the employment period, the annual combined value of the annual bonus, special transition bonus, if payable, and the long-term incentive grant, will be at least substantially equal in value to the annual combined value of the awards that were made to the bank president in accordance with Chittenden's practice on June 1, 2007.

Also under each employment agreement, the bank president will be entitled to perquisites, fringe benefits (including the use of an automobile), group insurance coverage, club membership, vacation entitlements and other benefits, including eligibility to participate in various non-qualified benefit plans maintained by People's United Financial, generally provided to other senior officers (but not executive officers) of People's United Financial.

Termination by People's United Financial of the bank president's employment under this agreement without cause or a termination of employment by the bank president for good reason will entitle the bank president to:

continued payment of the then rate of base salary for one year after the termination date, provided that if such termination occurs within one year following a change of control, the continuation of base salary will be for two years;

the target value of the cash-based incentive awards for the then current performance period pro-rated for the number of days of service completed in that performance period;

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the full premium cost for continuation of group health plan benefits during the severance period; and

any previously unpaid payments or unissued equity awards under any incentive programs with respect to the previous calendar year that would have been paid or issued in the event of continued employment.

As a condition to receiving the benefits described above, the bank president will be required to execute a general release of claims.

The employment agreement also contains certain restrictive covenants, including non-competition, non-solicitation, and confidentiality covenants through the end of one year after termination of the bank president's employment, so long as People's United Financial is not in default of any material obligation under the employment agreement.

Existing Severance Agreements

Chittenden has existing senior executive severance agreements with nine of its executive officers. Under these agreements, if the employment of the executive officer is terminated following the merger (including by the executive for any reason), the executive officer would become entitled to a lump sum payment in an amount equal to:

a multiple (ranging from 1.5 to 2.99 times) of the amount of the highest base salary in effect at or following the merger;

the same multiple of the amount of the highest target bonus of the executive officer in effect at or following the merger;

the same multiple of the amount of the core contribution that would have been contributed on the executive officer's behalf under Chittenden's Incentive Savings and Profit Sharing Plan in the event the executive officer had continued employment until the end of the then current plan year;

the same multiple of the amount of the 401(k) match and the profit sharing portion of the 401(k) contribution that would have been contributed on behalf of the executive officer in the event the executive officer had continued employment until the end of the then current year;

the same multiple of the amount of the 401(k) restoration payment, if any, that would have been credited on behalf of the executive officer in the event the executive officer had continued employment until the end of the then current year;

the same multiple of the amount that would have been credited on behalf of the executive officer under the supplemental executive retirement plan for members of the executive management group in the event the executive officer had continued employment until the end of the then current year; and

all earned but unpaid bonuses and related contingent payments relating to prior years.

The approximate severance amounts payable in cash to the executive officers upon the completion of the merger, assuming that the merger is completed on January 2, 2008, are as follows: Paul A. Perrault, \$4,341,000; John P. Barnes, \$1,229,000; Timothy P. Crimmins, Jr., \$646,000; James C. Garvey, \$595,000; John W. Kelly, \$1,599,000; Samuel A. Ladd III, \$613,000; Danny H. O'Brien, \$1,140,000; F. Sheldon Prentice, \$494,000; and Kirk W. Walters, \$1,253,000. Regardless of whether the executive officer's employment is terminated following the merger, the merger agreement provides for the payment of these amounts upon the closing date or such later date as may be required for these payments to meet the requirements of Section 409A of the Internal Revenue Code. The above severance amounts were calculated using the compensation information available as of August 27, 2007, which included 2007 base salary and bonus information and 2006 contributions to qualified and non-qualified retirement programs. Actual severance payments upon completion of the merger may vary based on the executive officer's actual compensation for 2007 and the actual 2007 contributions to retirement programs on behalf of that officer.

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Other benefits under these agreements include: (1) medical, dental, long-term disability, accidental death and dismemberment insurance and life insurance for a period of 24 months (36 months for Mr. Perrault); (2) professional advice of a financial planner, actuary or accountant of the executive officer's choice;

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(3) outplacement services selected by the executive officer, an office and clerical assistance for a period of twelve months; and (4) the payment of all reasonable legal and mediation fees and expenses incurred by the executive officer in obtaining or enforcing any right or benefit provided by the agreement.

In addition, Chittenden has senior management severance agreements with two other executive officers. Under these agreements, if the employment of the executive officer is terminated under specified circumstances within one year following the merger, the executive officer will be entitled to receive a lump sum payment equal to the sum of (1) the current base salary of the executive officer, and (2) an amount equal to the highest potential cash bonus that could be earned by the executive officer in the year of the closing of the merger. Assuming that the merger is completed on January 2, 2008, these agreements would result in potential aggregate severance payments of approximately \$363,000 to these executive officers. In addition, the executive officer is entitled to continued health, dental, long-term disability, life insurance and other fringe benefits, on the same terms and conditions as though the executive officer had remained an active employee, for a period of twelve months.

Equity-Based Awards

Stock Options. The merger agreement provides that, immediately prior to the effective time of the merger, each outstanding Chittenden stock option, whether or not exercisable, will be cancelled. The holders of those options will be entitled to receive an amount of cash calculated by multiplying the number of shares of Chittenden common stock subject to that option by the excess, if any, of the per share merger consideration over the applicable exercise price for that option. The per share merger consideration for this purpose will be equal to the amount that Chittenden stockholders who make a valid election to receive cash will receive in the merger for their shares of Chittenden common stock. As a result, Chittenden's directors and executive officers will receive cash payments with respect to their stock options upon the completion of the merger in the approximate amounts indicated in the following table. The amounts in the following table (1) are based on stock options outstanding as of August 27, 2007, which is based upon the \$18.71 closing sale price of People's United Financial common stock on June 26, 2007, (2) assume per share merger consideration valued at \$36.77 as of the closing of the merger, and (3) are shown before the deduction of any applicable withholding taxes. The actual per share merger consideration may differ depending upon the average of the closing sale prices for People's United Financial common stock during the five trading days prior to completion of the merger.

Name	Number of	Option Shares	Approximate Option Settlement Amount ⁽¹⁾
	Option Shares	Exercise Price	
Paul A. Perrault	771,253	\$ 18.82-\$31.20	\$ 10,798,000
Howard L. Atkinson	29,908	\$ 26.14-\$31.20	\$ 263,000
John P. Barnes	268,882	\$ 19.97-\$31.20	\$ 3,288,000
Timothy P. Crimmins, Jr.	118,754	\$ 19.74-\$31.20	\$ 1,522,000
James C. Garvey	32,300	\$ 24.50-\$31.20	\$ 293,000
John W. Kelly	246,342	\$ 19.97-\$31.20	\$ 2,816,000
Samuel A. Ladd III	89,008	\$ 19.31-\$31.20	\$ 1,190,000
Larry D. MacKinnon	25,446	\$ 23.23-\$31.20	\$ 258,000
Danny H. O'Brien	193,001	\$ 19.74-\$31.20	\$ 2,515,000
F. Sheldon Prentice	120,446	\$ 19.74-\$31.20	\$ 1,361,000
Kirk W. Walters	278,185	\$ 19.74-\$31.20	\$ 3,422,000
Sally W. Crawford	18,935	\$ 21.52-\$36.02	\$ 168,000
Phillip M. Drumheller	20,717	\$ 14.62-\$36.02	\$ 218,000
John K. Dwight	20,717	\$ 14.62-\$36.02	\$ 218,000
Lyn Hutton	18,935	\$ 21.52-\$36.02	\$ 168,000
James C. Pizzagalli	18,935	\$ 21.52-\$36.02	\$ 168,000
Ernest A. Pomerleau	20,717	\$ 14.62-\$36.02	\$ 218,000
Mark W. Richards	18,045	\$ 16.19-\$36.02	\$ 163,000
Pall D. Spera	18,935	\$ 21.52-\$36.02	\$ 168,000
Owen W. Wells	14,249	\$ 21.52-\$36.02	\$ 123,000

(1) The Approximate Option Settlement Amount was calculated based on the weighted average exercise price for such individuals' options outstanding as of August 27, 2007.

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Performance Shares. The merger agreement provides that, upon the effective time of the merger, each outstanding performance share award granted under Chittenden's Performance Share Program will be cancelled. The holders of those performance shares will be entitled to receive an amount of cash calculated by multiplying the per share merger consideration by the target performance shares for the current performance cycles or, if greater, the number of performance shares for the current performance cycles based on actual performance through the quarter ending immediately prior to the effective time of the merger. The per share merger consideration for this purpose will be equal to the amount that Chittenden stockholders who make a valid election to receive cash will receive in the merger for their shares of Chittenden common stock. These payments will include all accumulated dividends on the applicable performance shares.

As a result, Chittenden's executive officers will receive cash payments with respect to their performance shares upon the completion of the merger in the approximate amounts indicated in the following table. The estimated amounts in the following table (1) are based on the target performance shares for current performance cycles as of August 27, 2007, (2) assume per share merger consideration valued at \$36.77 as of the closing of the merger, and (3) are shown before the deduction of any applicable withholding taxes. The actual per share merger consideration may differ depending upon the average of the closing sale prices for People's United Financial common stock during the five trading days prior to completion of the merger.

Name	Number of Target Shares	Approximate
		Performance Share Settlement Amount ⁽¹⁾
Paul A. Perrault	38,084	\$ 1,466,000
John P. Barnes	14,755	\$ 568,000
Timothy P. Crimmins, Jr.	5,637	\$ 216,000
James C. Garvey	4,887	\$ 188,000
John W. Kelly	21,983	\$ 846,000
Samuel A. Ladd III	4,887	\$ 188,000
Danny H. O'Brien	9,773	\$ 376,000
Kirk W. Walters	15,855	\$ 609,000

(1) Includes estimated accumulated dividends of \$0.72 for 2005, \$0.78 for 2006 and \$0.86 for 2007 per target performance share, as applicable.

Restricted Stock Awards. All restricted stock awards granted under Chittenden's stock plans will vest in full immediately prior to the effective time of the merger, and the holders of those restricted shares will have the right to make elections with respect to the form of consideration that they would like to receive in the merger and to receive the merger consideration with respect to those shares. As of August 27, 2007, Chittenden's executive officers held the number of restricted shares indicated in the following table.

Name	Number of Restricted Shares
Paul A. Perrault	8,900
Howard L. Atkinson	1,000
John P. Barnes	3,300
Timothy P. Crimmins, Jr.	2,000
James C. Garvey	1,250
John W. Kelly	5,300
Samuel A. Ladd III	1,250
Larry D. MacKinnon	1,000
Danny H. O'Brien	2,500
F. Sheldon Prentice	2,000
Kirk W. Walters	4,400

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CEO Retirement Plan

Chittenden has an existing supplemental executive retirement plan in place for Mr. Perrault. Under the terms of this agreement, upon a change in control of Chittenden, which the merger will be, Chittenden will make an additional allocation to this plan on behalf of Mr. Perrault in an amount equal to three times the average of the prior two years' allocations made to such plan. The estimated amount of this additional allocation is \$715,000, which amount was calculated based on an assumed closing date of January 2, 2008 and using the average of the 2006 actual allocation and the projected 2007 allocation.

Executive Management Incentive Compensation Plan

Each of the executive officers participates in Chittenden's amended and restated 2005 Executive Management Incentive Compensation Plan and Annual Management Incentive Program. If the merger occurs in 2007, amounts paid under these plans will be as follows:

each participant will be paid an amount under the Executive Management Incentive Compensation Plan equal to his target award; and

each participant will be paid an amount under the Annual Management Incentive Program based upon the target pool amount, with individual awards made by Chittenden based on past practices.

The target awards for Chittenden's executive officers under these plans for calendar year 2007 are in an aggregate amount of approximately \$2.4 million.

If the merger occurs in 2008, amounts will be paid under these plans as follows:

each participant will be paid an amount under the Executive Management Incentive Compensation Plan equal to his target award for 2007 and will receive a pro rated portion, to the closing date, of the bonus in 2008, based upon target performance; and

each participant will be paid an amount under the Annual Management Incentive Program based upon the target pool amount for 2007 and will receive a pro rated portion, to the closing, of the bonus in 2008, in each case with individual awards to be made by Chittenden based on past practices in a manner approved by Chittenden's Chief Executive Officer.

Supplemental Executive Savings Plan

Under Chittenden's Supplemental Executive Savings Plan, upon a change in control of Chittenden, each participant in such plan is entitled to accelerated vesting of his account under such plan and, to the extent that a participant made a prior election to have his account paid upon a change in control, his account will become payable. Each of the executives is already fully vested in his account under the Supplemental Executive Savings Plan. Therefore, no additional vesting will occur under this plan as a result of the merger. In addition, those executives who have elected to have their accounts under this plan paid upon a change of control will be entitled to receive their account balances following the merger in the form of payment that the executives had previously specified. Any executive who did not elect to have his or her account under the plan paid upon a change in control will be entitled to receive his or her account balance at the time and in the form of payment that the executive had previously specified.

Excess Parachute Payments and Gross-Ups

The senior executive severance agreements described above also provide that if any payments made are determined to be excess parachute payments under Section 280G of the Internal Revenue Code, then the amount payable will include an additional gross-up payment so that, after payment of the applicable excise tax and all income and excise taxes imposed on the gross-up payment, the executive officer will retain approximately the same net after-tax amounts that he would have retained if there were no excise tax. Approximately eight

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executive officers are expected to receive gross-up payments in connection with the merger, and the aggregate estimated amount of these gross-up payments is equal to approximately \$9.0 million, based on an assumed closing date of January 2, 2008; however, these estimates are subject to change depending on the timing of completion of the merger and fluctuations in interest rates.

Director Seats on the People's United Financial Board of Directors

The merger agreement provides for People's United Financial to appoint, as of the effective time of the merger, two of Chittenden's independent directors to the People's United Financial board of directors. The independent Chittenden directors to serve on the People's United Financial board had not been selected as of the date of this document.

Indemnification and Insurance

In addition, under the terms of the merger agreement, Chittenden's directors and executive officers will be entitled to indemnification in specified circumstances and to directors' and officers' liability insurance coverage, each as more fully described in the section titled *The Merger Agreement Indemnification and Insurance* on page [] of this document.

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THE MERGER AGREEMENT

The following summary describes certain aspects of the merger, including material provisions of the merger agreement. This summary is not complete and is qualified in its entirety by reference to the merger agreement, a copy of which is attached as Appendix A to this document and is incorporated into this document by reference. You should read the merger agreement in its entirety, as it is the legal document governing the merger.

The Merger

Each of the People's United Financial board of directors and the Chittenden board of directors has unanimously approved the merger agreement, which provides for the merger of Chittenden with and into People's United Financial. People's United Financial will be the surviving corporation in the merger. Each share of People's United Financial common stock issued and outstanding at the effective time of the merger will remain issued and outstanding as one share of common stock of People's United Financial, and each share of Chittenden common stock issued and outstanding at the effective time of the merger will be converted into either cash or People's United Financial common stock, as described below. See *Consideration To Be Received in the Merger* below.

The People's United Financial certificate of incorporation will be the certificate of incorporation, and the People's United Financial bylaws will be the bylaws, of the combined company after the completion of the merger. The merger agreement provides that People's United Financial may change the structure of the merger if consented to by Chittenden (but Chittenden's consent cannot be unreasonably withheld). No such change will alter the amount, kind, or timing of the merger consideration to be provided under the merger agreement, adversely affect the tax consequences to Chittenden stockholders in the merger, materially impede or delay completion of the merger, or require submission to Chittenden stockholders for approval after the merger agreement has been approved by Chittenden stockholders.

Simultaneously with the merger, each of Chittenden's bank subsidiaries (Chittenden Trust Company, The Bank of Western Massachusetts, Flagship Bank and Trust Company, Maine Bank & Trust Company, Ocean Bank, and Merrill Merchants Bank), will be merged with and into separate to-be-formed interim federally chartered savings bank subsidiaries of People's United Bank. Following each bank merger, the corporate existence of the applicable Chittenden bank subsidiary will cease and each savings bank subsidiary of People's United Bank will be the surviving entity in its respective bank merger.

Effective Time and Completion of the Merger

The merger will be completed and will become effective when we file a certificate of merger with the Delaware Secretary of State and articles of merger with the Vermont Secretary of State. However, we may agree to a later time for completion of the merger and specify that later time in the certificate of merger and articles of merger in accordance with Delaware and Vermont law. In the merger agreement, we have agreed to cause the merger to be completed no later than five business days after the satisfaction or waiver of each of the conditions to the completion of the merger unless extended by mutual agreement of the parties. The merger agreement provides that if the merger would otherwise occur during December 2007, it will be postponed until January 2008, but no later than the end of the first full week of January 2008.

We currently expect that the merger will be completed in the first quarter of 2008, subject to Chittenden stockholders' approval of the merger agreement, the receipt of all necessary regulatory approvals and the expiration of all regulatory waiting periods. However, completion of the merger could occur as early as November 2007 if all conditions to the merger are satisfied or waived by that time. In addition, completion of the merger could be delayed if there is a delay in obtaining the required regulatory approvals or in satisfying any other conditions to the merger. There can be no assurances as to whether, or when, People's United Financial and Chittenden will obtain the required approvals or complete the merger.

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Board of Directors of the Surviving Corporation

Upon completion of the merger, People's United Financial will take such actions as may be reasonably required to appoint two of Chittenden's independent directors to its board of directors and, if necessary, will increase the size of the People's United Financial board of directors to permit this appointment.

Consideration To Be Received in the Merger

As a result of the merger, each Chittenden stockholder will have the right, with respect to each share of Chittenden common stock held, to elect to receive merger consideration consisting of either cash or shares of People's United Financial common stock, subject to adjustment as described below. The aggregate value of the merger consideration will fluctuate with the market price of People's United Financial common stock and will be determined based on the average of the closing sale prices of People's United Financial common stock for the five trading days ending on the day before the completion of the merger.

Whether a Chittenden stockholder makes a cash election or a stock election, the value of the consideration that such stockholder will receive as of the completion date will be substantially the same based on the average People's United Financial closing sale price used to calculate the merger consideration. A chart showing the cash and stock merger consideration at various hypothetical average closing sale prices of People's United Financial common stock is provided on page [] of this document.

The form of election will be mailed to Chittenden stockholders at least 20 business days before the anticipated election deadline, as described more fully below under *Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration Form of Election*. Chittenden stockholders must return their properly completed and signed form of election to the exchange agent prior to the election deadline. If you do not return your form of election by the election deadline or improperly complete or do not sign your form of election, you will receive cash, shares of People's United Financial common stock or a mixture of cash and shares of People's United Financial common stock, based on what is available after giving effect to the valid elections made by other Chittenden stockholders, as well as the proration adjustments described below.

You may specify different elections with respect to different shares of Chittenden common stock held by you (for example, if you have 100 shares of Chittenden common stock, you could make a cash election with respect to 50 shares and a stock election with respect to the other 50 shares).

Cash Election. The merger agreement provides that each Chittenden stockholder who makes a valid cash election will have the right to receive, in exchange for each share of Chittenden common stock for which the valid cash election was made, an amount in cash equal to the Per Share Amount (determined as described below), subject to proration. We sometimes refer to this cash amount as the cash consideration. Based on the average of the closing sale prices of People's United Financial common stock for the five trading days ending [], 2007, if the merger had been completed on [], 2007, the cash consideration would have been approximately \$[]. The aggregate amount of cash that People's United Financial has agreed to pay to all Chittenden stockholders in the merger is fixed at \$1,013,022,898 (subject to a reduction in the amount of \$67,675,757 in the event that Chittenden's planned acquisition of Community Bank & Trust Company is not completed). As a result, even if a Chittenden stockholder makes a cash election, that holder may nevertheless receive a mix of cash and stock. In addition, if the merger potentially fails to satisfy the continuity of interest requirements under applicable federal income tax principles relating to tax-free reorganizations, the aggregate amount of cash will be reduced to the minimum extent necessary to enable the tax opinions referred to in the section titled *Material U.S. Federal Income Tax Consequences of the Merger* beginning on page [] of this document, to be rendered.

The Per Share Amount is the amount, rounded to three decimal places, obtained by adding (A) \$20.35 and (B) the product, rounded to three decimal places, of 0.8775 times the People's United Financial Closing Price.

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The People's United Financial Closing Price is the average, rounded to three decimal places, of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending on the day before the completion of the merger.

Stock Election. The merger agreement provides that each Chittenden stockholder who makes a valid stock election will have the right to receive, in exchange for each share of Chittenden common stock for which the valid stock election was made, a number of shares of People's United Financial common stock equal to the Exchange Ratio (determined as described below). We sometimes refer to this number of shares of People's United Financial common stock as the stock consideration. Based on the average of the closing sale prices of People's United Financial common stock for the five trading days ended [], 2007, if the merger had been completed on [], 2007, the stock consideration would have been [] shares of People's United Financial common stock. As described above under *Cash Election*, the cash portion of the aggregate merger consideration that People's United Financial has agreed to pay to Chittenden stockholders in the merger is fixed. As a result, even if a Chittenden stockholder makes a stock election, that holder may nevertheless receive a mix of cash and stock.

The Exchange Ratio is the quotient, rounded to four decimal places, obtained by dividing the Per Share Amount (determined as described above) by the People's United Financial Closing Price (as described above).

No fractional shares of People's United Financial common stock will be issued to any holder of Chittenden common stock upon completion of the merger. For each fractional share that would otherwise be issued, People's United Financial will pay cash in an amount equal to the fraction multiplied by the People's United Financial Closing Price. No interest will be paid or accrued on cash payable to holders in lieu of fractional shares. The cash to be paid in respect of fractional shares is not included in the aggregate cash amount described above under *Cash Election*.

Non-Election Shares. If you do not make an election to receive cash or People's United Financial common stock in the merger, your election is not received by the exchange agent by the election deadline, your form of election is improperly completed and/or is not signed, or you do not send your Chittenden stock certificates (or a properly completed notice of guaranteed delivery) with your form of election, you will be deemed not to have made an election. Stockholders not making an election may be paid in only cash, only shares of People's United Financial common stock or a mix of cash and shares of People's United Financial common stock depending on, and after giving effect to, the number of valid cash elections and valid stock elections that have been made by other Chittenden stockholders using the proration adjustment described below.

Proration

The total number of shares of People's United Financial common stock that will be issued in the merger is approximately [] million, based on the number of shares of Chittenden common stock outstanding on [], 2007 and the number of shares of Chittenden common stock expected to be issued in Chittenden's planned acquisition of Community Bank & Trust Company, and the aggregate amount of cash that will be paid in the merger is fixed at \$1,013,022,898 (subject to a reduction in the amount of \$67,675,757 in the event that Chittenden's planned acquisition of Community Bank & Trust Company is not completed). As a result, if more Chittenden stockholders make valid elections to receive either People's United Financial common stock or cash than is available as merger consideration under the merger agreement, those Chittenden stockholders electing the over-subscribed form of consideration will have the over-subscribed consideration proportionately reduced and will receive a portion of their consideration in the other form, despite their election. If the number of outstanding shares of Chittenden common stock increases prior to the date of completion of the merger due to the issuance of shares of Chittenden common stock upon the exercise of outstanding Chittenden stock options, the vesting of other stock-settled awards or as otherwise permitted by the merger agreement, the aggregate number of People's United Financial shares to be issued as consideration in the merger will be increased accordingly. The cash and stock elections are subject to adjustment to preserve the limitations described above on the cash to be paid in the

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merger. As a result, if you make an election to receive only stock or only cash, you may nevertheless receive a mix of cash and stock.

Adjustment if Cash Pool is Oversubscribed. Stock may be issued to Chittenden stockholders who make cash elections if the available cash pool of \$1,013,022,898 (subject to adjustment as described in *Cash Election* above) is oversubscribed. The total number of shares of Chittenden common stock for which valid cash elections are made is referred to as the Cash Election Number. The number of shares of Chittenden common stock that will be converted into the right to receive cash in the merger, which we refer to as the Cash Conversion Number, is equal to the quotient obtained by dividing (1) \$1,013,022,898 (subject to adjustment as described in *Cash Election* above) by (2) the Per Share Amount. For example, if the Per Share Amount were \$36.145, and assuming no adjustments to the cash pool, the Cash Conversion Number would be approximately 28,026,640 ($\$1,013,022,898/\36.145), meaning that approximately 28,026,640 shares of Chittenden common stock must be converted into the right to receive \$36.145 in cash, regardless of whether Chittenden stockholders have made cash elections with respect to a greater or lesser number of shares of Chittenden common stock.

If the Cash Election Number is greater than the Cash Conversion Number, the cash election is oversubscribed. If the cash election is oversubscribed, then:

a Chittenden stockholder making a stock election, no election or an invalid election will receive the stock consideration for each share of Chittenden common stock as to which the stockholder made a stock election, no election or an invalid election; and

a Chittenden stockholder making a cash election will receive:

the cash consideration for a number of shares of Chittenden common stock equal to the product obtained by multiplying (1) the number of shares of Chittenden common stock for which such stockholder has made a cash election by (2) a fraction, the numerator of which is the Cash Conversion Number and the denominator of which is the Cash Election Number; and

the stock consideration for the remaining shares of Chittenden common stock for which the stockholder made a cash election.

Example of Oversubscription of Cash Pool

Assuming no adjustment to the cash pool, and that:

the Cash Conversion Number is 28 million, and

the Cash Election Number is 56 million (in other words, only 28 million shares of Chittenden common stock can receive the cash consideration, but Chittenden stockholders have made cash elections with respect to 56 million shares of Chittenden common stock), then a Chittenden stockholder making a cash election with respect to 1,000 shares of Chittenden common stock would receive the cash consideration with respect to 500 shares of Chittenden common stock ($1,000 \times 28/56$) and the stock consideration with respect to the remaining 500 shares of Chittenden common stock. Therefore, if the People's United Financial Closing Price was equal to \$18.00, that Chittenden stockholder would receive 1,004 shares of People's United Financial common stock (500×2.0081 , which is the Exchange Ratio in this example) and approximately \$18,072 in cash ($500 \times \36.145, which is the Per Share Amount in this example) (excluding cash in lieu of fractional shares).

Adjustment if the Cash Pool is Undersubscribed. Cash may be paid to stockholders who make stock elections if the available cash pool of \$1,013,022,898 (subject to adjustment as described in *Cash Election* above) is undersubscribed. If the Cash Election Number is less than the Cash Conversion Number, the cash election is undersubscribed. The amount by which the Cash Election Number is less than the Cash Conversion Number is referred to as the Shortfall Number. If the cash election is undersubscribed, then all Chittenden stockholders making a cash election will receive the cash consideration for all shares of Chittenden common

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stock as to which they made a cash election. Chittenden stockholders making a stock election, Chittenden stockholders who make no election and Chittenden stockholders who failed to make a valid election will receive cash and/or shares of People's United Financial common stock based in part on whether the Shortfall Number is less or greater than the number of non-election shares, as described below.

Scenario 1: Undersubscription of Cash Pool and Shortfall Number is Less than or Equal to Number of Non-Election Shares. If the Shortfall Number is less than or equal to the number of non-election shares, then:

a Chittenden stockholder making a stock election will receive the stock consideration for each share of Chittenden common stock as to which the stockholder made a stock election; and

a Chittenden stockholder who made no election or who did not make a valid election with respect to any of his, her or its shares will receive:

the cash consideration with respect to the number of shares of Chittenden common stock equal to the product obtained by multiplying (1) the number of non-election shares held by such Chittenden stockholder by (2) a fraction, the numerator of which is the Shortfall Number and the denominator of which is the total number of non-election shares; and

the stock consideration with respect to the remaining non-election shares held by such stockholder.

Example of Scenario 1

Assuming no adjustment to the cash pool, and that:

the Cash Conversion Number is 28 million,

the Cash Election Number is 13 million (in other words, 28 million shares of Chittenden common stock must be converted into cash consideration but Chittenden stockholders have made a cash election with respect to only 13 million shares of Chittenden common stock, so the Shortfall Number is 15 million), and

the total number of non-election shares is 20 million, then a Chittenden stockholder that has not made an election with respect to 1,000 shares of Chittenden common stock would receive the per share cash consideration with respect to 750 shares of Chittenden common stock ($1,000 \times 15/20$) and the per share stock consideration with respect to the remaining 250 shares of Chittenden common stock. Therefore, if the People's United Financial Closing Price were equal to \$18.00, that Chittenden stockholder would receive 502 shares of People's United Financial common stock (250×2.0081) and approximately \$27,108 in cash ($750 \times \36.145) (excluding cash in lieu of fractional shares).

Scenario 2: Undersubscription of Cash Pool and Shortfall Number Exceeds Number of Non-Election Shares. If the Shortfall Number exceeds the number of non-election shares, then:

a Chittenden stockholder who made no election or who has not made a valid election will receive the cash consideration for each share of Chittenden common stock for which he, she or it did not make a valid election; and

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a Chittenden stockholder making a stock election will receive:

the cash consideration with respect to the number of shares of Chittenden common stock equal to the product obtained by multiplying (1) the number of shares of Chittenden common stock with respect to which the stockholder made a stock election by (2) a fraction, the numerator of which is equal to the amount by which the Shortfall Number exceeds the number of non-election shares and the denominator of which is equal to the total number of stock election shares; and

stock consideration with respect to the remaining shares of Chittenden common stock held by such stockholder as to which the stockholder made a stock election.

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Example of Scenario 2

Assuming no adjustment to the cash pool, and that:

the Cash Conversion Number is 28 million,

the Cash Election Number is 13 million (in other words, 28 million shares of Chittenden common stock must be converted into the cash consideration but Chittenden stockholders have made a cash election with respect to only 13 million shares of Chittenden common stock, so the Shortfall Number is 15 million),

the number of non-election shares is 10 million (so the Shortfall Number exceeds the number of non-election shares by 5 million), and

the number of stock election shares is 25 million, then a Chittenden stockholder that has made a stock election with respect to 1,000 shares of Chittenden common stock would receive the cash consideration with respect to 200 shares of Chittenden common stock ($1,000 \times 5/25$) and the stock consideration with respect to the remaining 800 shares of Chittenden common stock. Therefore, if the People's United Financial Closing Price were equal to \$18.00, that Chittenden stockholder would receive 1,606 shares of People's United Financial common stock (800×2.0081), and approximately \$7,229 in cash ($200 \times \36.145) (excluding cash in lieu of fractional shares).

Stock Options and Other Stock-Based Awards

Immediately before the effective time of the merger, each outstanding option to acquire Chittenden common stock granted under Chittenden's stock option and incentive plans will be cancelled, and each option holder will be entitled to receive, at the effective time of the merger or as soon as practicable thereafter, cash equal to (1) the number of Chittenden shares subject to that holder's option(s) multiplied by (2) the excess, if any, of the Per Share Amount over the per-share exercise price of that holder's option(s), less any required withholding taxes.

At the effective time of the merger, each outstanding share award granted under Chittenden's Performance Share Program will be canceled in exchange for cash equal to the product of:

the Per Share Amount multiplied by

the greater of:

100% of the Target Performance Shares relating to Performance Cycles (in each case as defined in Chittenden's Performance Share Program) in effect as of the effective time of the merger plus accumulated dividends (if any) on those shares as determined in accordance with Chittenden's Performance Share Program; or

100% of the Performance Shares (as defined in Chittenden's Performance Share Program) relating to Performance Cycles in effect as of the effective time of the merger based on performance calculated through the quarter ending immediately before the effective time of the merger plus accumulated dividends (if any) on those shares as determined in accordance with Chittenden's Performance Share Program.

See *Interests of Chittenden's Executive Officers and Directors in the Merger* beginning on page [] of this document for further information.

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Immediately prior to the effective time of the merger, all restricted stock awards granted under Chittenden's stock plans will fully vest, and all of the related shares will be treated as outstanding Chittenden shares for all purposes under the merger agreement, including for purposes of the holders' right to receive the forms of election, make elections and receive the merger consideration.

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Except in the case of restricted stock awards (which are treated identically to all other outstanding shares of Chittenden common stock), the cash to be paid in respect of unexercised stock options and other stock-based awards of Chittenden is not included in the aggregate cash amount described above under *Cash Election*.

Conversion of Shares; Exchange of Certificates; Elections as to Form of Consideration

The conversion of Chittenden common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. As described below, upon timely receipt of certificates representing shares of Chittenden common stock and other required documentation, promptly after the effective time of the merger the exchange agent will exchange certificates representing shares of Chittenden common stock for the consideration to be received in the merger under the terms of the merger agreement. Mellon Investor Services LLC will be the exchange agent in the merger and will receive forms of election, exchange certificates for the merger consideration and perform other duties as explained in the merger agreement.

Form of Election. Chittenden stockholders will be mailed a form of election at least 20 business days prior to the anticipated election deadline so as to permit each Chittenden stockholder to exercise such holder's right to make an election prior to the election deadline. Each form of election will allow each Chittenden stockholder to make cash or stock elections or a combination of both.

Unless otherwise agreed to in advance by People's United Financial and Chittenden, the election deadline will be 5:00 p.m., eastern time, on the later of (1) the date of the special meeting of Chittenden stockholders and (2) the date that People's United Financial and Chittenden agree is as near as practicable to five business days prior to the expected closing date. People's United Financial will issue a press release announcing the date of the election deadline as promptly as practicable after the election deadline is determined.

If a Chittenden stockholder wishes to elect the type of merger consideration he, she or it will receive in the merger, the Chittenden stockholder should carefully review and follow the instructions that will be set forth in the form of election. Stockholders who hold their shares of Chittenden common stock in street name or through a bank, broker or other nominee should follow the instructions of the bank, broker or other nominee for making an election with respect to such shares of Chittenden common stock. Shares of Chittenden common stock as to which the holder has not made a valid election prior to the election deadline will be treated as though the holder had not made an election.

To make a valid election, each Chittenden stockholder must submit a properly completed form of election, together with stock certificates (or a properly completed notice of guaranteed delivery) or an authorization for book-entry transfer of uncertificated shares, so that it is actually received by the exchange agent at or prior to the election deadline in accordance with the instructions on the form of election.

A form of election will be properly completed only if accompanied by certificates (or a properly completed notice of guaranteed delivery) or an authorization for book-entry transfer of uncertificated shares representing all shares of Chittenden common stock covered by the form of election (or an affidavit as to the loss, theft or destruction and appropriate and customary indemnification, as will be described in the form of election). If you cannot deliver your stock certificates to the exchange agent by the election deadline, you may deliver a notice of guaranteed delivery promising to deliver your stock certificates, as will be described in the form of election, so long as (1) the guarantee of delivery is from a firm which is a member of any registered national securities exchange or a commercial bank or trust company in the United States and (2) the actual stock certificates are in fact delivered to the exchange agent by the time set forth in the guarantee of delivery.

Generally, an election may be revoked or changed, but only by written notice received by the exchange agent prior to the election deadline accompanied by a properly completed and signed revised form of election. If an election is revoked, or the merger agreement is terminated, and any certificates have been transmitted to the exchange agent, the exchange agent will promptly return those certificates to the stockholder who submitted

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those certificates via first-class mail or, in the case of shares of Chittenden common stock tendered by book-entry transfer into the exchange agent's account at the Depository Trust Company, or DTC, by crediting such shares to an account maintained by such stockholder within DTC promptly following the termination of the merger or revocation of the election. Chittenden stockholders will not be entitled to revoke or change their elections following the election deadline. As a result, if you have made elections, you will be unable to revoke your elections or sell your shares of Chittenden common stock during the interval between the election deadline and the date of completion of the merger.

Shares of Chittenden common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation, will be deemed non-election shares. If it is determined that any purported cash election or stock election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis.

Letter of Transmittal. Soon after the completion of the merger, and in any event within ten business days, the exchange agent will send a letter of transmittal to only those persons who were Chittenden stockholders at the effective time of the merger and who have not previously submitted a form of election and properly surrendered shares of Chittenden common stock to the exchange agent. This mailing will contain instructions on how to surrender shares of Chittenden common stock (if these shares have not already been surrendered) in exchange for the merger consideration the holder is entitled to receive under the merger agreement.

If a certificate for Chittenden common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the merger agreement upon the claimant's making an affidavit as to that loss, theft or destruction and appropriate and customary indemnification.

Withholding. The exchange agent will be entitled to deduct and withhold from the cash consideration or cash in lieu of fractional shares, cash dividends or distributions payable to any Chittenden stockholder the amounts it is required to deduct and withhold under any federal, state, local or foreign tax law. If the exchange agent withholds any amounts, these amounts will be treated for all purposes of the merger as having been paid to the stockholders from whom they were withheld.

Dividends and Distributions. Until Chittenden common stock certificates are surrendered for exchange, any dividends or other distributions declared after the effective time with respect to People's United Financial common stock into which shares of Chittenden common stock may have been converted will accrue but will not be paid. People's United Financial will pay to former Chittenden stockholders any unpaid dividends or other distributions, without interest, only after they have duly surrendered their Chittenden stock certificates.

Representations and Warranties

The merger agreement contains customary representations and warranties of People's United Financial and Chittenden relating to their respective businesses. With the exception of certain representations that must be true and correct in all material respects or true and correct except to a *de minimis* extent, no representation or warranty will be deemed untrue or incorrect as a consequence of the existence or absence of any fact, circumstance or event unless that fact, circumstance or event, individually or when taken together with all other facts, circumstances or events, has had or is reasonably likely to have a material adverse effect on the company making the representation or its ability to timely complete the merger and the bank mergers. In determining whether a material adverse effect has occurred or is reasonably likely, the parties will disregard any effects resulting from (1) changes in generally accepted accounting principles or regulatory accounting requirements applicable to banks or savings associations and their holding companies generally, (2) changes in laws, rules or regulations of general applicability or their interpretations by courts or governmental entities, (3) changes in general economic or market conditions affecting banks or savings associations and their holding companies generally, (4) public disclosure or pendency of the merger and the bank mergers, or (5) compliance with the

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merger agreement, except to the extent that the changes described in (1), (2), or (3) have a materially disproportionate adverse effect on a party relative to financial institutions generally.

The representations and warranties of each of People's United Financial and Chittenden have been made solely for the benefit of the other party and such representations and warranties should not be relied on by any other person. In addition, such representations and warranties:

have been qualified by information set forth in confidential disclosure schedules exchanged by the parties in connection with signing the merger agreement the information contained in these schedules modifies, qualifies and creates exceptions to the representations and warranties in the merger agreement;

will not survive consummation of the merger and cannot be the basis for any claims under the merger agreement by the other party after termination of the merger agreement;

may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties to the merger agreement if those statements turn out to be inaccurate;

are subject to the materiality standard described in the merger agreement which may differ from what may be viewed as material by you; and

were made only as of the date of the merger agreement or such other date as is specified in the merger agreement.

Each of People's United Financial and Chittenden has made representations and warranties to the other regarding, among other things:

corporate matters, including due organization and qualification;

capitalization;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

governmental filings and consents necessary to complete the merger;

the timely filing of regulatory reports, and the absence of investigations by regulatory agencies;

financial statements;

the absence of undisclosed liabilities;

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broker's fees payable in connection with the merger;

the absence of material adverse effects;

legal proceedings;

tax matters, including tax treatment of the merger;

compliance with applicable laws;

intellectual property;

employee matters;

environmental liabilities;

compliance with the Community Reinvestment Act and anti-money laundering requirements; and

the accuracy of information supplied for inclusion in this document and other similar documents.

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Chittenden has made other representations and warranties about itself and its subsidiaries to People's United Financial as to:

matters relating to certain contracts;

risk management instruments;

investment securities and commodities;

real property;

insurance;

certain regulated activities;

loan and mortgage portfolios;

broker-dealer subsidiaries;

investment adviser subsidiaries, funds and clients;

the inapplicability of state takeover laws;

the receipt of fairness opinions from financial advisors;

securities repurchase agreements;

transactions with affiliates and insiders; and

Chittenden's pending acquisition of Community Bank & Trust Company.

People's United Financial has represented and warranted to Chittenden that People's United Financial has, and upon completion of the merger will have, sufficient funds on hand to complete the merger.

Conduct of Business Pending the Merger

Chittenden has undertaken customary covenants that place restrictions on it and its subsidiaries until the effective time of the merger. In general, Chittenden has agreed that it will, and will cause each of its subsidiaries to: (1) conduct its business in the ordinary course in all material respects; (2) use reasonable best efforts to maintain and preserve intact its business organization and advantageous business relationships,

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including retaining the services of key officers and key employees; and (3) not knowingly take any action or omit to take any action which action or omission is intended to or would reasonably be expected to adversely affect or materially delay the ability of either Chittenden or People's United Financial to obtain any necessary regulatory approvals, perform its covenants or complete the merger and the bank mergers. Chittenden further has agreed that, with certain exceptions, Chittenden will not, and will not permit any of its subsidiaries to, among other things, undertake the following actions:

incur indebtedness or in any way assume the indebtedness of another person, except in the ordinary course of business;

adjust, split, combine or reclassify any of its capital stock;

issue shares except pursuant to the exercise of Chittenden stock options outstanding as of the date of the merger agreement, the pending acquisition of Community Bank & Trust Company, or the existing directors' compensation program, or grant any stock options, restricted shares or other equity-based awards;

make, declare or pay any dividends or other distributions on any shares of its capital stock, other than:

regular quarterly cash dividends at a rate not to exceed \$0.22 per share of Chittenden common stock with record dates and payment dates consistent with the prior year, the parties' intention

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being that Chittenden stockholders will receive no more or fewer than one dividend per calendar quarter;

dividends paid by any of the wholly-owned subsidiaries of Chittenden, to Chittenden or to any of its wholly-owned subsidiaries; and

the acceptance of shares of Chittenden common stock in payment of the exercise of a stock option or the vesting of restricted shares or deferred shares of Chittenden common stock granted under a Chittenden stock plan, in each case in accordance with past practice;

with certain exceptions, (1) increase wages, salaries, benefits or incentive compensation, (2) pay or provide, or increase or accelerate the accrual rate, vesting or timing of payment or funding of, any compensation, benefits or other rights, or (3) establish, adopt, or become a party to any new employee, executive officer or director benefit or compensation plan or agreement or amend any Chittenden benefit plan;

other than in the ordinary course of business and not involving specified related persons, sell, transfer, mortgage, encumber or otherwise dispose of any material assets or properties, or cancel, release or assign any material indebtedness;

enter into any new line of business or change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating, securitization and servicing policies, including with respect to subprime lending, other than as required by applicable law;

other than in the ordinary course of business consistent with past practice, make, renegotiate, renew, increase, extend or purchase any loan, lease (credit equivalent), advance, credit enhancement or other extension of credit;

other than in the ordinary course of business or the pending acquisition of Community Bank & Trust Company, make any material investment either by purchase of securities, capital contributions, property transfer or purchase of property or assets;

take any action or knowingly fail to take any action that is reasonably likely to prevent the merger from qualifying as a reorganization for federal income tax purposes;

amend its certificate of incorporation or bylaws;

restructure or materially change its investment securities portfolio or its gap position;

commence or settle any material claim, except in the ordinary course of business;

take any action which would result in any of Chittenden's representations and warranties in the merger agreement or in Chittenden's merger agreement with Community Bank & Trust Company becoming untrue or take any action or fail to take any action that is intended or may be reasonably expected to result in any of the conditions to the merger not being satisfied;

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materially change its tax or financial accounting methods, other than as required by law;

file any application to establish, or to relocate or terminate the operations of, any banking office of Chittenden or its subsidiaries;

file or amend any tax return other than in the ordinary course of business, make or change any material tax election, or settle or compromise any material tax liability;

amend certain contracts or waive any material rights under certain contracts;

amend or modify Chittenden's merger agreement with Community Bank & Trust Company except as provided in the merger agreement, or waive or release any material obligation of, or consent to any material act or omission by, Community Bank & Trust Company not otherwise required under Chittenden's merger agreement with Community Bank & Trust Company; or

agree to take, or adopt any resolutions by the board of directors in support of, any of the actions prohibited by the preceding bullet points.

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People's United Financial has agreed that, except with Chittenden's prior written consent, People's United Financial will not, among other things, undertake the following actions:

amend its certificate of incorporation or bylaws in a manner that would adversely affect Chittenden, the stockholders of Chittenden or the transactions contemplated in the merger agreement;

take any action or knowingly fail to take any action that is reasonably likely to prevent the merger from qualifying as a reorganization for federal income tax purposes;

knowingly take any action that is intended or is reasonably likely to result in (1) any of People's United Financial's representations and warranties being or becoming untrue in any material respect at any time prior to the effective time of the merger, (2) any of the conditions to the merger not being satisfied, or (3) a material violation of the merger agreement;

knowingly take any action or omit to take any action which action or omission is intended to or would reasonably be expected to adversely affect or materially delay the ability of either People's United Financial or Chittenden to obtain any necessary regulatory or governmental approvals required to consummate the merger and the bank mergers; or

agree to take, or adopt any resolutions by the board of directors in support of, any of the actions prohibited by the preceding bullet points.

The merger agreement also contains mutual covenants relating to the preparation of this document, access to information of the other company and public announcements with respect to the transactions contemplated by the merger agreement.

Stockholder Approval

People's United Financial and Chittenden have agreed to cooperate fully with each other and to use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective, at the time and in the manner contemplated by the merger agreement, the merger and the bank mergers.

Chittenden has agreed to hold a meeting of its stockholders as soon as is reasonably practicable for the purpose of obtaining stockholder approval of the merger agreement. Chittenden will use its reasonable best efforts to obtain such approval, although the Chittenden board of directors may recommend to Chittenden stockholders a Superior Proposal (as defined below) or change its recommendation with respect to stockholder approval of the merger agreement based on its fiduciary duties, as described below. Chittenden has agreed that unless the merger agreement is terminated in accordance with its terms, it has an unqualified obligation to submit the merger agreement to a vote of its stockholders.

The Chittenden board of directors has adopted a resolution recommending that Chittenden stockholders approve the merger agreement. Under the merger agreement, neither Chittenden nor its board of directors will, in any manner adverse to People's United Financial, (1) withdraw, modify or qualify, or propose to withdraw, modify or qualify its recommendation that its stockholders approve the merger agreement, (2) take any action or make any statement in connection with the meeting of Chittenden stockholders that is inconsistent with stockholder approval, or (3) recommend a Company Alternative Proposal (as defined below).

However, prior to the special meeting of Chittenden stockholders, the Chittenden board may approve or recommend to Chittenden stockholders a Superior Proposal (as defined below) and withdraw, modify, or qualify its recommendation with respect to stockholder approval of the merger agreement, if the Chittenden board reasonably determines in good faith, after consultation with and having considered the advice of outside legal counsel and a financial advisor of nationally recognized reputation, that failure to take this action would be inconsistent with its fiduciary duties to Chittenden stockholders under applicable law. In the event that the

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Chittenden board makes this determination, Chittenden must provide People's United Financial with five business days' prior written notice that the Chittenden board has decided that a bona fide unsolicited written Company Alternative Proposal received by Chittenden (which did not result from a breach of the non-solicitation provisions of the merger agreement discussed below) constitutes a Superior Proposal. During this five business day period, Chittenden and its board must cooperate and negotiate in good faith with People's United Financial to make such adjustments, modifications or amendments to the terms and conditions of the merger agreement as would enable Chittenden to proceed with its board's original recommendation with respect to stockholder approval of the merger agreement (although People's United Financial is not obligated to propose any adjustments, modifications, or amendments). At the end of the five business day period, and after taking into account any such adjusted, modified or amended terms as may have been proposed by People's United Financial during that period, the Chittenden board must again determine in good faith, after consultation with and having considered the advice of outside legal counsel and a financial advisor of nationally recognized reputation, that (1) failure to recommend a Company Alternative Proposal would be inconsistent with its fiduciary duties to Chittenden stockholders under applicable law and (2) the Company Alternative Proposal constitutes a Superior Proposal.

No Solicitation of Alternative Transactions

Chittenden has agreed that it, its subsidiaries and their officers, directors, employees, agents and representatives will not, directly or indirectly:

initiate, solicit, knowingly encourage or facilitate (including by furnishing non-public information), or take any other action designed to facilitate, any Company Alternative Proposal (as defined below); or

participate in any discussions or negotiations, or enter into any agreement, regarding any Company Alternative Transaction (as defined below).

However, prior to the Chittenden special meeting, Chittenden may consider and participate in discussions with respect to a Company Alternative Proposal if:

it has first entered into an agreement with the party proposing the Company Alternative Proposal on terms substantially similar to, and no less favorable to Chittenden than, the confidentiality agreement with People's United Financial prior to furnishing or affording access to any non-public information or data to that party;

the Chittenden board of directors first reasonably determines in good faith (1) that the Company Alternative Proposal constitutes or is reasonably likely to lead to a Superior Proposal and (2) after consultation with outside legal counsel, that failure to do so would be inconsistent with its fiduciary duties; and

Chittenden has provided People's United Financial with at least two business days' prior notice of its determination. Chittenden must promptly provide People's United Financial with any non-public information it has provided to another party that it has not previously provided to People's United Financial.

Chittenden has agreed:

to notify People's United Financial promptly (but in no event later than 24 hours) after it receives any Company Alternative Proposal, or any material change to any Company Alternative Proposal, or any request for non-public information relating to Chittenden or any of its subsidiaries, and to provide People's United Financial with relevant information regarding the Company Alternative Proposal or request;

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to keep People's United Financial fully informed, on a current basis, of any material changes in the status and terms of any such Company Alternative Proposal; and

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to cease any existing discussions or negotiations with any persons with respect to any Company Alternative Proposal, and to use reasonable best efforts to cause all persons other than People's United Financial who have been furnished with confidential information in connection with a Company Alternative Proposal within twelve months prior to the date of the merger agreement to return or destroy such information.

As used in the merger agreement, Company Alternative Proposal means any inquiry or proposal regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including by way of a tender offer) or similar transactions involving Chittenden or any of its subsidiaries that, if completed, would constitute a Company Alternative Transaction.

As used in the merger agreement, Company Alternative Transaction means any of the following:

a transaction pursuant to which any person or group other than People's United Financial or its affiliates directly or indirectly acquires or would acquire more than 15% of the outstanding shares of Chittenden or any of its subsidiaries or outstanding voting power or of any new series or class of preferred stock that would be entitled to a class or series vote with respect to a merger of Chittenden or any of its subsidiaries, whether from Chittenden or any of its subsidiaries or pursuant to a tender offer or exchange offer or otherwise;

a merger, share exchange, consolidation or other business combination involving Chittenden or any of its subsidiaries (other than the merger with People's United Financial);

any transaction pursuant to which any person or group other than People's United Financial or its affiliates acquires or would acquire control of assets (including for this purpose the outstanding equity securities of subsidiaries of Chittenden and securities of the entity surviving any merger or business combination, including any of Chittenden's subsidiaries) of Chittenden, or any of its subsidiaries representing more than 15% of the fair market value of all the assets, net revenues or net income of Chittenden and its subsidiaries, taken as a whole, immediately prior to such transaction; or

any other consolidation, business combination, recapitalization or similar transaction involving Chittenden or any of its subsidiaries, other than the transactions contemplated by the merger agreement.

As used in the merger agreement, Superior Proposal means a bona fide written Company Alternative Proposal which the Chittenden board of directors concludes in good faith, after consultation with its financial advisors and legal advisors, taking into account all legal, financial, regulatory and other aspects of the proposal and the person making the proposal, (1) is more favorable to the Chittenden stockholders than the merger and (2) is fully financed or reasonably capable of being fully financed, reasonably likely to receive all required governmental approvals and otherwise reasonably capable of being completed on the proposed terms. For purposes of the definition of Superior Proposal, a majority will be used in place of 15% in the definition of Company Alternative Transaction and the definition of Company Alternative Proposal will only refer to transactions involving Chittenden and not any of its subsidiaries.

Employee Matters

People's United Financial has agreed that from the closing of the merger until December 31, 2009, with respect to employees of Chittenden or one of its subsidiaries at the effective time of the merger, it will provide such employees with employee benefits (other than equity-related benefits), rates of base salary or hourly wage and annual bonus opportunities that are substantially similar in the aggregate to the aggregate employee benefits, rates of base salary or hourly wage and annual bonus opportunities provided to such employees pursuant to benefit plans of Chittenden or any of its subsidiaries as in effect immediately prior to the merger. People's United Financial has further agreed to provide, or to cause its subsidiaries to provide, through December 31, 2009, a contribution for such Chittenden employees under the Chittenden Corporation Incentive Savings and Profit

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Sharing Plan, or the Savings Plan, or comparable 401(k) plan maintained by People's United Financial or a subsidiary at a level no less than the level of core contribution under the Savings Plan immediately prior to the effective time.

In addition, People's United Financial has agreed, to the extent any such Chittenden employee becomes eligible to participate in benefit plans maintained by People's United Financial or any of its subsidiaries following the merger:

generally to recognize each such employee's service with Chittenden or its subsidiaries prior to the completion of the merger for purposes of eligibility and vesting (but not benefit accruals), in each case under such plan of People's United Financial or any of its subsidiaries to the same extent such service was recognized under comparable plans of Chittenden or any of its subsidiaries prior to the completion of the merger; and

to waive any exclusion for pre-existing conditions under any health, dental or vision plan of People's United Financial or any of its subsidiaries (other than Chittenden and its subsidiaries), to the extent such limitation would have been waived or satisfied under a corresponding plan of Chittenden or any of its subsidiaries in which such employee participated immediately prior to the effective time; and

to recognize any medical or health expenses incurred in the year in which the merger closes for purposes of applicable deductible and annual out-of-pocket expense requirements under any health, dental or vision plan of People's United Financial or any of its subsidiaries.

From the time of the merger, People's United Financial and its subsidiaries will cause Chittenden and its subsidiaries to honor and continue to be obligated to perform, in accordance with their terms, all disclosed benefit obligations to and contractual rights of current and former employees of Chittenden or any of its subsidiaries existing as of the effective time, including all employment, severance, deferred compensation or change-in-control agreements, plans or policies of Chittenden or any of its subsidiaries. People's United Financial has acknowledged in the merger agreement that the consummation of the merger is a change-in-control for purposes of any employee benefit plans, agreements and arrangements of Chittenden, and People's United Financial will pay on the closing date (or later date if necessary to comply with Section 409A of the Code) all cash amounts due under any severance, change-in-control or similar agreement with certain identified individuals.

The merger agreement is not intended to amend any benefit plan of Chittenden or any of its subsidiaries. Neither People's United Financial nor any of its subsidiaries have any obligation to continue the employment of any employee of Chittenden or any Chittenden subsidiary, except as provided in the agreements with Mr. Perrault and the presidents of Chittenden's bank subsidiaries. For two years following the completion of the merger, People's United Financial and its subsidiaries will give consideration to any employee of Chittenden or a Chittenden subsidiary whose employment is terminated due to a job elimination on or after the completion of the merger and who leaves employment in good standing when such employee applies for re-employment in a position comparable to his previous position with Chittenden or a Chittenden subsidiary.

Certain designated employees of Chittenden or a subsidiary who remain employed and satisfactorily fulfill the duties and responsibilities of employment through the effective time, will be entitled to receive a retention bonus from People's United Financial or Chittenden or their subsidiaries.

People's United Financial has agreed to cash bonus payments (consistent with prior Chittenden practice, except regarding timing of payment) by Chittenden to employees of Chittenden and its subsidiaries for calendar year 2007 under disclosed Chittenden bonus plans.

Payments or benefits to a specified employee under Section 409A of the Code that are delayed to avoid the imposition of interest, penalties and additional tax pursuant to Section 409A will earn interest at the short-term applicable federal rate until the time payment is actually made. People's United Financial has agreed to, on

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or before the effective time of the merger, make an irrevocable contribution to a rabbi trust with an independent bank trustee in an amount equal to the aggregate amount of such 409A deferred payments plus interest.

Certain Post-Closing Matters

In the merger agreement, People's United Financial has agreed to take the following actions in connection with the merger:

to appoint two of Chittenden's independent directors to the board of directors of People's United Financial after the completion of the merger;

to maintain each of Chittenden's bank subsidiaries as a separately chartered federal savings bank for at least one year after the completion of the merger, subject to certain exceptions;

to continue Chittenden's annual level of charitable giving in the region served by Chittenden at current levels for at least one year following the completion of the merger; and

to offer employment to the presidents of Chittenden's bank subsidiaries in accordance with an agreed-upon form of employment agreement. These employment offers have already been made. Please see *Interests of Chittenden's Executive Officers and Directors in the Merger Employment Agreements* beginning on page [] of this document for more information.

In the merger agreement, Chittenden has agreed to (1) use its reasonable best efforts to complete its acquisition of Community Bank & Trust Company as soon as practicable and (2) terminate its merger agreement with Community Bank & Trust Company if that transaction has not been completed by the later of February 29, 2008 and the date on which the Office of Thrift Supervision has issued its approval of the merger and the bank mergers.

Indemnification and Insurance

The merger agreement provides that, in connection with any claim against any past or present Chittenden director or officer in connection with that person's service as a director or officer of Chittenden or its subsidiaries or service in certain other capacities at the request of Chittenden or a subsidiary, Chittenden and, after the completion of the merger, People's United Financial, will cooperate and use reasonable best efforts to defend against and respond to such claims, and will indemnify and hold harmless any indemnified party against all costs, expenses, judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement to the fullest extent permitted by applicable laws (including paying the reasonable fees and expenses of counsel for an indemnified party, unless Chittenden or People's United Financial chooses to defend the action on behalf of the indemnified party), and will cooperate in defending such claims. Chittenden or People's United Financial will only be liable for any settlement if it provides its written consent.

The merger agreement requires People's United Financial to maintain in effect for at least six years after the completion of the merger the current rights of Chittenden's directors and officers to indemnification under Chittenden's various organizational documents.

The merger agreement also provides that prior to the completion of the merger, Chittenden will purchase an extended reporting period endorsement under its existing directors' and officers' liability insurance policy with coverage for six years after the completion of the merger providing at least the existing coverage under, and other terms that are not materially less favorable to the insured individuals on the whole than, Chittenden's current directors' and officers' liability insurance policy. Chittenden may spend up to an aggregate premium cost of \$750,000 for such endorsement. People's United Financial has agreed to maintain this policy in full force and effect and to continue to honor the obligations under it.

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Conditions to Complete the Merger

Our respective obligations to complete the merger are subject to the fulfillment or waiver of mutual conditions, including:

the approval of the merger agreement by Chittenden stockholders;

the approval of the listing of People's United Financial common stock to be issued in the merger on the NASDAQ Global Select Market, subject to official notice of issuance;

the effectiveness of the registration statement of which this document is a part, with respect to the People's United Financial common stock to be issued in the merger under the Securities Act of 1933, and the absence of any stop order or proceedings initiated or threatened by the SEC for that purpose; and

the absence of any statute, regulation, rule, decree, injunction or other order in effect by any court or other governmental entity that prohibits completion of the transactions contemplated by the merger agreement.

Each of People's United Financial's and Chittenden's obligations to complete the merger is also separately subject to the satisfaction or waiver of a number of conditions, including:

the receipt by the party of a legal opinion from its counsel with respect to certain federal income tax consequences of the merger;

the receipt and effectiveness of all regulatory approvals, registrations and consents, and the expiration of all waiting periods required to complete the merger and the bank mergers; and

the other company's representations and warranties in the merger agreement being true and correct, subject to the materiality standard contained in the merger agreement, and the performance by the other party in all material respects of its obligations under the merger agreement.

People's United Financial's obligation to complete the merger is further subject to (1) the condition that the regulatory approvals received in connection with the completion of the merger not include any conditions or restrictions that would reasonably be expected to have a material adverse effect on People's United Financial, and (2) the condition that Chittenden has either completed its acquisition of Community Bank & Trust Company or terminated its merger agreement with Community Bank & Trust Company.

We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party. As of the date of this document, we have no reason to believe that any of these conditions will not be satisfied.

Termination of the Merger Agreement

General. The merger agreement may be terminated at any time prior to the completion of the merger by our mutual written consent authorized by each of our boards of directors, as determined by a vote of a majority of its respective members, or by either People's United Financial or Chittenden if:

a governmental entity which must grant a regulatory approval as a condition to the merger or a bank merger denies approval of the merger or a bank merger or any governmental entity has issued an order prohibiting the merger or any of the bank mergers and such

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action has become final and non-appealable, so long as the party seeking termination has used its reasonable best efforts to have the order lifted;

the merger is not completed by June 26, 2008 (other than because of a breach of the merger agreement caused by the party seeking termination);

if the other party breaches the merger agreement in a way that would entitle the party seeking to terminate the agreement not to consummate the merger, subject to the right of the breaching party to

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cure the breach within 30 days following written notice (unless it is not possible due to the nature or timing of the breach for the breaching party to cure the breach); or

if the Chittenden stockholders do not approve the merger agreement.

The merger agreement may also be terminated by People's United Financial if Chittenden has materially breached its non-solicitation obligations, or the Chittenden board has failed to recommend in this proxy statement the approval of the merger agreement, withdrawn, modified or qualified, or proposed to withdraw, modify or qualify, in any manner adverse to People's United Financial, its recommendation that its stockholders approve the merger agreement or made any statement in connection with the special meeting that is inconsistent with stockholder approval, or recommended a Company Alternative Proposal or failed to call the special meeting of Chittenden stockholders.

The merger agreement may also be terminated by Chittenden if it enters into a Superior Proposal, so long as it pays the termination fee described under *Termination Fee*, below.

Effect of Termination. In the event the merger agreement is terminated as described above, the merger agreement will become void and neither People's United Financial nor Chittenden will have any liability under the merger agreement, except that:

both People's United Financial and Chittenden will remain liable for any willful breach of the merger agreement; and

designated provisions of the merger agreement, including those relating to the termination fee, the payment of fees and expenses, non-survival of the representations and warranties, confidential treatment of information, and publicity restrictions will survive the termination.

Termination Fee. Chittenden has agreed to pay a termination fee in the amount of \$65 million to People's United Financial in the following circumstances:

If (1) either party terminates the merger agreement because the merger has not been completed by June 26, 2008 either without the Chittenden special meeting having been held or with such meeting having been held but the requisite approval of Chittenden stockholders not having been obtained; (2) a Company Alternative Proposal was publicly announced or otherwise communicated to Chittenden's senior management or board of directors, and was not irrevocably withdrawn prior to June 26, 2008 or the date of the Chittenden special meeting, whichever is earlier; and (3) if within twelve months of the termination of the merger agreement Chittenden enters into a definitive agreement with respect to, or consummates, a Company Alternative Transaction, the termination fee will become payable on the earlier of these events.

If (1) either party terminates the merger agreement because the requisite approval of the Chittenden stockholders of the merger agreement has not been obtained at the special meeting or at any adjournment or postponement of the special meeting; (2) a Company Alternative Proposal has been publicly announced or otherwise communicated to Chittenden's senior management or board of directors and has not been irrevocably withdrawn prior to termination of the merger agreement; and (3) if within twelve months of the termination of the merger agreement Chittenden enters into a definitive agreement with respect to, or consummates, a Company Alternative Transaction, the termination fee will become payable on the earlier of these events.

If (1) the merger agreement is terminated because of a material breach by Chittenden of the merger agreement (other than as described in the next bullet); (2) a Company Alternative Proposal has been publicly announced or otherwise communicated to Chittenden's senior management or board of directors and has not been irrevocably withdrawn prior to such breach; and (3) if within twelve months of the termination of the merger agreement Chittenden enters into a definitive agreement with respect to, or consummates, a Company Alternative Transaction, the termination fee will become payable on the earlier of these events.

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If People's United Financial terminates the merger agreement because Chittenden materially breaches its non-solicitation obligations or its obligations to call a meeting of Chittenden stockholders and use its reasonable best efforts to obtain stockholder approval, to recommend the approval of the merger agreement, not to withdraw, modify or qualify its recommendations and not to recommend any Company Alternative Proposal (subject to certain exceptions), or the Chittenden board of directors fails to recommend in this document the approval of the merger agreement or changes its recommendations, then the termination fee is payable one business day after demand following termination.

If Chittenden terminates the merger agreement immediately before it enters into a definitive agreement to effect a Superior Proposal after complying with its obligations described above under *Stockholder Approval*, then the termination fee is payable upon termination.

For purposes of determining whether the termination fee is payable, the term *Company Alternative Transaction* has the meaning described in the section titled *No Solicitation of Alternative Transactions* beginning on page [] of this document, except that the 15% thresholds are treated as references to a majority, and a *Company Alternative Proposal* would only refer to transactions involving Chittenden and not any of its subsidiaries.

Amendment, Waiver and Extension of the Merger Agreement

Amendment. We may amend the merger agreement by action taken or authorized by our boards of directors. However, after any approval of the merger agreement by the Chittenden stockholders, there may not be, without further approval of the stockholders, any amendment of the merger agreement that requires such further approval under applicable law.

Extension; Waiver. At any time prior to the completion of the merger, each of us, by action taken or authorized by our respective board of directors, to the extent legally allowed, may:

extend the time for performance of any of the obligations or other acts of the other party under the merger agreement;

waive any inaccuracies in the other party's representations and warranties contained in the merger agreement; and

waive the other party's compliance with any of the agreements or conditions contained in the merger agreement.

Fees and Expenses

In general, all costs and expenses incurred in connection with the merger agreement will be paid by the party incurring such expenses, except that those expenses incurred in connection with filing, printing and mailing the registration statement and this document will be shared equally by People's United Financial and Chittenden.

Restrictions on Resales by Affiliates

Shares of People's United Financial common stock to be issued to Chittenden stockholders in the merger have been registered under the Securities Act of 1933, and may be traded freely and without restriction by those stockholders not deemed to be affiliates (as that term is defined under the Securities Act of 1933) of Chittenden. Any subsequent transfer of shares, however, by any person who is an affiliate of Chittenden at the time the merger is submitted for a vote of the Chittenden stockholders will, under existing law, require either:

the further registration under the Securities Act of 1933 of the People's United Financial common stock to be transferred;

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compliance with Rule 145 promulgated under the Securities Act of 1933, which permits limited sales under certain circumstances; or

the availability of another exemption from registration.

An affiliate of Chittenden is a person who directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, Chittenden. These restrictions are expected to apply to the directors and executive officers of Chittenden and the holders of 10% or more of the outstanding Chittenden common stock. The same restrictions apply to the spouses and certain relatives of those persons and any trusts, estates, corporations or other entities in which those persons have a 10% or greater beneficial or equity interest.

People's United Financial will give stop transfer instructions to the exchange agent with respect to the shares of People's United Financial common stock to be received by persons subject to these restrictions, and the certificates for their shares will be appropriately legended.

Chittenden has agreed in the merger agreement to use its reasonable best efforts to cause each person who is an affiliate of Chittenden for purposes of Rule 145 under the Securities Act of 1933 to deliver to People's United Financial a written agreement intended to ensure compliance with the Securities Act of 1933.

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ACCOUNTING TREATMENT

People's United Financial will use the purchase method of accounting to account for the merger. As of the date of the merger, Chittenden's assets and liabilities will be recorded at their respective estimated fair values. To the extent that the purchase price exceeds the estimated fair market value of the net assets acquired, People's United Financial will allocate the excess purchase price to all identifiable intangible assets. Any remaining excess will then be allocated to goodwill. In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," the goodwill resulting from the merger will not be amortized to expense, but instead will be reviewed for impairment at least annually. To the extent goodwill is impaired, its carrying value would be written down to its implied fair value and a charge would be made to earnings. Core deposit and other intangibles with definite useful lives will be amortized to expense over their estimated useful lives. The financial statements of People's United Financial issued after the merger will reflect the results attributable to the acquired operations of Chittenden beginning on the date the merger is completed. The unaudited pro forma financial information contained in this document has been prepared using the purchase method of accounting. See *Preliminary Unaudited Pro Forma Condensed Combined Financial Information* beginning on page [] of this document.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER

The following section describes the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Chittenden common stock. This discussion addresses only those holders that hold their Chittenden common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, or the Code, and does not address all the U.S. federal income tax consequences that may be relevant to particular holders in light of their individual circumstances or to holders that are subject to special rules, such as:

financial institutions;

insurance companies;

individual retirement and other tax-deferred accounts;

persons subject to the alternative minimum tax;

persons eligible for tax treaty benefits;

foreign corporations, foreign partnerships and other foreign entities;

tax-exempt organizations;

dealers in securities;

persons whose functional currency is not the U.S. dollar;

traders in securities that elect to use a mark to market method of accounting;

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persons who are not citizens or residents of the United States;

persons that hold Chittenden common stock as part of a straddle, hedge, constructive sale or conversion transaction; and

U.S. holders who acquired their shares of Chittenden common stock through the exercise of an employee stock option or otherwise as compensation.

The following is based upon the Code, its legislative history, Treasury regulations promulgated pursuant to the Code and published rulings and decisions, all as currently in effect as of the date of this document, and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to income tax, are not addressed in this document.

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Holders of Chittenden common stock should consult with their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Chittenden common stock that is:

a U.S. citizen or resident, as determined for federal income tax purposes;

a corporation, or entity taxable as a corporation, created or organized in or under the laws of the United States; or

otherwise subject to U.S. federal income tax on a net income basis.

The U.S. federal income tax consequences of a partner in a partnership holding Chittenden common stock generally will depend on the status of the partner and the activities of the partnership. We recommend that partners in such a partnership consult their own tax advisors.

Tax Consequences of the Merger Generally

People's United Financial and Chittenden have structured the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to People's United Financial's obligation to complete the merger that People's United Financial receive an opinion of its counsel, Cleary Gottlieb Steen & Hamilton LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Chittenden's obligation to complete the merger that Chittenden receive an opinion of its counsel, Goodwin Procter LLP, dated the closing date of the merger, substantially to the effect that the merger will be treated as a reorganization within the meaning of Section 368(a) of the Code. In rendering these opinions, counsel may require and rely upon representations contained in letters and certificates to be received from People's United Financial and Chittenden. In connection with the filing of the registration statement of which this document forms a part, Cleary Gottlieb Steen & Hamilton LLP has delivered an opinion to People's United Financial, and Goodwin Procter LLP has delivered an opinion to Chittenden, to the same effect as the opinion from that firm described above, relying upon similar representations as referenced above. None of the tax opinions given in connection with the merger or the opinions described below will be binding on the Internal Revenue Service, or IRS. Neither People's United Financial nor Chittenden intends to request any ruling from the IRS as to the U.S. federal income tax consequences of the merger. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the representations or assumptions upon which those opinions are based is inconsistent with the actual facts, the U.S. federal income tax consequences of the merger could be adversely affected.

As a result of the merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, the following material U.S. federal tax consequences will result from the merger:

for a U.S. holder who exchanges all of its shares of Chittenden common stock solely for shares of People's United Financial common stock in the merger, no gain or loss will be recognized, except with respect to cash received in lieu of a fractional share of People's United Financial common stock (see the discussion below under *Cash Received in Lieu of a Fractional Share of People's United Financial Common Stock*);

for a U.S. holder who exchanges all of its shares of Chittenden common stock solely for cash in the merger, whether as a result of the U.S. holder's election to receive cash in the merger, as a dissenting stockholder, or otherwise as described in the section *The Merger Agreement Proration* beginning on page [] of this document, capital gain or loss equal to the difference between the amount of cash received (other than, in the case of a dissenting stockholder, amounts, if any, which are or are deemed

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to be interest for U.S. federal income tax purposes, which amounts will be taxed as ordinary income) and its tax basis in the Chittenden common stock generally will be recognized. Any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of Chittenden common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. The deductibility of capital losses is subject to limitations. A dissenting stockholder may be required to recognize any gain or loss in the year the merger closes, irrespective of whether the dissenting stockholder actually receives payment for his or her shares in that year. In some cases, such as if the U.S. holder actually or constructively owns People's United Financial common stock immediately before the merger, such cash received in the merger could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such cash received would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each U.S. holder. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder;

for a U.S. holder who exchanges its shares of Chittenden common stock for a combination of People's United Financial common stock and cash (other than cash received in lieu of a fractional share), gain (but not loss) will be recognized, and the gain recognized will be equal to the lesser of the excess, if any, of the sum of the cash and the fair market value of the People's United Financial common stock the U.S. holder received in the merger, over the tax basis in the shares of Chittenden common stock surrendered by the U.S. holder in the merger, or the amount of cash received;

for a U.S. holder who acquired different blocks of Chittenden common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the merger, and a loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares;

if a U.S. holder has differing bases or holding periods in respect of shares of Chittenden common stock, the U.S. holder should consult its tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular shares of People's United Financial common stock received in the merger;

any capital gain or loss generally will be long-term capital gain or loss if the U.S. holder held the shares of Chittenden common stock for more than one year at the time the merger is completed. Long-term capital gain of an individual generally is subject to a maximum U.S. federal income tax rate of 15%. The deductibility of capital losses is subject to limitations. In some cases, such as if the U.S. holder actually or constructively owns People's United Financial common stock immediately before the merger, such gain could be treated as having the effect of the distribution of a dividend, under the tests set forth in Section 302 of the Code, in which case such gain would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each U.S. holder. Consequently, each U.S. holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such U.S. holder; and

no gain or loss will be recognized by People's United Financial or Chittenden in the merger.

Tax Basis and Holding Period

A U.S. holder's aggregate tax basis in the People's United Financial common stock received in the merger, including any fractional share interests deemed received by the U.S. holder under the treatment described below, will equal its aggregate tax basis in the Chittenden common stock surrendered in the merger, increased by the amount of taxable gain or dividend income, if any, recognized in the merger (excluding any gain resulting from the deemed receipt and redemption of a fractional share interest), and decreased by the amount of cash, if any, received in the merger (excluding any cash received in lieu of a fractional share interest). The holding period for

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the shares of People's United Financial common stock received in the merger generally will include the holding period for the shares of Chittenden common stock exchanged therefor. A U.S. holder who had differing bases and/or holding periods in respect of Chittenden common stock should consult its tax advisor regarding the particular bases and/or holding periods of the People's United Financial common stock received in the merger.

Cash Received in Lieu of a Fractional Share of People's United Financial Common Stock

A U.S. holder who receives cash in lieu of a fractional share of People's United Financial common stock will be treated as having received the fractional share of People's United Financial common stock pursuant to the merger and then as having exchanged the fractional share of People's United Financial common stock for cash in a redemption by People's United Financial. In general, this deemed redemption will be treated as a sale or exchange, provided the redemption is not essentially equivalent to a dividend. The determination of whether a redemption is essentially equivalent to a dividend depends upon whether and to what extent the redemption reduces the U.S. holder's deemed percentage stock ownership of People's United Financial. While this determination is based on each U.S. holder's particular facts and circumstances, the IRS has ruled that a redemption is not essentially equivalent to a dividend and will therefore result in sale or exchange treatment in the case of a stockholder of a publicly held company whose relative stock interest is minimal and who exercises no control over corporate affairs if the redemption results in any actual reduction in the stock interest of the stockholder. As a result, the redemption of a fractional share of People's United Financial common stock is generally treated as a sale or exchange and not as a dividend, and a U.S. holder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in its fractional share of People's United Financial common stock as set forth above. This gain or loss generally will be capital gain or loss, and will be long-term capital gain or loss if, as of the effective date of the merger, the holding period for the shares is greater than one year. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

Cash payments received in the merger by a U.S. holder may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the holder, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Reporting Requirements

A U.S. holder who receives People's United Financial common stock as a result of the merger will be required to retain records pertaining to the merger. U.S. holders who owned at least five percent (by vote and value) of the total outstanding Chittenden common stock before the merger or whose tax basis in the Chittenden common stock surrendered pursuant to the merger equals or exceeds \$1.0 million are subject to certain reporting requirements with respect to the merger. U.S. holders are urged to consult with their tax advisors with respect to these and other reporting requirements applicable to the merger.

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THE COMPANIES

People s United Financial

People s United Financial is a Delaware corporation. People s United Bank is a federal stock savings bank and a wholly-owned subsidiary of People s United Financial. A diversified financial services company founded in 1842, People s United Bank provides consumer, commercial, insurance, retail investment and wealth management and trust services to personal and business banking customers.

People s United Financial and People s United Bank offer a full range of financial services, primarily in the state of Connecticut, to individual, corporate, municipal and institutional customers. People s United Bank s 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 United 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 United 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 United Bank.

People s United 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 United Bank delivers its products and services through a network of 77 traditional branches, 75 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, eight People s Capital and Leasing offices (seven of which are located primarily outside of Connecticut), seven commercial lending offices, and over 250 ATMs located in the state of Connecticut. In June 2007, People s United Bank opened a branch in Scarsdale, New York, beginning its expansion into Westchester County, New York. People s United Bank has expanded its residential mortgage and home equity lending activities in the contiguous markets of New York and Massachusetts. In addition, People s United 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.

At June 30, 2007, People s United Financial had total consolidated assets of approximately \$13.8 billion, loans of approximately \$9.0 billion, deposits of approximately \$9.1 billion and stockholders equity of approximately \$4.5 billion.

People s United Financial s principal executive offices are located at 850 Main Street, Bridgeport, Connecticut 06604, and its telephone number is (203) 338-7171.

You can find more information about People s United Financial in People s United Financial s filings with the SEC referenced in the section in this document titled *Where You Can Find More Information* beginning on page [].

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Chittenden Corporation

Chittenden is a Vermont corporation organized in 1971, and a registered bank holding company under the Bank Holding Company Act of 1956. Through its subsidiaries, Chittenden offers a broad range of financial products and services to individuals, businesses and the public sector, including commercial, consumer and public sector loans; deposit accounts and services; insurance; brokerage services; and investment and trust services.

Operating throughout New England and adjoining areas, Chittenden's subsidiary banks include Chittenden Trust Company (operating under the name Chittenden Bank), The Bank of Western Massachusetts, Flagship Bank and Trust Company, Maine Bank & Trust Company, Ocean Bank and Merrill Merchants Bank. Chittenden Trust Company also operates under the names Chittenden Services Group, Chittenden Mortgage Services and Chittenden Commercial Finance, and it owns Chittenden Insurance Group, LLC, an insurance brokerage, and Chittenden Securities, LLC, a registered broker-dealer.

On June 4, 2007, Chittenden entered into an agreement and plan of merger with Community Bank & Trust Company, headquartered in Wolfeboro, New Hampshire, which provides for the acquisition of Community Bank & Trust Company by Chittenden through the merger of a wholly-owned subsidiary of Chittenden with and into Community Bank & Trust Company. This transaction was pending as of the date of this document.

At June 30, 2007, Chittenden had total consolidated assets of approximately \$6.9 billion, net loans of approximately \$5.0 billion, deposits of approximately \$5.7 billion, and stockholders' equity of approximately \$723.3 million.

Chittenden's principal executive offices are located at Two Burlington Square, Burlington, Vermont 05401, and its telephone number is (802) 658-4000.

You can find additional information about Chittenden in Chittenden's filings with the SEC referenced in the section in this document titled *Where You Can Find More Information* beginning on page [].

Table of Contents**PRICE RANGE OF COMMON STOCK AND DIVIDENDS****Stock Trading and Dividend Information People's United Financial**

People's United Financial common stock is listed on the NASDAQ Global Select Market under the trading symbol PBCT. Prior to completing the second-step conversion on April 16, 2007, People's United Bank common stock was listed on the NASDAQ Global Select Market under the trading symbol PBCT. The following table sets forth, for the periods indicated, the high and low sale prices per share of People's United Financial common stock as reported by the NASDAQ Global Select Market and dividends declared per share of People's United Financial common stock. Common stock sale prices and dividend per share figures for People's United Financial for the periods prior to the second quarter of 2007 reflect the historical sale prices and dividend information for People's United Bank as adjusted to reflect the exchange of each share of People's United Bank common stock for 2.1 shares of People's United Financial common stock upon completing the second-step conversion on April 16, 2007. As of [], 2007, there were [] shares of People's United Financial common stock issued and outstanding and approximately [] stockholders of record.

Year Ending December 31, 2007	High	Low	Dividend Paid Per Share
<i>Period Ended:</i>			
[], 2007	\$ []	\$ []	\$ 0.13
June 30, 2007	21.38	17.56	0.13
March 31, 2007	22.81	19.78	0.12

Year Ended December 31, 2006	High	Low	Dividend Paid Per Share
<i>Quarter Ended:</i>			
December 31, 2006	\$ 21.62	\$ 18.69	\$ 0.12
September 30, 2006	19.60	15.19	0.12
June 30, 2006	16.43	14.70	0.12
March 31, 2006	16.11	14.29	0.10

Year Ended December 31, 2005	High	Low	Dividend Paid Per Share
<i>Quarter Ended:</i>			
December 31, 2005	\$ 15.99	\$ 13.74	\$ 0.10
September 30, 2005	16.07	13.41	0.10
June 30, 2005	14.51	12.51	0.10
March 31, 2005	13.33	11.42	0.09

Year Ended December 31, 2004	High	Low	Dividend Paid Per Share
<i>Quarter Ended:</i>			
December 31, 2004	\$ 14.12	\$ 11.10	\$ 0.09
September 30, 2004	11.75	9.52	0.09
June 30, 2004	10.71	8.76	0.09
March 31, 2004	9.96	6.88	0.08

Table of Contents**Stock Trading and Dividend Information Chittenden**

Chittenden common stock is currently listed on the New York Stock Exchange under the symbol CHZ. The following table sets forth the high and low trading prices for a share of Chittenden common stock and cash dividends paid per share for the periods indicated. As of [], 2007, there were [] shares of Chittenden common stock issued and outstanding, and approximately [] stockholders of record.

Year Ending December 31, 2007	High	Low	Dividend Paid Per Share
Period Ended:			
[], 2007	\$ []	\$ []	[]
June 30, 2007	36.00	27.70	0.22
March 31, 2007	31.96	29.28	0.20

Year Ended December 31, 2006	High	Low	Dividend Paid Per Share
Quarter Ended:			
December 31, 2006	\$ 31.40	\$ 28.16	\$ 0.20
September 30, 2006	29.69	24.60	0.20
June 30, 2006	29.44	25.01	0.20
March 31, 2006	29.78	27.00	0.18

Year Ended December 31, 2005	High	Low	Dividend Paid Per Share
Quarter Ended:			
December 31, 2005	\$ 30.30	\$ 24.47	\$ 0.18
September 30, 2005	29.55	25.77	0.18
June 30, 2005	27.70	23.85	0.18
March 31, 2005	29.03	25.54	0.18

Year Ended December 31, 2004	High	Low	Dividend Paid Per Share
Quarter Ended:			
December 31, 2004	\$ 30.28	\$ 26.26	\$ 0.18
September 30, 2004	30.36	26.59	0.18
June 30, 2004	28.12	22.64	0.18
March 31, 2004	27.41	25.14	0.16

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DESCRIPTION OF PEOPLE'S UNITED FINANCIAL COMMON STOCK

General. People's United Financial's authorized capital stock consists of 1,950,000,000 shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share.

Upon completion of the merger, People's United Financial would have approximately [] shares of common stock issued and outstanding. This amount, which may vary as of the actual closing date, was calculated by adding the aggregate number of shares of People's United Financial common stock expected to be issued in the merger (approximately [] million, based on the number of shares of Chittenden common stock outstanding on [], 2007 and the number of shares of Chittenden common stock expected to be issued in Chittenden's planned acquisition of Community Bank & Trust Company) to the [] shares of People's United Financial common stock issued and outstanding as of August 31, 2007.

People's United Financial Common Stock

Holders of People's United Financial common stock are entitled to dividends out of funds legally available for that purpose when, as, and if declared by the board of directors. The board of directors' right to declare dividends will be subject to the rights of any holders of preferred stock or any other stock with superior dividend rights and People's United Financial's legal ability to make certain other payments. People's United Financial's board of directors may fix the dividend rights and rates of preferred stock when it is issued. Each holder of People's United Financial common stock is entitled to one vote for each share held on each matter submitted for stockholder action. People's United Financial common stock has no preferences, preemptive rights, cumulative voting rights, conversion rights or redemption provisions.

In the event of People's United Financial's liquidation, dissolution or winding up, the holders of People's United Financial's common stock would be entitled to receive, after payment or provision for payment of all debts and liabilities, all of People's United Financial's assets available for distribution. If People's United Financial issues preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock in the event of liquidation or dissolution.

All outstanding shares of People's United Financial common stock are, and shares to be issued in the merger will be, when issued, fully paid and nonassessable.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock of People's United Financial is Mellon Investor Services LLC. The common stock is listed on the NASDAQ Global Select Market under the symbol PBCT.

Restrictions on Ownership

Office of Thrift Supervision regulations provide that for a period of three years following April 16, 2007, the date of the completion of the second-step conversion of People's United Financial, no person may, directly or indirectly, acquire or offer to acquire the beneficial ownership of more than 10% of any class of People's United Financial's equity securities without the prior written approval of the Office of Thrift Supervision. If any person violates this prohibition, the securities beneficially owned by such person in excess of 10% will not be voted by any person or counted as voting shares in connection with any matter submitted to the stockholders for a vote, and will not be counted as outstanding for purposes of determining the affirmative vote necessary to approve any matter submitted to the stockholders for a vote.

The Change in Bank Control Act provides that no person, acting directly or indirectly or through or in concert with one or more other persons, may acquire control of a savings institution unless the Office of Thrift Supervision has been given 60 days prior written notice. The Home Owners' Loan Act provides that no company

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may acquire control of a savings institution without the prior approval of the Office of Thrift Supervision. Any company that acquires such control becomes a savings and loan holding company subject to registration, examination and regulation by the Office of Thrift Supervision. Pursuant to federal regulations, control of a savings institution is conclusively deemed to have been acquired by, among other things, the acquisition of more than 25% of any class of voting stock of the institution or the ability to control the election of a majority of the directors of an institution. Moreover, control is presumed to have been acquired, subject to rebuttal, upon the acquisition of more than 10% of any class of voting stock, or of more than 25% of any class of stock of a savings institution, where certain enumerated control factors are also present in the acquisition.

These restrictions do not apply to the acquisition of a savings institution's capital stock by one or more tax-qualified employee stock benefit plans, provided that the plans do not have beneficial ownership of more than 25% of any class of equity security of the savings institution.

Preferred Stock

People's United Financial's board of directors is authorized at any time, and from time to time, to provide for the issuance of shares of preferred stock in one or more series, and to prescribe the designation, powers, relative preferences and rights of the shares of each series and the qualifications, limitations, or restrictions of the shares of each series. This authorization includes the right to fix the designation of the series and the number of shares in it, dividend rates and rights, voting rights, conversion rights, redemption rights, sinking fund provisions, liquidation rights, and any other relative rights, preferences, and limitations.

The issuance of shares of People's United Financial preferred stock could adversely affect the availability of earnings for distribution to the holders of People's United Financial common stock if the preferred stock provides for cumulative dividends, dividend preferences, conversion rights or exchange, redemption or other similar rights or preferences.

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COMPARISON OF RIGHTS OF STOCKHOLDERS OF CHITTENDEN AND PEOPLE'S

UNITED FINANCIAL

This section describes the differences between the rights of holders of Chittenden common stock and the rights of holders of People's United Financial common stock. While we believe that the description covers the material differences between the rights of the holders, this summary may not contain all of the information that is important to you. You should carefully read this entire document and refer to the other documents discussed below for a more complete understanding of the differences between your rights as a holder of Chittenden common stock and your rights as a holder of People's United Financial common stock.

As a stockholder of Chittenden, a Vermont corporation, your rights are governed by Vermont law, Chittenden's articles of incorporation, as currently in effect, and Chittenden's bylaws, as currently in effect. When the merger becomes effective, you will become a stockholder of People's United Financial, a Delaware corporation, if you receive the stock consideration for any portion of your Chittenden shares. People's United Financial's common stock is listed on the NASDAQ Global Select Market under the symbol PBCT. As a People's United Financial stockholder, your rights will be governed by Delaware law, People's United Financial's certificate of incorporation, as in effect from time to time, and People's United Financial's bylaws, as in effect from time to time. The rights and privileges of stockholders of a Delaware corporation are in many instances comparable to those of stockholders of a Vermont corporation, although there are also differences.

The following discussion of the similarities and material differences between the rights of Chittenden stockholders under Vermont law and the articles of incorporation and bylaws of Chittenden and the rights of People's United Financial stockholders under Delaware law and the certificate of incorporation and bylaws of People's United Financial is only a summary of some provisions and is not a complete description of these similarities and differences. This discussion is qualified in its entirety by reference to Vermont law and Delaware law and the full texts of the articles of incorporation and bylaws of Chittenden and the certificate of incorporation and bylaws of People's United Financial.

Capitalization

Chittenden. The total authorized capital stock of Chittenden consists of 120,000,000 shares of common stock, par value \$1.00 per share, and 1,000,000 shares of preferred stock, par value \$100.00 per share. As of [], 2007, there were [] shares of common stock and no shares of preferred stock issued and outstanding.

People's United Financial. The total authorized capital stock of People's United Financial consists of 1.95 billion shares of common stock, par value \$0.01 per share, and 50,000,000 shares of preferred stock, par value \$0.01 per share. As of [], 2007, there were [] shares of common stock issued and outstanding and no shares of preferred stock issued and outstanding.

Both Chittenden and People's United Financial can issue preferred stock without stockholder approval.

Preemptive Rights

A preemptive right allows a stockholder to maintain its proportionate share of ownership of a corporation by permitting the stockholder to purchase a proportionate share of any new stock issuances. Preemptive rights protect the stockholders from dilution of value and control upon new stock issuances.

Chittenden. Unless the articles of incorporation of a Vermont corporation provide otherwise, stockholders have no preemptive rights. Chittenden's articles of incorporation do not address preemptive rights.

People's United Financial. Unless the certificate of incorporation of a Delaware corporation states otherwise, stockholders have no preemptive rights. People's United Financial's certificate of incorporation does not provide stockholders with preemptive rights.

Accordingly, neither Chittenden stockholders nor People's United Financial stockholders have preemptive rights.

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Dividends

Chittenden. Neither the Chittenden articles of incorporation nor the Chittenden bylaws address dividends. Under Vermont law, a corporation may make a distribution to its stockholders upon the authorization of its board of directors and subject to its articles of incorporation unless, after giving effect to that distribution:

the corporation would be unable to pay its debts as they become due in the usual course of business; or

the corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy, upon dissolution, the preferential rights of stockholders whose preferential rights are superior to those receiving the distribution.

The Federal Reserve Board has authority to prohibit Chittenden from paying dividends if such payment is deemed to be an unsafe or unsound practice.

People's United Financial. People's United Financial can pay dividends out of statutory surplus or from net profits if, as and when declared by the board of directors. The holders of People's United Financial common stock will be entitled to receive and share equally in such dividends as may be declared by the board of directors out of funds legally available. If People's United Financial issues preferred stock, the holders of the preferred stock may have a priority over the holders of the common stock with respect to dividends.

The payment of dividends is subject to limitations which are imposed by law. 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 United Bank to People's United Financial, and borrowings.

People's United Bank's ability to pay dividends is 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 United 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 United Bank's capital below required capital levels or would impair the liquidation account to be established for the benefit of People's United Bank's eligible account holders and supplemental eligible account holders at the time of its second-step conversion.

Thus, Chittenden and People's United Financial are both subject to substantially the same restrictions on declaring dividends.

Notice of Stockholder Meetings

Chittenden. In accordance with Vermont law, Chittenden's bylaws provide that written notice of any stockholders' meeting must be given to each stockholder entitled to vote not less than 10 nor more than 60 days before the meeting.

People's United Financial. In accordance with Delaware law, People's United Financial's bylaws provide that written notice of any stockholders' meeting must be given to each stockholder not less than 10 nor more than 60 days before the meeting date.

Chittenden and People's United Financial must generally provide the same amount of notice for stockholder meetings.

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Right to Call Special Meetings

Chittenden. Under Vermont law, a special meeting of stockholders may be called:

by the board of directors;

by the person or persons authorized to do so by the articles of incorporation or bylaws; or

if the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the special meeting sign, date and deliver a demand for the meeting to the corporation's secretary.

Chittenden's bylaws authorize the calling of a special meeting of stockholders by the president, the board of directors, or the secretary upon the written request of not less than 10% of all the shares entitled to vote at the meeting.

People's United Financial. Under Delaware law, a special meeting of stockholders may be called by:

the board of directors; or

by the person or persons authorized to do so by the certificate of incorporation or the bylaws.

People's United Financial's bylaws authorize the calling of a special meeting of stockholders only by the chief executive officer or the president or by resolution of at least three-fourths of the directors then in office. People's United Financial's stockholders do not have the ability to call a special meeting.

Accordingly, it may be easier for Chittenden stockholders to call a special meeting.

Actions by Written Consent of Stockholders

Chittenden. Under Vermont law, unless otherwise precluded in the articles of incorporation, stockholders may act by a written consent in lieu of a meeting, provided the written consent is signed by all holders of outstanding stock entitled to vote at a meeting. If the articles of incorporation contain specific authority to do so, action may be taken by stockholders without a meeting if the holders of at least a majority of all the shares entitled to vote deliver signed written consents to the corporation. Chittenden's articles of incorporation do not preclude or provide for action by written consent of the stockholders. Chittenden's bylaws provide that action by written consent of the stockholders must be signed by all of the stockholders entitled to vote.

People's United Financial. Under Delaware law, unless otherwise provided in the certificate of incorporation, stockholders may take action by written consent in lieu of a meeting, provided the consent is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. However, People's United Financial's certificate of incorporation prohibits stockholder action by written consent in lieu of a meeting.

Therefore, Chittenden stockholders may take action by unanimous written consent in lieu of a meeting whereas People's United Financial stockholders may not take action by written consent in lieu of a meeting.

Rights of Dissenting Stockholders

Chittenden. Under Vermont law, stockholders may, under certain circumstances, exercise a right of dissent from certain limited corporate actions and obtain payment for the fair value of their shares. Dissenters' rights are available under Vermont law with respect to the shares of any class of stock of a constituent corporation in the event of a merger if stockholder approval is required or if the corporation is a subsidiary that is merged with its parent.

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Dissenters' rights are also available under Vermont law in connection with certain amendments to the articles of incorporation, any share exchange if the stockholder is entitled to vote on the action, or sales of all or substantially all of the assets of a corporation. Chittenden's articles of incorporation and bylaws do not grant any dissenters' rights in addition to the statutorily prescribed rights. Stockholders who desire to exercise their dissenters

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rights must satisfy all of the conditions and requirements set forth in the Vermont Business Corporation Act in order to maintain these rights and obtain any payment due in respect of the exercise of these rights.

People's United Financial. Under Delaware law, appraisal rights are not available for any class of stock that is listed on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc. Since People's United Financial's common stock is listed on the NASDAQ Global Select Market, its stockholders are not entitled to appraisal rights.

Chittenden stockholders generally have dissenters' rights in all applicable contexts while People's United Financial stockholders do not have dissenters' rights.

Board of Directors Number and Removal

Chittenden. Vermont law states that the board of directors must consist of three or more members with the number of directors to be fixed as provided in the articles of incorporation or bylaws. Chittenden's articles of incorporation and bylaws provide that the number of directors to constitute the whole board of directors shall be fixed from time to time by resolution of the board of directors. The Chittenden board of directors currently consists of ten directors.

Vermont law also states that any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless the articles of incorporation provide that directors can only be removed for cause. Chittenden's articles of incorporation provide that a director may only be removed for cause.

People's United Financial. Delaware law provides that the board of directors of a Delaware corporation must consist of one or more directors. The certificate of incorporation or bylaws of a corporation may fix the number of directors. People's United Financial's certificate of incorporation provides that the number of directors shall be determined only by resolution of the board of directors, but shall not be less than five nor more than 15 directors. People's United Financial currently has ten directors. People's United Financial's certificate of incorporation and bylaws provide that the board of directors shall be divided into three classes as nearly equal as practicable, and one class shall be elected annually.

Delaware law provides that, unless the certificate of incorporation provides otherwise, in a corporation with a classified board of directors any director or the entire board of directors may be removed only for cause and by the holders of a majority of the shares then entitled to vote at an election of directors. People's United Financial's certificate of incorporation provides that a director may be removed prior to the expiration of his or her term only for cause and upon the affirmative vote of at least two-thirds of the outstanding shares of voting stock.

Both Chittenden and People's United Financial have classified boards. Each board of directors can alter the number of directors. No director can be removed without cause. People's United Financial requires a two-thirds vote at a meeting of stockholders to remove a director for cause. Chittenden requires a majority of votes cast at a meeting called for the purpose of removing the director to do the same.

Filling Vacancies on the Board of Directors

Chittenden. Vermont law provides that, unless otherwise provided in the articles of incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled with directors elected by the stockholders having the right to vote as a class or by a majority of the directors then in office, although less than a quorum.

Chittenden's articles of incorporation do not address filling vacancies on the board of directors. Chittenden's bylaws provide that in the case of any vacancies all the directors then in office, although less than a quorum, may by majority vote choose a successor, or the stockholders, with a quorum, may by a majority vote choose a successor.

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People's United Financial. Delaware law and People's United Financial's certificate of incorporation provide that all vacancies, including vacancies resulting from newly created directorships due to an increase in the number of directors, may be filled only by a vote of a majority of directors then holding office, whether or not a quorum. Any director so elected shall serve for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor is elected and qualified.

Accordingly, both Chittenden's and People's United Financial's boards of directors may generally fill vacancies.

Stockholder Nominations and Proposals

Chittenden. Chittenden's bylaws require the advance notice of stockholder proposals. In order to be properly brought before a meeting, a stockholder proposal must be received by the corporation not less than 75 days nor more than 120 days prior to the anniversary of the preceding annual meeting. In addition, the stockholder must be present at the meeting, either in person or by a representative.

People's United Financial. The certificate of incorporation requires a stockholder who intends to nominate a candidate for election to the board of directors at an annual stockholders' meeting to give not less than 120 days' notice in advance of the annual stockholders' meeting to the secretary. This advance notice provision requires a stockholder who wishes to nominate any person for election as a director to provide certain information to People's United Financial concerning the nominee and the proposing stockholder. Similarly, People's United Financial's bylaws generally require a stockholder who intends to raise new business at an annual meeting to give not less than 90 days' notice in advance of the anniversary of the prior year's annual meeting to the corporate secretary. This advance notice provision requires a stockholder who desires to raise new business to provide certain information to People's United Financial concerning the nature of the new business, the stockholder and the stockholder's interest in the matter.

Thus, both People's United Financial and Chittenden stockholders have the ability to make proposals subject to certain procedural requirements.

Amendments to Articles or Certificate of Incorporation

Chittenden. Chittenden's articles of incorporation provide that any amendment, alteration or repeal of Article VIII of the articles of incorporation, which relates to business combinations, requires the approval of at least two-thirds of the continuing directors and the holders of at least two-thirds of the outstanding shares entitled to vote, as well as the approval of the holders of at least two-thirds of the shares of any class or series of shares entitled to vote as a class.

Under Vermont law, a board of directors may adopt one or more amendments to the articles of incorporation to make certain ministerial changes without stockholder action, including certain changes to the corporate name and, if the corporation has only one class of shares outstanding, changes to the number of shares in order to effectuate a stock split or stock dividend. Other amendments to the articles of incorporation must be recommended to the stockholders by the board of directors and the holders of a majority of the outstanding shares of stock entitled to vote on the amendment must approve the amendment unless another percentage is specified in the articles of incorporation, by the board of directors as a condition to its recommendation or by the provisions of the Vermont Business Corporation Act.

People's United Financial. People's United Financial's certificate of incorporation provides that any alteration, amendment, repeal or rescission of any provision of the certificate of incorporation must be approved by the board of directors and by the affirmative vote of a majority (or such greater proportion as is otherwise required by any specific provision of the certificate of incorporation) of the total votes eligible to be cast by the holders of all outstanding shares of capital stock entitled to vote thereon.

People's United Financial's certificate of incorporation provides that certain provisions of the certificate of incorporation may not be altered, amended, repealed or rescinded without the affirmative vote of either (1) not

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less than a majority of the authorized number of directors and, if one or more interested shareholders (as defined below) exist, by not less than a majority of the disinterested directors (as defined in the certificate of incorporation); or (2) the holders of not less than two-thirds of the total votes eligible to be cast by the holders of all outstanding shares of People's United Financial capital stock entitled to vote thereon and, if the alteration, amendment, repeal, or rescission is proposed by or on behalf of an interested shareholder or a director who is an affiliate or associate (each as defined in the certificate of incorporation) of an interested shareholder, by the affirmative vote of the holders of not less than a majority of the total votes eligible to be cast by holders of all outstanding shares entitled to vote thereon not beneficially owned by an interested shareholder or an affiliate or associate thereof. Amendment of the provision of People's United Financial's certificate of incorporation relating to business combinations (as defined below) must also be approved by either (a) a majority of the disinterested directors; or (b) the affirmative vote of not less than two-thirds of the total number of votes eligible to be cast by the holders of all outstanding shares of the voting stock, voting together as a single class, together with the affirmative vote of not less than fifty percent (50%) of the total number of votes eligible to be cast by the holders of all outstanding shares of the voting stock not beneficially owned by any interested shareholder or affiliate or associate thereof, voting together as a single class. Absent these provisions, Delaware law provides that a corporation's certificate of incorporation may be amended by the holders of a majority of the corporation's outstanding capital stock.

The term interested shareholder is defined to include any individual, corporation, partnership or other entity (other than People's United Financial or its subsidiaries or any employee benefit plan maintained by People's United Financial or its subsidiaries) who or which owns beneficially or controls, directly or indirectly, 15% or more of the outstanding shares of People's United Financial voting stock.

The term business combination means:

any merger or consolidation of People's United Financial or any of its subsidiaries with or into any interested shareholder or an affiliate or associate of an interested shareholder;

any sale, lease, exchange, mortgage, pledge, transfer, or other disposition to or with any interested shareholder or an affiliate or associate of an interested shareholder of 10% or more of People's United Financial's assets or combined assets of People's United Financial and its subsidiaries;

the issuance or transfer to any interested shareholder or an affiliate or associate of an interested shareholder by People's United Financial (or any subsidiary) of any of People's United Financial's securities other than on a pro rata basis to all stockholders;

the adoption of any plan for the liquidation or dissolution of People's United Financial proposed by or on behalf of any interested shareholder or an affiliate or associate of an interested shareholder;

any reclassification of securities, recapitalization, merger or consolidation of People's United Financial which has the effect of increasing the proportionate share of common stock or any class of People's United Financial's equity or convertible securities owned directly or indirectly by an interested shareholder or an affiliate or associate of an interested shareholder; and

the acquisition by People's United Financial's subsidiaries of any securities of an interested shareholder or an affiliate or associate of an interested shareholder.

Accordingly, amendments to both Chittenden's articles of incorporation and People's United Financial's certificate of incorporation not concerning business combinations generally may be approved by a majority of all the votes entitled to be cast at a meeting. Amendments to provisions concerning business combinations involving Chittenden require a two-thirds vote of both stockholders and continuing directors. Amendments to People's United Financial's certificate of incorporation relating to business combinations must be approved by either a majority of the disinterested directors or the affirmative vote of not less than two-thirds of the shares eligible to be cast, together with the affirmative vote of not less than fifty percent (50%) of the shares eligible to be cast not beneficially owned by any interested shareholder or affiliate or associate thereof.

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Amendments to Bylaws

Chittenden. Chittenden's bylaws provide that its board of directors may amend or repeal the bylaws, and that the stockholders may amend or repeal the bylaws at a meeting called for that purpose by the vote of a majority of the shares present in person or represented by proxy at such meeting and entitled to vote on such amendment or repeal, voting together as a single class.

People's United Financial. People's United Financial's bylaws provide that, except as otherwise provided by applicable law, the bylaws or the certificate of incorporation, the bylaws may be amended or repealed at any meeting of the entire board of directors by the vote of two-thirds of the members of the entire board. Both People's United Financial's certificate of incorporation and bylaws provide that provisions of the bylaws that contain supermajority voting requirements may not be altered, amended, repealed or rescinded without a vote of the board of directors or holders of capital stock entitled to vote on the matter that is not less than the supermajority specified in such provision. Absent these provisions, Delaware law provides that a corporation's bylaws may be amended by the holders of a majority of the corporation's outstanding capital stock. People's United Financial's certificate of incorporation also provides that the board of directors is authorized to make, alter, amend, rescind or repeal any of the bylaws in accordance with the terms of the bylaws. Except in circumstances specifically provided in the Delaware General Corporation Law, this provision applies to bylaws, whether initially adopted or amended by the board of directors or by the stockholders. This authorization neither divests the stockholders of their right, nor limits their power, to adopt, amend, rescind or repeal any bylaw under the Delaware General Corporation Law.

Both People's United Financial and Chittenden permit their directors to amend their bylaws. People's United Financial requires at least a two-thirds vote of the directors. Chittenden requires only a majority vote to do the same. Chittenden stockholders may also amend the bylaws by a majority vote. Both People's United Financial's certificate of incorporation and bylaws provide that provisions of the bylaws that contain supermajority voting requirements may not be altered, amended, repealed or rescinded without a vote of the board of directors or holders of capital stock entitled to vote on the matter that is not less than the supermajority specified in such provision.

Indemnification

Delaware law and Vermont law both contain provisions setting forth conditions under which a corporation may indemnify its directors, officers and employees. Specifically, the person to be indemnified must have acted in good faith, in a manner the person reasonably believed to be in the best interests of the corporation (or, if the director was acting outside his or her official capacity with the corporation, the director reasonably believed his or her conduct was at least not opposed to the corporation's best interests).

Chittenden. Although indemnification is generally permissive in Vermont, Chittenden's bylaws provide that the corporation shall indemnify its directors if the director conducted himself or herself in good faith, the director reasonably believed the conduct was in the best interests of the corporation (or, if the director was acting outside his or her official capacity with Chittenden, the director reasonably believed his or her conduct was at least not opposed to Chittenden's best interests) and the director had no reason to believe that his or her conduct was unlawful and the director was not found to have engaged in a reckless or intentional unlawful act. In accordance with Vermont law, the Chittenden bylaws provide that a director will not be indemnified in connection with a proceeding in which the director was adjudged liable to the corporation or in connection with a proceeding in which the director was found to have received an improper personal benefit.

Chittenden's bylaws provide that officers of the corporation are entitled to mandatory indemnification if the officer is successful on the merits or otherwise in the defense of any proceeding, and the officer is entitled to apply for court ordered indemnification under the Vermont Business Corporation Act. The bylaws also state that Chittenden's officers and agents are entitled to the same indemnifications as Chittenden's directors.

The bylaws provide that the corporation may not indemnify any director prior to the final resolution of a proceeding and unless the indemnification is authorized by a determination that the director has met the standard

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of conduct required. The determination must be made by disinterested members of the board of directors, a written opinion of special legal counsel or a vote of disinterested stockholders.

People s United Financial. Delaware law empowers a Delaware corporation to indemnify any person who was or is a party or is threatened to be made a party to any suit or proceeding, by reason of the fact that such person is or was a director, officer, employee or agent of such corporation if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interest of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Any such indemnification may be made only as authorized in each specific case upon a determination by the stockholders or disinterested directors or by independent legal counsel in a written opinion that indemnification is proper because the indemnitee has met the applicable standard of conduct.

The certificate of incorporation of People s United Financial provides that People s United Financial shall indemnify, to the fullest extent permitted by Delaware law, any person who is or was or has agreed to become a director or officer of People s United Financial against costs, charges, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by such person. This indemnification is conditioned upon the director or officer having acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interest of People s United Financial and, with respect to any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. People s United Financial may, but is not required to, indemnify employees and agents under the same circumstances as directors and officers. The certificate of incorporation also provides that People s United Financial shall indemnify any present or former director or officer of People s United Financial to the extent such person has been successful, on the merits or otherwise (including, without limitation, the dismissal of an action without prejudice), in defense of any action, suit or proceeding against all costs, charges and expenses actually and reasonably incurred by such person.

Thus, the indemnification provisions for the directors, officers and employees of Chittenden and People s United Financial are substantially the same.

Stockholder Approval of a Merger

Chittenden. In order to effect a merger under Vermont law, a corporation s board of directors must adopt a plan of merger and recommend it to the stockholders. The agreement must be approved by the holders of a majority of all the votes entitled to be cast on the plan of merger, unless the articles of incorporation or the board of directors require a greater vote. Chittenden s articles of incorporation provide for a greater vote only in the case of a business combination involving a related person or its affiliate.

People s United Financial. Delaware law provides that a corporation s board of directors must adopt a resolution approving an agreement and plan of merger and declaring its advisability to the stockholders. The agreement must be approved by the holders of a majority of all the votes entitled to be cast on the plan of merger, unless the certificate of incorporation or the board of directors requires a greater vote; provided that no vote of the stockholders is required if the corporation is the surviving corporation, the merger does not involve the amendment of the corporation s certificate of incorporation, and the securities issued by the corporation in the merger do not exceed 20% of the common stock of the corporation outstanding immediately prior to the effective date of the merger. People s United Financial s certificate of incorporation provides for a greater vote only in the case of a business combination involving an interested shareholder.

Accordingly, Chittenden and People s United Financial have substantially similar voting requirements for merger approvals.

Business Combinations and Anti-Takeover Provisions

Chittenden. Chittenden s articles of incorporation provide that the affirmative vote of at least two-thirds of the members of the board of directors who were elected prior to a related person becoming a related person,

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together with the affirmative vote of the holders of at least two-thirds of the outstanding shares entitled to vote thereon, shall be required for any of the following business combinations:

any merger or consolidation of the corporation or any subsidiary into or with a related person or its affiliate, or any other corporation which, after such merger or consolidation, would be an affiliate of a related person ;

any sale, lease, exchange, mortgage, pledge, transfer or other disposition by the corporation, in one or a series of transactions, to or with any related person or its affiliate of all, or substantially all, of the assets of Chittenden or any subsidiary;

the issuance or transfer by Chittenden or any subsidiary, in one or a series of transactions, of a majority of its voting shares to a related person or its affiliate;

the adoption of any plan or proposal for the liquidation or dissolution of Chittenden; or

any reclassification of securities, recapitalization, reorganization, merger or consolidation of Chittenden with any of its subsidiaries or any transaction that has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of Chittenden or any subsidiary that is directly or indirectly owned by any related person.

A related person is (1) a person, which, together with its affiliates or associates, owns of record or beneficially, directly or indirectly, more than 15% of the outstanding voting stock of Chittenden; or (2) an affiliate of Chittenden and at any time within the two-year period immediately prior to the date in question was the owner, of record or beneficially, directly or indirectly, of more than 15% of the outstanding voting stock of Chittenden. In addition, Chittenden's articles of incorporation provide that the corporation cannot enter into any of these business combinations without the approval of 80% of the outstanding shares entitled to vote, excluding those shared held by a related person, unless the fair market value test described in the articles of incorporation is satisfied.

People's United Financial. The certificate of incorporation of People's United Financial requires the approval of the holders of at least two-thirds of People's United Financial's outstanding shares of voting stock, together with the affirmative vote of at least 50% of the outstanding shares of voting stock not beneficially owned by an interested shareholder to approve certain business combinations (defined above in the section entitled *Amendments to Articles of Incorporation*) and related transactions. Under Delaware law, absent this provision, business combinations, which include mergers, consolidations and sales of all or substantially all of the assets of a corporation must, subject to certain exceptions, be approved by the vote of the holders of only a majority of the outstanding shares of common stock and any other affected class of stock.

Approval by the holders of at least two-thirds of People's United Financial's shares is required in connection with any business combination except (1) in cases where the proposed transaction has been approved in advance by a majority of those members of the board of directors who are unaffiliated with the interested shareholder and were directors prior to the time when the interested shareholder became an interested shareholder; or (2) if the proposed transaction meets certain conditions set forth therein which are designed to afford the stockholders a fair price in consideration for their shares in which case, if a stockholder vote is required, approval of only a majority of the outstanding shares of voting stock would be sufficient.

The term interested shareholder is defined to include any individual, corporation, partnership or other entity (other than People's United Financial or its subsidiaries or any employee benefit plan maintained by People's United Financial or its subsidiaries) which owns beneficially or controls, directly or indirectly, 15% or more of the outstanding shares of People's United Financial voting stock.

Both People's United Financial and Chittenden have higher voting and approval requirements for business combinations and similar transactions constituting related party transactions.

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LEGAL MATTERS

Thacher Proffitt & Wood LLP will pass upon the validity of the shares of People's United Financial common stock to be issued in connection with the merger. Cleary Gottlieb Steen & Hamilton LLP on behalf of People's United Financial, and Goodwin Procter LLP on behalf of Chittenden, will pass upon certain legal matters to the effect that the merger will constitute a tax-free reorganization within the meaning of Section 368(a) of the Internal Revenue Code.

EXPERTS

The consolidated financial statements of People's Bank as of December 31, 2006 and 2005, and for each of the years in the three-year period ended December 31, 2006 and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2006 included in People's United Financial, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2006 have been incorporated by reference herein in reliance on the reports of KPMG LLP, an independent registered public accounting firm, and upon the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of Chittenden as of December 31, 2006 and 2005, and for each of the three years in the period ended December 31, 2006, and management's assessment of the effectiveness of internal control over financial reporting (which is included in management's report on internal control over financial reporting) incorporated in this document by reference to Chittenden's Annual Report on Form 10-K for the year ended December 31, 2006 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

STOCKHOLDER PROPOSALS

Chittenden will hold an annual meeting in the year 2008 only if the merger is not completed. If the merger is not completed, in order to be included in Chittenden's proxy statement and proxy card for the 2008 annual meeting, proposals which stockholders intend to present at that meeting must be submitted in writing to the Secretary or Assistant Secretary of Chittenden on or before November 17, 2007. In addition, Chittenden's bylaws include advance notice and other requirements regarding the timing and content of proposals for stockholder action at a meeting other than those proposed by the board of directors. In order to be timely under the advance notice provisions of Chittenden's bylaws, all stockholder proposals must be received by Chittenden at its executive office no less than 75 days and no more than 120 days prior to the anniversary of the preceding annual meeting. However, if the annual meeting is scheduled for a date that is more than 30 days before or 60 days after the anniversary of the preceding annual meeting, then the stockholder proposal must be received by Chittenden on the later of 75 days prior to the annual meeting or 15 days following the date on which public announcement of the date of the annual meeting is first made by Chittenden.

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PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following preliminary unaudited pro forma condensed combined financial information and notes present how the combined financial statements of People's United Financial and Chittenden may have appeared had the merger been completed at the beginning of the periods presented. The preliminary unaudited pro forma condensed combined financial information reflects the impact of the merger on the combined balance sheets and on the combined statements of income under the purchase method of accounting with People's United Financial treated as the acquirer. Under the purchase method of accounting, Chittenden's assets and liabilities are recorded by People's United Financial at their estimated fair values as of the date the merger is completed. The preliminary unaudited pro forma condensed combined balance sheet as of June 30, 2007 assumes the merger was completed on that date. The preliminary unaudited pro forma condensed combined statements of income for the six months ended June 30, 2007 and for the year ended December 31, 2006 assume the merger was completed on January 1, 2006.

Included in the preliminary unaudited pro forma condensed combined balance sheet are pro forma purchase accounting adjustments for the pending merger of Chittenden and Community Bank & Trust Company, assuming this merger was completed prior to the merger of People's United Financial and Chittenden. The preliminary unaudited pro forma condensed combined statements of income for the six months ended June 30, 2007 and for the year ended December 31, 2006 do not include the results of operations of Community Bank due to their immateriality.

The preliminary unaudited pro forma condensed combined financial information assumes that the merger consideration consisted of approximately \$1.0 billion in cash and approximately 43.8 million shares of People's United Financial common stock. The number of shares of People's United Financial common stock was calculated based on (1) the number of shares of Chittenden common stock outstanding on July 19, 2007; (2) the number of shares of Chittenden common stock expected to be issued upon completion of its pending acquisition of Community Bank; and (3) the \$18.71 closing sale price of People's United Financial common stock on June 26, 2007, the last trading day before the merger was announced. Using those assumptions, the value of the merger consideration to be received in exchange for one share of Chittenden common stock would have been approximately \$36.77 and each share of Chittenden common stock not exchanged for that amount in cash would have been exchangeable for 1.9652 shares of People's United Financial common stock.

The actual exchange ratio will depend on the average of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending the day before the merger is completed. This average value may differ, perhaps substantially, from the closing sale price of People's United Financial common stock on June 26, 2007. The number of shares to be issued by People's United Financial will also depend on the number of shares of Chittenden common stock outstanding immediately prior to the effective date of the merger.

It is anticipated that the merger will provide People's United Financial with financial benefits such as possible revenue enhancements and expense savings, among other factors, although no assurances can be given that such benefits will actually be achieved. The impact of these benefits has not been reflected in the preliminary unaudited pro forma condensed combined financial information. As required, the preliminary unaudited pro forma condensed combined financial information includes adjustments that give effect to events that are directly attributable to the merger and factually supportable; as such, adjustments affecting the balance sheet, statement of income, or shares of common stock outstanding subsequent to the assumed merger completion dates have not been included.

The preliminary unaudited pro forma condensed combined financial information is presented for illustrative purposes only and is not necessarily indicative of the financial results of the combined companies had the merger actually been completed at the beginning of each period presented nor does it indicate future results for any other

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interim or full-year period. In addition, as explained in more detail in the accompanying notes to the preliminary unaudited pro forma condensed combined financial information, the allocation of the purchase price reflected in the preliminary pro forma condensed combined financial information is subject to adjustment. The preliminary purchase price allocation for the merger will vary from the actual purchase price allocation that will be recorded upon the completion of the merger based upon changes in the estimated fair value of the assets and liabilities acquired from Chittenden. In addition, subsequent to the merger completion date, there may be further refinements of the purchase price allocation as additional information becomes available.

The preliminary unaudited pro forma condensed consolidated financial information is derived from and should be read in conjunction with the historical consolidated financial statements and related notes of People's United Financial and Chittenden, which are incorporated into this document by reference.

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The following preliminary unaudited pro forma condensed combined balance sheet as of June 30, 2007 combines the June 30, 2007 balance sheets of People's United Financial and Chittenden assuming the merger was completed on June 30, 2007.

Preliminary Unaudited Pro Forma Condensed Combined Balance Sheet

June 30, 2007 (in millions)	People's United Financial	Chittenden	Pro Forma Adjustments		Pro Forma Combined
Assets					
Cash and due from banks	\$ 360.9	\$ 181.3	\$ (125.0)	(B)	\$ 407.8
			(9.2)	(A)	
			(0.2)	(K)	
Short-term investments	2,236.7	179.9	(33.4)	(C)	2,383.2
Total cash and cash equivalents	2,597.6	361.2	(167.8)		2,791.0
Trading account securities, at fair value	26.4				26.4
Securities available for sale and held to maturity	43.2	927.3			970.5
Securities purchased under agreements to resell	1,418.0		(1,013.0)	(A)	359.9
			(45.1)	(A)	
Loans	9,046.5	5,133.2	6.2	(D)	14,185.9
Less allowance for loan losses	(72.5)	(67.4)			(139.9)
Total loans, net	8,974.0	5,065.8	6.2		14,046.0
Bank-owned life insurance	218.0				218.0
Premises and equipment, net	147.4	74.2			221.6
Goodwill	101.5	282.5	(282.5)	(E)	1,442.2
			1,340.7	(E)	
			71.7	(C)	
			(71.7)	(E)	
Other acquisition-related intangibles	3.0	21.0	(21.0)	(F)	183.1
			165.6	(F)	
			14.5	(F)	
			9.5	(C)	
			(9.5)	(F)	
Other assets	292.6	146.3	42.9	(C)	497.7
			10.7	(M)	
			5.2	(G)	
Total assets	\$ 13,821.7	\$ 6,878.3	\$ 56.4		\$ 20,756.4
Liabilities					
Deposits:					
Non-interest-bearing	\$ 2,302.8	\$ 997.5	\$		\$ 3,300.3
Savings, interest-bearing checking and money market	3,194.4	2,962.4			6,156.8
Time	3,593.7	1,715.2	(3.3)	(H)	5,305.6
Total deposits	9,090.9	5,675.1	(3.3)		14,762.7
Borrowings:					
Federal Home Loan Bank advances		19.9			19.9
Repurchase agreements		114.8			114.8
Other		20.2			20.2
Total borrowings		154.9			154.9
Subordinated notes	65.3	250.0	(125.0)	(B)	190.3
Other liabilities	161.9	75.0	20.3	(I)	325.3

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			10.7	(M)	
			5.1	(J)	
			52.3	(F)	
Total liabilities	9,318.1	6,155.0	(39.9)		15,433.2
Stockholders' Equity					
Common stock	3.0	52.4	0.4	(K)	3.4
			(52.4)	(K)	
Additional paid in capital	3,708.9	342.4	90.7	(C)	4,528.1
			(342.4)	(K)	
			(90.7)	(K)	
			819.4	(K)	
			(0.2)	(K)	
Retained earnings	1,055.2	478.5	(478.5)	(K)	1,055.2
Treasury stock, at cost		(139.5)	139.5	(K)	
Unallocated common stock held by the ESOP	(214.4)				(214.4)
Accumulated other comprehensive loss	(49.1)	(14.4)	14.4	(K)	(49.1)
Deferred directors' compensation		6.2	(6.2)	(K)	
Unearned portion of employee restricted stock		(2.3)	2.3	(K)	
Total stockholders' equity	4,503.6	723.3	96.3		5,323.2
Total liabilities and stockholders' equity	\$ 13,821.7	\$ 6,878.3	\$ 56.4		\$ 20,756.4

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The following preliminary unaudited pro forma condensed combined statement of income for the six months ended June 30, 2007 combines the statements of income of People's United Financial and Chittenden assuming the merger was completed on January 1, 2006.

Preliminary Unaudited Pro Forma Condensed Combined Statement of Income

Six months ended June 30, 2007

(in millions, except per share data)	People's United Financial	Chittenden	Pro Forma Adjustments	Pro Forma Combined
Interest and dividend income:				
Loans	\$ 288.0	\$ 170.6	\$ (1.0) (D)	\$ 457.6
Short-term investments	32.1	1.8		33.9
Securities	2.1	24.3		26.4
Securities purchased under agreements to resell	14.7		(13.9) (A)	0.8
Total interest and dividend income	336.9	196.7	(14.9)	518.7
Interest expense:				
Deposits	106.1	64.9		171.0
Borrowings	0.2	2.7		2.9
Subordinated notes	3.3	8.4		11.7
Total interest expense	109.6	76.0		185.6
Net interest income	227.3	120.7	(14.9)	333.1
Provision for loan losses	2.6	3.0		5.6
Net interest income after provision for loan losses	224.7	117.7	(14.9)	327.5
Non-interest income:				
Fee-based revenues:				
Service charges on deposit accounts	37.5	9.4		46.9
Insurance revenue	13.5	3.5	0.9 (M)	17.9
Brokerage commissions	7.0	1.2		8.2
Other fees	18.3	15.6	(0.6) (F)	45.4
			12.1 (M)	
Total fee-based revenues	76.3	29.7	12.4	118.4
Net security losses		(14.1)		(14.1)
Bank-owned life insurance	5.1			5.1
Net gains on sales of residential mortgage loans	1.6	2.7		4.3
Other non-interest income	6.1	4.6	(0.7) (G)	11.3
			1.3 (M)	
Total non-interest income	89.1	22.9	13.0	125.0
Non-interest expense:				
Compensation and benefits	106.2	58.6	0.9 (M)	165.7
Occupancy and equipment	32.7	12.3		45.0
Contribution to The People's United Community Foundation	60.0			60.0
Other non-interest expense	44.9	28.9	13.6 (F)	99.5
			13.4 (M)	
			0.1 (F)	
			(1.4) (L)	
Total non-interest expense	243.8	99.8	26.6	370.2

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Income from continuing operations before					
income tax expense	70.0	40.8	(28.5)		82.3
Income tax expense	23.8	11.7	(10.0)	(N)	25.5
Income from continuing operations	46.2	29.1	(18.5)		56.8
Discontinued operations:					
Income from discontinued operations, net of tax	0.9				0.9
Income from discontinued operations	0.9				0.9
Net income	\$ 47.1	\$ 29.1	\$ (18.5)		\$ 57.7
Earnings per common share					
Basic:					
Income from continuing operations	\$ 0.16	\$ 0.64			\$ 0.17
Net income	\$ 0.16	\$ 0.64			\$ 0.17
Diluted:					
Income from continuing operations	\$ 0.16	\$ 0.64			\$ 0.17
Net income	\$ 0.16	\$ 0.64			\$ 0.17
Average common shares outstanding:					
Basic	294.3		43.8	(O)	338.1
Diluted	295.8		43.8	(O)	339.6

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The following preliminary unaudited pro forma condensed combined statement of income for the year ended December 31, 2006 combines the statements of income of People's United Financial and Chittenden assuming the merger was completed on January 1, 2006.

Preliminary Unaudited Pro Forma Condensed Combined Statement of Income**Year ended December 31, 2006**

(in millions, except per share data)	People's United Financial	Chittenden	Pro Forma Adjustments		Pro Forma Combined
Interest and dividend income:					
Loans	\$ 546.0	\$ 319.3	\$ (2.0)	(D)	\$ 863.3
Short-term investments	5.3	0.5			5.8
Securities	30.0	54.9			84.9
Securities purchased under agreements to resell	0.8				0.8
Total interest and dividend income	582.1	374.7	(2.0)		954.8
Interest expense:					
Deposits	180.1	108.5	3.3	(H)	291.9
Borrowings	10.0	17.2			27.2
Subordinated notes	9.6				9.6
Total interest expense	199.7	125.7	3.3		328.7
Net interest income	382.4	249.0	(5.3)		626.1
Provision for loan losses	3.4	6.9			10.3
Net interest income after provision for loan losses	379.0	242.1	(5.3)		615.8
Non-interest income:					
Fee-based revenues:					
Service charges on deposit accounts	77.8	16.7			94.5
Insurance revenue	27.3	5.8	1.8	(M)	34.9
Brokerage commissions	12.2	1.9			14.1
Other fees	35.7	24.5	(1.2)	(F)	84.1
Total fee-based revenues	153.0	48.9	25.1	(M)	227.6
Net security losses	(27.2)		25.7		(27.2)
Bank-owned life insurance	9.1				9.1
Net gains on sales of residential mortgage loans	2.0	6.3			8.3
Other non-interest income	10.5	15.0	(1.3)	(G)	26.5
Total non-interest income	147.4	70.2	26.7	(M)	244.3
Non-interest expense:					
Compensation and benefits	202.9	115.4	1.8	(M)	320.1
Occupancy and equipment	62.2	23.4			85.6
Other non-interest expense	81.8	47.6	30.1	(F)	184.5
			27.4	(M)	
			0.3	(F)	
			(2.7)	(L)	
Total non-interest expense	346.9	186.4	56.9		590.2
Income from continuing operations before income tax expense	179.5	125.9	(35.5)		269.9
Income tax expense	57.8	40.4	(12.5)	(N)	85.7

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Income from continuing operations	121.7	85.5	(23.0)	184.2
Discontinued operations:				
Income from discontinued operations, net of tax	2.3			2.3
Income from discontinued operations	2.3			2.3
Net income	\$ 124.0	\$ 85.5	\$ (23.0)	\$ 186.5
Earnings per common share				
Basic:				
Income from continuing operations	\$ 0.41	\$ 1.85		\$ 0.54
Net income	\$ 0.42	\$ 1.85		\$ 0.55
Diluted:				
Income from continuing operations	\$ 0.40	\$ 1.83		\$ 0.54
Net income	\$ 0.41	\$ 1.83		\$ 0.55
Average common shares outstanding:				
Basic	297.4		43.8 (O)	341.2
Diluted	298.9		43.8 (O)	342.7

Table of Contents**NOTES TO PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION****Note 1 Basis of Preliminary Pro Forma Presentation**

The acquisition of Chittenden by People's United Financial will be accounted for using the purchase method of accounting and accordingly, Chittenden's assets acquired (including identifiable intangible assets and goodwill) and liabilities assumed will be recognized at fair value on the date the transaction is completed. The merger is expected to qualify as a tax-free reorganization for federal income tax purposes. The preliminary unaudited pro forma condensed combined financial information related to the merger is included as of and for the six months ended June 30, 2007 and for the year ended December 31, 2006. The financial statements of Chittenden have been adjusted to reflect reporting reclassifications necessary to conform to the presentation of the financial statements of People's United Financial.

The preliminary unaudited pro forma condensed combined financial information reflects the application of generally accepted accounting principles as of June 30, 2007. The adoption of new or changes to existing generally accepted accounting principles subsequent to June 30, 2007, including People's United Financial's adoption of SFAS No. 157 effective January 1, 2008, may result in significant changes to the final purchase accounting adjustments. No pro forma adjustment to the carrying value of loans or allowances have been recorded in accordance with the Statement of Position 03-3, Accounting for Certain Loans or Debt Securities Acquired in a Transfer, reflecting the insignificant level of Chittenden non-performing assets for the periods presented.

The preliminary unaudited pro forma condensed combined financial information includes estimated adjustments to record Chittenden's assets and liabilities at their respective fair values based on management's best estimate using the information available at this time. The pro forma adjustments may be revised as additional information becomes available and as additional analysis is performed. The final allocation of the purchase price will be determined after the merger is completed and after the completion of a final analysis to determine the fair values of Chittenden's tangible and identifiable intangible assets and liabilities as of the closing date. The final purchase price accounting adjustments may differ materially from the pro forma adjustments presented in this document. Increases or decreases in fair value of certain balance sheet amounts and other items of Chittenden as compared to the information presented in this document may change the amount of the purchase price allocated to goodwill and other assets and liabilities and may impact the statement of income due to adjustments in yield and/or amortization of adjusted assets and liabilities.

The pro forma basic and diluted common shares were calculated using People's United Financial's actual weighted-average shares outstanding for the periods presented, plus the incremental shares expected to be issued, assuming the merger occurred at the beginning of the periods presented.

The preliminary unaudited pro forma condensed combined financial information is not necessarily indicative of the results of operations or the financial position that would have resulted had the merger been completed as of or at the beginning of the applicable periods presented, nor is it necessarily indicative of the results of operations or the financial position for any other interim or full-year period.

The preliminary pro forma adjustments include purchase price adjustments based on the total estimated consideration of \$1.9 billion, including the value of outstanding stock options, which will be paid with the issuance of approximately 43.8 million shares of People's United Financial common stock and approximately \$1.0 billion in cash consideration. The number of shares of People's United Financial common stock expected to be issued assumes that the average of the closing sale prices of People's United Financial common stock on the NASDAQ Global Select Market for the five trading days ending the day before the completion of the merger was \$18.71, which was the closing sale price of People's United Financial common stock on June 26, 2007, the last trading day before announcement of the merger. The value of the merger consideration to be received in

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exchange for one share of Chittenden common stock would have been approximately \$36.77 and each share of Chittenden common stock not exchanged for that amount in cash consideration would have been exchanged for 1.9652 shares of People's United Financial common stock. The actual number of shares of People's United Financial's common stock that Chittenden stockholders who receive stock in the merger will receive may differ depending on the average of the closing sale prices for People's United Financial common stock during the five trading days ending the day before completion of the merger. Upon completion of the merger, outstanding options of Chittenden will be exchanged for cash.

Note 2 Preliminary Pro Forma Adjustments

The preliminary unaudited pro forma condensed combined financial information includes the preliminary pro forma balance sheet as of June 30, 2007, assuming the merger with Chittenden was completed on that date. The preliminary pro forma income statements for the six months ended June 30, 2007 and for the year ended December 31, 2006 were prepared assuming the merger was completed on January 1, 2006.

The preliminary unaudited pro forma condensed combined financial information reflects the issuance of approximately 43.8 million shares of People's United Financial common stock and approximately \$1.0 billion in cash consideration. The value of the common stock expected to be issued was based on the exchange ratio noted above in Note 1 Basis of Preliminary Pro Forma Presentation.

Pro forma purchase accounting adjustments reflect the proposed merger of Chittenden and Community Bank, assuming the merger was completed prior to the merger of People's United Financial and Chittenden.

A reconciliation of the preliminary consideration paid by People's United Financial over Chittenden's net assets acquired (goodwill) is as follows:

	(in millions)
Purchase price:	
Cash consideration	\$ 1,013.0
People's United Financial common stock issued	819.8
Estimated fair value of Chittenden stock options	45.1
Transaction costs	9.2
 Total purchase price	 \$ 1,887.1
	(in millions)
Purchase accounting adjustments:	
Chittenden total stockholders' equity at June 30, 2007	\$ 723.3
Pro forma adjustment for the increase in stockholders' equity resulting from the Community Bank merger	90.7
Chittenden total intangible assets	(303.5)
Pro forma adjustment for intangible assets resulting from the Community Bank merger	(81.2)
Chittenden estimated merger-related costs, net of tax	(27.4)
 Adjusted net assets acquired	 \$ 401.9
	(in millions)
Calculation of goodwill:	
Total purchase price	\$ 1,887.1
Adjusted net assets acquired	(401.9)
 Excess of purchase price over adjusted net assets acquired	 \$ 1,485.2

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The excess of the total purchase price over the adjusted net assets acquired was allocated to assets and liabilities as follows:

	(in millions)
Loans	\$ 6.2
Mortgage servicing rights	5.2
Time deposits	3.3
Other intangible assets	14.5
Core deposit intangible	165.6
Goodwill	1,340.7
Net tax liability	(39.1)
Personnel related liabilities	(11.2)
Total excess of purchase price over adjusted net assets acquired	\$ 1,485.2

- (A) Adjustment to recognize cash consideration paid to complete the merger (\$1.0 billion), cash paid for the estimated fair value of Chittenden stock options (\$45.1 million) and estimated transaction costs (\$9.2 million). People's United Financial currently intends to finance the cash portion of the merger by liquidating approximately \$1.1 billion of securities purchased under agreements to resell. The preliminary pro forma combined income statement impact of the reduction in securities purchased under agreements to resell resulted in a decrease to interest income of \$13.9 million for the six months ended June 30, 2007. People's United Financial invested in this interest-earning asset with a portion of the \$3.3 billion of net proceeds raised in its second-step conversion, which was completed on April 16, 2007. People's United Financial did not record interest income on this investment during 2006, and therefore, no adjustment has been reflected in the preliminary pro forma combined income statement for the year ended December 31, 2006. The final financing of the cash portion of the transaction may cause the actual adjustments to differ from these preliminary adjustments.
- (B) Adjustment to the preliminary unaudited pro forma condensed combined balance sheet to reflect the retirement on July 1, 2007 of Chittenden Junior Subordinated Notes.
- (C) Adjustments reflect the impact of Chittenden's pending acquisition of Community Bank. Pro forma adjustments reflect consideration of \$124.1 million, consisting of cash and shares of Chittenden common stock; net assets acquired of \$42.9 million; and the allocation of the excess of the purchase price over the net asset acquired to core deposit intangibles and goodwill of \$9.5 million and \$71.7 million, respectively.
- (D) Fair value adjustment to Chittenden loan portfolio. The adjustment will be recognized over a three year period as a reduction of yield on a straight-line basis. The adjustment reflected is based upon currently available fair value information. The preliminary pro forma combined income statement impact for the fair value adjustment resulted in decreases to interest income of \$1.0 million and \$2.0 million for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively. The final adjustment may be significantly different.
- (E) Adjustment to eliminate Chittenden goodwill (including goodwill resulting from the Community Bank acquisition) and record goodwill resulting from the acquisition. See purchase price allocation table above for more information.
- (F) Adjustment to eliminate Chittenden core deposit intangible (including core deposit intangible resulting from the Community Bank acquisition) and other intangibles, record core deposit intangibles (\$165.6 million) and other intangible assets (\$14.5 million) resulting from the merger, the related deferred tax liability for the new intangible assets (\$52.3 million), and the adjustments to the preliminary pro forma combined income statements. The preliminary pro forma impact from the newly-created intangible assets resulted in an increase to other non-interest expense of \$13.6 million and \$30.1 million for core deposit intangibles amortization, and a decrease to other fees of \$0.6 million and \$1.2 million and an increase to other non-interest expense of \$0.1 million and \$0.3 million for other intangible asset amortization, for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively. The final adjustments may be significantly different.

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- (G) Fair value adjustment to Chittenden mortgage servicing rights. The adjustment will be recognized over a four-year period. The preliminary pro forma combined income statement impact for the adjustment resulted in a decrease to other non-interest income of \$0.7 million and \$1.3 million for the six months ended June 30, 2007 and for the year ended December 31, 2006, respectively. The final adjustment may be significantly different.
- (H) Fair value adjustment to Chittenden interest-bearing deposits, which will be recognized over a one-year period. The preliminary pro forma combined income statement impact for the adjustment resulted in an increase to interest expense of \$3.3 million for the year ended December 31, 2006. The final adjustment may be significantly different.
- (I) Adjustment to record estimated merger-related liabilities net of income taxes, including an estimated \$28 million in pre-tax costs related to Chittenden executive change-in-control agreements that existed prior to the merger announcement date and other employee-related costs, an estimated \$15 million in pre-tax costs for professional fees, and other personnel-related liabilities. The final adjustments may be significantly different. (See Note 3 Merger Related Costs for disclosure of other merger related costs).
- (J) Adjustment to record deferred tax liabilities resulting from the fair value adjustments.
- (K) Adjustment to eliminate Chittenden stockholders' equity (including stockholders' equity resulting from the Community Bank acquisition) and the issuance of People's United Financial common stock. The acquisition will result in the issuance of approximately 43.8 million shares of People's United Financial common stock, in addition to cash consideration. The issuance of People's United Financial common stock is recognized in the preliminary pro forma balance sheet at a value of \$18.71 per share, which was the closing sale price of People's United Financial common stock on the NASDAQ Global Select Market on the last trading day prior to announcement of the transaction, which results in a net increase to People's United Financial total stockholders' equity of approximately \$820 million (including estimated registration costs of \$0.2 million). For more detail of the structure of the transaction see Note 1 Basis of Preliminary Pro Forma Presentation. The final adjustments may be significantly different.
- (L) Adjustment to eliminate \$1.4 million and \$2.7 million of amortization expense for intangible assets recorded on Chittenden's income statement for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively.
- (M) The financial statements of Chittenden have been adjusted to reflect reporting reclassifications necessary to conform to the presentation of the financial statements of People's United Financial.
- (N) Adjustment to record the net tax effect of the preliminary pro forma adjustments using an effective tax rate of 35.0%. The final adjustment may be significantly different.
- (O) The pro forma basic and diluted common shares for the incremental shares issued in connection with the merger, assuming the merger occurred at the beginning of the periods presented.

Note 3 Merger Related Costs

Certain merger-related costs are estimated at \$9 million. These estimated merger-related costs will be incurred by People's United Financial and expensed as incurred. An estimate of integration costs has not yet been determined, given the preliminary stages of integration discussions. As such, these costs have not been included in the preliminary pro-forma condensed combined balance sheet or income statements.

Note 4 Core Deposit Intangibles

The purchase accounting adjustments include the establishment of core deposit intangibles of \$165.6 million as of June 30, 2007. The core deposit intangibles were estimated based on Chittenden's total deposits at June 30, 2007 and recent industry specific transactions. A final analysis and valuation of the core deposit intangibles will be performed with the assistance of an independent third party upon completion of the merger. The amortization of the core deposit intangibles resulting from the merger in the pro forma statements of income for the six months ended June 30, 2007 and the year ended December 31, 2006 was assumed to be over a 10-year period using an accelerated amortization method.

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The following table summarizes the amortization of the preliminary core deposit intangibles at an effective annual tax rate of 35.0%.

(in millions)	Gross	Net After-Tax
	Amortization	Impact
Year 1	\$ 30.1	\$ 19.6
Year 2	27.1	17.6
Year 3	24.1	15.7
Year 4	21.1	13.7
Year 5	18.1	11.8
Year 6 and thereafter	45.1	29.2
Total	\$ 165.6	\$ 107.6

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WHERE YOU CAN FIND MORE INFORMATION

People's United Financial and Chittenden file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission. You may read and copy any reports, statements or other information that People's United Financial and Chittenden file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549.

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC filings of People's United Financial and Chittenden are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at <http://www.sec.gov>. Reports, proxy statements and other information concerning People's United Financial and Chittenden also may be inspected at the offices of the NASDAQ Global Select Market, located at 1735 K Street, N.W., Washington, D.C. 20006 and the New York Stock Exchange, located at 20 Broad Street, New York, New York 10005. People's United Financial's SEC file number is 001-33326, and Chittenden's SEC file number is 001-13769.

People's United Financial has filed a registration statement on Form S-4 to register with the SEC the People's United Financial common stock to be issued to Chittenden stockholders in the merger. This document is a part of that registration statement and constitutes a prospectus of People's United Financial in addition to being a proxy statement of Chittenden. As allowed by SEC rules, this document does not contain all the information you can find in People's United Financial's registration statement or the exhibits to the registration statement. Statements made in this document as to the content of any contract, agreement or other document referenced are not necessarily complete. With respect to each of those contracts, agreements or other documents to be filed or incorporated by reference as an exhibit to the registration statement, you should refer to the corresponding exhibit, when it is filed, for a more complete description of the matter involved and read all statements in this document in light of that exhibit.

The SEC allows People's United Financial and Chittenden to incorporate by reference the information that each files with the SEC. Incorporation by reference means that People's United Financial and Chittenden can disclose important information to you by referring you to other documents filed separately with the SEC that are legally considered to be part of this document, and later information that is filed by People's United Financial or Chittenden with the SEC will automatically update and supersede the information in this document and the documents listed below.

People's United Financial incorporates by reference the specific documents listed below and any future filings that People's United Financial makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this document and prior to the later of the date of Chittenden's special meeting or the date on which the offering of shares of People's United Financial common stock under this document is completed or terminated:

the description of People's United Financial common stock, par value \$0.01 per share, contained in People's United Financial's Registration Statement on Form 8-A filed on February 22, 2007 (file number 001-33326)

Current Report on Form 8-K filed with the SEC on March 5, 2007

Annual Report on Form 10-K for the year ended December 31, 2006 filed with the SEC on April 13, 2007

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 filed with the SEC on May 10, 2007

Current Report on Form 8-K filed with the SEC on June 27, 2007

Current Report on Form 8-K filed with the SEC on June 28, 2007

Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 filed with the SEC on August 9, 2007

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You can obtain any of the People's United Financial documents incorporated by reference into this document, and any exhibits specifically incorporated by reference as an exhibit in this document, at no cost, by contacting People's United Financial at:

People's United Financial, Inc.

850 Main Street

Bridgeport, Connecticut 06604

(203) 338-7171

Attn: Debbie A. Healey, Investor Relations

Chittenden incorporates by reference the specific documents listed below and any future filings that Chittenden makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 after the date of this document and prior to the later of the date of Chittenden's special meeting or the date on which the offering of shares of People's United Financial common stock under this document is completed or terminated.

Annual Report on 10-K, for the year ended December 31, 2006 filed with the SEC on February 26, 2007

Current Report on Form 8-K filed with the SEC on January 19, 2007

Current Report on Form 8-K filed with the SEC on February 14, 2007

Current Report on Form 8-K filed with the SEC on March 27, 2007

Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 filed with the SEC on April 20, 2007

Current Report on Form 8-K filed with the SEC on May 4, 2007

Current Report on Form 8-K filed with the SEC on May 9, 2007

Current Report on Form 8-K filed with the SEC on May 16, 2007

Current Report on Form 8-K filed with the SEC on May 31, 2007

Current Report on Form 8-K filed with the SEC on June 5, 2007

Current Report on Form 8-K filed with the SEC on June 27, 2007

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Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2007 filed with the SEC on July 26, 2007

You can obtain any of the Chittenden documents incorporated by reference into this document, and any exhibits specifically incorporated by reference as an exhibit in this document, at no cost, by contacting Chittenden at:

Chittenden Corporation

P.O. Box 820

Burlington, Vermont 05402-0820

(802) 658-4000

Attn: F. Sheldon Prentice, Secretary

You should rely only on the information contained or incorporated by reference into this document. People's United Financial has supplied all information contained or incorporated by reference into this document relating to People's United Financial, and Chittenden has supplied all information contained in this document or incorporated by reference into this document relating to Chittenden. We have not authorized anyone to provide you with information that is different from what is contained in this document. This document is dated [], 2007. You should not assume that the information contained in this document is accurate as of any date other than that date. Neither the mailing of this document to Chittenden stockholders nor the issuance of People's United Financial common stock in the merger creates any implication to the contrary.

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APPENDIX A

AGREEMENT AND PLAN OF MERGER

by and between

People's United Financial, Inc.

and

Chittenden Corporation

DATED AS OF JUNE 26, 2007

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