RiceBran Technologies
Form DEF 14A
January 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A
(Rule 14a-101)

SCHEDULE 14A Information
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:

Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a 6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to Rule
14a 12

RiceBran Technologies
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required

Fee computed on table below per Exchange Act Rules 14a 6(i)(4) and 0-11
(1) Title of each class of securities to which transaction applies:
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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined)
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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

RiceBran Technologies
6720 N. Scottsdale Road, Suite # 390
Scottsdale, Arizona 85253

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON FEBRUARY 13, 2017

TO THE SHAREHOLDERS OF RICEBRAN TECHNOLOGIES:

Notice is hereby given that a Special Meeting of Shareholders (Special Meeting) of RiceBran Technologies, a California corporation (Company), will be held at Scottsdale Plaza Resort, 7200 N. Scottsdale Road, Scottsdale, AZ 85253, on Monday, February 13, 2017, at 9:00 a.m. local time, for the following purposes, as more fully described in the accompanying proxy statement (Proxy Statement):

1. to approve an amendment to our articles of incorporation to increase the authorized number of shares of common stock from 25,000,000 to 50,000,000 for general corporate purposes;

2. to approve an amendment to our bylaws to eliminate cumulative voting for directors; and

3. to transact such other business that is properly presented before the Special Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on December 21, 2016, are entitled to notice of and to vote at the meeting and any adjournment thereof.

The Company is pleased to continue utilizing the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their shareholders on the Internet. As a result, the Company is mailing to many of its shareholders a notice instead of a paper copy of the Proxy Statement. The Company believes these rules allow it to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the Special Meeting.

By Order of the Board of Directors,

J. Dale Belt, Secretary

Scottsdale, Arizona
January 3, 2017

IMPORTANT

Whether or not you expect to attend the Special Meeting, please vote by proxy via mail, telephone or Internet as described below. If you attend the meeting, you may vote in person, even if you previously have returned your proxy card or voted via telephone or internet.

RiceBran Technologies
6720 N. Scottsdale Road, Suite # 390
Scottsdale, Arizona 85253

PROXY STATEMENT
FOR
SPECIAL MEETING OF SHAREHOLDERS

The Company has made these materials available to you on the Internet or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the solicitation of proxies by the Board of Directors (Board) for use at a Special Meeting of Shareholders (Special Meeting) to be held on Monday, February 13, 2017, at 9:00 a.m., local time, or at any adjournment(s) or postponement(s) thereof, for the purposes set forth herein and in the accompanying Notice of Special Meeting of Shareholders. The Special Meeting will be held at Scottsdale Plaza Resort, 7200 N. Scottsdale Road, Scottsdale, AZ 85253. The telephone number at that address is (480) 948-5000.

These materials were first sent or made available to shareholders on or about January 3, 2017. If you requested printed versions by mail, these materials also include the proxy card or vote instruction for the Special Meeting.

Our principal executive offices are located at 6720 N. Scottsdale Road, Suite #390, Scottsdale, Arizona 85253. Our telephone number at that location is (602) 522-3000 and our website is www.ricebrantech.com.

INFORMATION CONCERNING SOLICITATION AND VOTING

Purposes of the Special Meeting

The purposes of the Special Meeting are to: (i) approve an amendment to our articles of incorporation to increase the authorized number of shares of common stock; (ii) approve an amendment to our bylaws to eliminate cumulative voting for directors; and (iii) transact such other business as may properly come before the Special Meeting or any adjournment thereof.

Shareholders Entitled to Vote; Record Date

Only holders of record of RiceBran Technologies' Common Stock (Common Stock) at the close of business on December 21, 2016 (Record Date) are entitled to notice of and to vote at the Special Meeting. As of the Record Date, there were 10,778,219 shares of Common Stock outstanding.

Internet Availability of Proxy Materials

Pursuant to rules adopted by the SEC, the Company has elected to provide access to its proxy materials via the Internet. Accordingly, the Company is sending a Notice of Internet Availability of Proxy Materials (Notice) to the Company's shareholders. All shareholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, shareholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The Company encourages shareholders to take advantage of the availability of the proxy materials on the Internet to help reduce the environmental impact of its shareholder meetings.

The Notice will provide you with instructions regarding how to view on the Internet the Company's proxy materials for the Special Meeting. The Company's proxy materials are also available on the Company's website at www.ricebrantech.com/InvestorRelations.

Revocability of Proxies

You may change your proxy instructions at any time prior to the vote at the Special Meeting. For shares held directly in your name, you may accomplish this by voting again via the Internet or by telephone, by executing a new proxy card or voting instruction card with a later date (which automatically revokes the earlier proxy) and delivering it to the Secretary of the Company at or prior to the taking of the vote at the Special Meeting or by attending the Special Meeting and voting in person. Attendance at the Special Meeting will not cause your previously granted proxy to be revoked unless you specifically so request. Please note, however, that if a shareholder has instructed a broker, bank or nominee to vote his, her or its shares of our common stock, the shareholder must follow the directions received from the broker, bank or nominee to change the shareholder's instructions. In the event of multiple online or telephone votes by a shareholder, each vote will supersede the previous vote and the last vote cast will be deemed to be the final vote of the shareholder, unless such vote is revoked in person at the Special Meeting according to the revocability instructions outlined above.

Voting Procedures

You may vote by mail. If you are a registered shareholder (that is, if you hold your stock directly and not in street name), you may vote by mail by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage prepaid envelope. Your proxy will then be voted at the Special Meeting in accordance with your instructions.

You may vote by telephone or on the Internet. If you are a registered shareholder, you may vote by telephone or on the Internet by following the instructions included on the proxy card. Shareholders with shares registered directly with American Stock Transfer and Trust Company, LLC, our transfer agent, may vote (i) on the Internet at the following web address: http://www.voteproxy.com or (ii) by telephone by dialing the toll-free number in the Notice. If you vote by telephone or on the Internet, you do not have to mail in your proxy card. If you wish to attend the meeting in person, however, you will need to bring valid picture identification with you. Internet and telephone voting are available 24 hours a day. Votes submitted through the Internet or by telephone must be received by 11:59 p.m. (Eastern Time) on the day before the meeting date.

You may vote in person at the meeting. If you are a registered shareholder and attend the meeting (please remember to bring your valid picture identification, admission ticket or other acceptable evidence of stock ownership as of the record date), you may deliver your completed proxy card in person. If your shares are held in the name of your broker or other nominee, you are considered the beneficial owner of shares held in your name. In that case if you wish to vote at the meeting, you will need to bring with you to the meeting a legal proxy from your broker or other nominee authorizing you to vote these shares, along with valid picture identification.

If you are a beneficial owner of shares registered in the name of your broker, bank, or other agent, you should have received a voting card and voting instructions with these proxy materials from that organization rather than from us. Your bank or broker may permit you to vote your shares electronically by telephone or on the Internet. A large number of banks and brokerage firms participate in programs that offer telephone and Internet voting options. If your shares are held in an account at a bank or brokerage firm that participates in such a program, you may vote those shares electronically by telephone or on the Internet by following the instructions set forth on the voting form provided to you by your bank or brokerage firm.

These Internet and telephone voting procedures, which comply with California law, are designed to authenticate shareholders' identities, allow shareholders to vote their shares and confirm that shareholders' votes have been recorded properly. Shareholders voting via either telephone or the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies that must be borne by the shareholder using such services. Also, please be aware that we are not involved in the operation of these voting procedures and cannot take responsibility for any access, Internet or telephone service interruptions that may occur or any inaccuracies, erroneous or incomplete information that may appear.

Voting and Solicitation

On all matters, each share of Common Stock outstanding on the Record Date entitles its owner to one vote.

Expenses of solicitation of proxies will be borne by us. We may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of our directors, officers and regular employees, without additional compensation, personally or by telephone, telegram or letter. We may engage the services of a professional proxy solicitation firm to aid in the solicitation of proxies from certain brokers, bank nominees and other institutional owners. Our costs for such services, if retained, will not be material.

Quorum; Abstentions; Broker Non-votes

A majority of the shares of Common Stock outstanding on the Record Date and entitled to vote must be present, in person or represented by proxy, to constitute the required quorum for the transaction of business at the Special Meeting. Shares that are voted “FOR,” “AGAINST,” or “ABSTAIN” are treated as being present at the meeting for purposes of establishing a quorum. Shares that are voted “FOR” or “AGAINST” a matter will also be treated as shares entitled to vote (Votes Cast) with respect to such matter. The affirmative vote of a majority in voting power of all of our outstanding shares of common stock is required to approve the amendment of our articles of incorporation to increase the authorized number of shares of our Common Stock and to approve an amendment to our bylaws to eliminate cumulative voting for directors.

While there is no definitive statutory or case law authority in California as to the proper treatment of abstentions or broker “non-votes”, we believe that both abstentions and broker “non-votes” should be counted for purposes of determining the presence or absence of a quorum for the transaction of business. We further believe that neither abstentions nor broker “non-votes” should be counted as shares “represented and voting” with respect to a particular matter for purposes of determining the total number of Votes Cast with respect to such matter. In the absence of controlling precedent to the contrary, we intend to treat abstentions and broker “non-votes” in this manner. Accordingly, abstentions and broker “non-votes” will not affect the determination as to whether the requisite majority of Votes Cast has been obtained with respect to a particular matter. A broker “non-vote” occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

PROPOSAL ONE

AMENDMENT OF ARTICLES OF INCORPORATION TO INCREASE THE AUTHORIZED NUMBER OF SHARES OF COMMON STOCK

Our board of directors has unanimously approved, subject to shareholder approval, an amendment to our articles of incorporation to increase the number of authorized shares of our common stock from 25,000,000 to 50,000,000 (Common Stock Amendment) for general corporate purposes.

If the Common Stock Amendment is approved by our shareholders at the Special Meeting, we intend to cause it to become effective as soon as practicable following the Special Meeting. The Common Stock Amendment would become effective upon the filing of the Certificate of Amendment (in the form attached as Appendix A) with the Secretary of State of California.

Shares Currently Outstanding or Reserved

Our articles of incorporation currently authorize us to issue 25,000,000 shares of common stock. As of December 21, 2016, 10,778,219 shares of common stock were issued and outstanding and 13,009,789 shares of common stock were reserved for issuance upon the exercise of outstanding stock options and warrants and outstanding convertible preferred stock. As a result, as of December 21, 2016, we had 1,211,992 unissued or unreserved shares of common stock that we may be authorized to issue under our articles of incorporation (853,291 shares are specifically reserved for awards issued under our 2014 Equity Incentive Plan). In addition to the above, we may issue additional shares of our common stock following the date of this proxy statement.

We also may have obligations to issue shares of common stock to the investors in Nutra SA, LLC (Nutra SA) pursuant to the investor rights agreement, originally dated January 18, 2011, that we entered into with these investors when they purchased membership interests in Nutra SA. Industria Reograndens de Oleo Vegetais Ltda (Irgovel), our Brazilian subsidiary, is wholly owned by Nutra SA. Pursuant to the investor rights agreement, as amended, the investors may elect to convert their membership interests in Nutra SA into shares of our common stock until January 1, 2018. The number of shares that we would be required to issue to them would be an amount such that the aggregate price of the shares we issue to them would equal the value of their membership interests in Nutra SA. While it is impossible at this time to predict the number of authorized shares that we will need to satisfy this requirement, the investor rights agreement requires that we use our reasonable best efforts to cause, on or before the election, there to be a sufficient number of authorized but unissued shares. Part of the reason why we are seeking to increase our authorized number of shares of common stock is to enable us to have additional authorized shares to issue to the investors if they make the election. However, even if the proposed amendment to our articles of incorporation is approved by our shareholders and becomes effective, the additional authorized shares may not be sufficient to satisfy our requirements with the Nutra SA investors and, depending on our needs going forward, we may use these shares for other purposes. If there are not a sufficient number of authorized shares to issue to the investors, the investors may require us to pay them in cash to make up for the shortfall.

Rationale for Proposed Charter Amendment

Our Board has determined that an increase to 50,000,000 authorized common stock will give us greater flexibility for possible future financings, joint ventures and/or mergers and acquisitions of the businesses or assets of other companies, particularly in light of the possibility that we may be required to issue shares of our common stock in the future to the investors in Nutra SA or to allow us to comply with the listing requirements of the Nasdaq Capital Market. Without such increase, we may be required to obtain shareholder approval to increase our authorized shares in connection with such transactions which may delay, perhaps substantially, or even cause the loss of, a transaction.

In addition, without an increase in our authorized shares of common stock, we may be constrained in our ability to use equity as a component of compensation to attract and retain key personnel under any future employee stock benefit plans. Our Board believes that these types of grants are essential to attract, retain and motivate employees. Furthermore, we may need to issue common stock and/or warrants to refinance our outstanding debt with Great Elm Capital Corp. that becomes due on January 31, 2017.

As previously disclosed, we received a notification letter from The Nasdaq Stock Market LLC (Nasdaq), dated August 18, 2016, advising us that we failed to comply with required minimum of $2.5 million in stockholders' equity for continued listing of our common stock on The Nasdaq Capital Market, pursuant to Nasdaq Listing Rule 5550(b)(1). We have requested, and the Nasdaq staff has granted, an extension of time to effect transactions to allow us to regain compliance with the Nasdaq stockholders' equity requirement by February 14, 2017. If the Common Stock Amendment is approved, we may use the additional authorized shares of common stock to obtain financing to allow us to regain compliance with this stockholder equity requirement. However, there can be no assurance that we will be able to complete such transaction, on a timely basis or at all.

If the Common Stock Amendment is approved, the additional 25,000,000 shares of common stock that would be authorized would be available for issuance without further shareholder action, unless such action is otherwise required by California law, Nasdaq or any stock exchange on which our common stock is listed or quoted. Such shares could be issued directly, or could be reserved for issuance and then issued pursuant to the exercise of warrants or options, or conversion of preferred stock or convertible promissory notes, that could be granted or issued in the future. In addition, the Company could enter into agreements before the Special Meeting to issue such shares after the Special Meeting if our shareholders approve the Common Stock Amendment. In the event that our Board determines to issue additional shares of common stock, it intends, in accordance with its fiduciary duties, to issue any such shares on terms that it considers to be in the best interests of the Company and our shareholders.

Effects of the Increase in Authorized Common Stock

The additional authorized shares would be part of the existing class of our common stock and would not affect the terms of our outstanding common stock or the rights of the holders of our common stock. Current shareholders will not have automatic rights to purchase any of the additional authorized shares to maintain their proportionate equity interests in the Company.

Dilution. The issuance in the future of such additional authorized shares may have the effect of diluting the earnings per share and book value per share, as well as the stock ownership and voting rights, of the currently outstanding shares of common stock. In addition, the issuance or potential issuance of additional shares of common stock may have a depressive effect on the market price of our common stock.

Anti-Takeover. The increase in the authorized number of shares of common stock could have possible anti-takeover effects. These authorized but unissued shares could (within the limits imposed by applicable law) be issued in one or more transactions that could make a change of control of the Company more difficult, and therefore more unlikely. The additional authorized shares could be used to discourage persons from attempting to gain control of the Company by diluting the voting power of shares then outstanding or increasing the voting power of persons that would support the Board in a potential takeover situation, including by preventing or delaying a proposed business combination that is opposed by the Board although perceived to be desirable by some shareholders. The Board does not have any current knowledge of any effort by any third party to accumulate our securities or obtain control of the Company by means of a merger, tender offer, solicitation in opposition to management or otherwise.

No Appraisal Rights. Our shareholders are not entitled to dissenters' or appraisal rights under California corporate law with respect to the proposed amendment to our articles of incorporation to increase the authorized number of shares, and we will not independently provide the shareholders with any such right.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO AMEND OUR ARTICLES OF INCORPORATION TO INCREASE THE AUTHORIZED NUMBER OF SHARES OF COMMON STOCK.

PROPOSAL TWO

AMENDMENT OF BYLAWS TO ELIMINATE CUMULATIVE VOTING FOR DIRECTORS

Our board of directors has determined that it is in the best interests of the Company and its shareholders to amend the Company's Bylaws to eliminate cumulative voting in the election of directors.

On December 5, 2016, our board of directors adopted, subject to shareholder approval, an amendment to our bylaws to eliminate cumulative voting for the election of directors. The proposed form of the amendment to the Company's Bylaws attached to this Proxy Statement as Appendix B.

Under the California General Corporation law, a corporation that is not a listed corporation is required to allow for cumulative voting in the election of directors. Under cumulative voting, each shareholder is entitled to as many votes as is equal to the number of votes which such shareholder would be entitled to cast for the election of directors with respect to such shareholder's shares of stock multiplied by the number of directors to be elected. A shareholder may cast all such votes for a single candidate or may distribute them among as many candidates as such shareholder chooses. A listed corporation may, however, amend its articles of incorporation or bylaws to eliminate cumulative voting while the corporation continues to be a listed corporation. The amendment to the bylaws or articles must be duly adopted by the approval of the Board and a majority of the outstanding shares entitled to vote.

A listed corporation is defined under the California General Corporation law as a corporation with outstanding shares listed on certain exchanges and markets such as the New York Stock Exchange, the NASDAQ Global Market and the NASDAQ Capital Market. The Company is currently a listed corporation since its common stock trades on the NASDAQ Capital Market.

The Board of Directors believes that each director should be elected only if he or she receives the support of at least a plurality of shareholders and that each director should represent the interests of, and be accountable to, all shareholders, rather than the interests of a minority shareholder or a particular shareholder constituency. With cumulative voting, however, it is possible for shareholders holding a minority of our shares, whose interest and goals may not be consistent with those of a majority of shareholders, to obtain representation on our board of directors. The Board believes that a director who represents a particular shareholder constituency may feel obligated to pursue the agenda of that constituency to the detriment of the overall interests and goals of all shareholders. In the Board's opinion, this type of representation increases the likelihood of factionalism and discord within the Board, thereby impairing the efficient management of the Company. With cumulative voting eliminated, a nominee can be elected only with relatively wide shareholder support. The Board believes that a system of electing directors whereby only those directors are elected who receive broad support from the shareholders as a whole will best ensure that the Board will act for the benefit of all shareholders. Accordingly, the Board believes that it is in the best interests of the Company and all of its shareholders to eliminate cumulative voting.

Recommendation of the Board of Directors

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO AMEND OUR BYLAWS TO ELIMINATE CUMULATIVE VOTING FOR DIRECTORS.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of our common stock as of December 21, 2016, by (i) each person or entity who is known by us to own beneficially more than 5% of the outstanding shares of that class or series of our stock, (ii) each of our directors and director nominees, (iii) each of the named executive officers, and (iv) all directors and current executive officers as a group. For purposes of this section, "named executive officers" shall mean: (i) each person who served as our chief executive officer during fiscal 2016; (ii) the two most highly compensated officers other than the chief executive officer who were serving as executive officers at the end of fiscal 2016; and (iii) up to two additional individuals for whom disclosure would have been provided in the table below, but for the fact that such persons were not serving as executive officers as of the end of fiscal 2016.

The table is based on information provided to us or filed with the SEC by our directors, executive officers and principal shareholders. Beneficial ownership is determined in accordance with the rules of the SEC, and includes voting and investment power with respect to shares. Shares of common stock issuable upon exercise or conversion of options and warrants that are currently exercisable or are exercisable within 60 days after December 21, 2016, are deemed outstanding for purposes of computing the percentage ownership of the person holding such securities, but are not deemed outstanding for computing the percentage of any other shareholder. Unless otherwise indicated, the address for each shareholder listed in the following table is c/o RiceBran Technologies, 6720 N. Scottsdale Rd, Suite # 390, Scottsdale, AZ 85253.

	Stock Beneficially Owned		
Name and Address of Beneficial Owner	Number	Percentage (1)	
Sabby Management, LLC and Hal Mintz (2) 10 Mountainview Road, Suite 205 Upper Saddle River, New Jersey 07458	933,441	7.97	%
Arvind Narula (3) 1000/30 P.B. Tower, 9th Floor Sukhumvit 71 Road, Klongton-Nua, Wattana, Bangkok Thailand	950,000	8.81	%
Stephen Baksa, LF-RB Management, LLC and related individuals (4)(5)	952,569	8.73	%
W. John Short (6)(7)	184,592	1.71	%
David Goldman (8)	84,884	*	
Baruch Halpern (9)	777,272	7.21	%
Henk W. Hoogenkamp (10)	71,769	*	
Brent Rosenthal (5)	61,825	*	
Beth Bronner (5)	27,972	*	
Ari Gendason (5)	27,972	*	
Jerry Dale Belt (11)	106,725	*	
Mark A. McKnight (12)	451,850	4.19	%
Robert D. Smith, PhD (13)	47,791	*	
Michael Goose (4)(5)	-	*	
All directors and executive officers as a group (10 persons) (14)	1,658,060	15.38	%

* less than 1%

(1) The applicable percentage of ownership is based on 10,778,219 shares of our common stock outstanding as of December 21, 2016, together with (i) shares issuable upon exercise of options and warrants exercisable within 60

days of December 21, 2016.

(2) Based on information reported on a Schedule 13G filed with the SEC on January 11, 2016, Sabby Management, LLC (SM), a Delaware limited liability company, serves as the investment manager for both the Sabby Healthcare Master Fund, Ltd. (SHMF) and Sabby Volatility Master Fund, Ltd. (SVMF). Both SHMF and SVMF are Cayman Islands companies. Hal Mintz is the manager of SM. SHMF and SVMF beneficially own 552,741 and 380,700 shares respectively (total of 933,441 shares). SM and Hal Mintz do not directly own any shares, but each indirectly owns 933,441 shares of common stock by virtue of their control over SHMF and SVMF. Excludes 3,000 shares of issued and outstanding Series F Preferred Stock that are convertible to 2,000,000 shares of common stock at the holder's election.

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(3) The shares are being held in escrow until earned (as defined in our agreement) by a related supplier at a fixed price of $2.80 per share.

(4) Based on information reported on a Schedule 13D/A filed with the SEC on July 8, 2016, each of LF-RB Management, LLC and the individuals named below entered into certain agreements with respect to voting of our common stock. LF-RB Management, LLC may be deemed to have voting control over, and beneficial ownership of, an aggregate of 952,569 shares of our common stock, which shares are held as follows (i) Gary L. Herman is the record owner of 3,480 shares, (ii) Stephen D. Baksa is the record owner of 357,863 shares and warrants to purchase an additional 139,047 shares that may be exercised within 60 days from July 5, 2016, (iii) Richard Jacinto is the record owner of 144,551 shares, (iv) Richard Bellofatto is the record owner of 150,000 shares, (v) Larry Hofpspirger is the record owner of 115,148 shares, and (vi) Edward M. Giles is the record owner of 42,280 shares. LF-RB Management, LLC and Michael Goose, managing member of LF-RB Management LLC, are parties to the voting agreements but own no shares of our common stock. Stephen D. Baksa and Edward M. Giles did not enter into the voting agreement with the above parties, but each of them agreed to informally consult with LF-RB Management, LLC with respect to actions taken by such shareholder. The address of the principal office of LF-RB Management, LLC is 720 Fifth Avenue, 10th Floor, New York, NY 10019. The address of the principal office of Stephen D. Baksa is 2 Woods Lane, Chatham, NJ 07928.

(5) LF-RB Management, LLC, Stephen D. Baksa, Richard Bellofatto, Edward M. Giles, Michael Goose, Gary L. Herman, Larry Hopfenspirger and Richard Jacinto II (collectively the “LR-RB Group”) and Beth Bronner, Ari Gendason and Brent Rosenthal (collectively with the LF-RB Group, the “Shareholder Group”) are parties to a Settlement Agreement dated July 5, 2016, pursuant to which the Shareholder group agreed, until December 31, 2018, to vote their respective shares of common stock in accordance with the recommendations of the Company’s board of directors.

(6) Share ownership is as of November 29, 2016. Includes 1,250 shares held by the KAWJS Trust and 2,446 shares issuable upon exercise of warrants.

(7) W. John Short ceased being an executive officer of the Company on August 27, 2016 and ceased being a director of the Company on November 29, 2016.

(8) Includes 14,050 shares held by the David Goldman & Lois A Goldman TRS FBO GOLDMAN FAMILY TRUST UA 04/23/2004, 3,000 shares issuable upon exercise of warrants and 6,563 shares issuable upon exercise of options held by Mr. Goldman.

(9) Includes 58,872 shares held by the Baruch Halpern Revocable Trust, 610,268 shares held by The Shoshana Shapiro Halpern Revocable Trust, 6,996 shares issuable upon exercise of options.

(10) Includes 6,545 shares issuable upon exercise of options.

(11) Includes 37,558 shares issuable upon exercise of options.

(12) Mark McKnight ceased being a named executive officer of the Company on December 31, 2016. Mr. McKnight and his wife have entered into a Voting Agreement effective January 1, 2017, pursuant to which they agreed, until December 31, 2017, to vote their respective shares of common stock in accordance with the recommendations of the Company's board of directors.

(13) Includes 17,168 shares issuable upon exercise of options.

(14) Includes 147,366 shares issuable upon exercise of warrants and 74,830 shares issuable upon exercise of options. Includes Mark McKnight since he was an executive officer as of the record date of December 21, 2016. Excludes W. John Short since he is no longer an executive officer or director and was not an executive officer or director as of the record date of December 21, 2016.

OTHER BUSINESS

Our management knows of no other business to be brought before the Special Meeting of Shareholders. If, however, any other business should properly come before the Special Meeting, the persons named in the accompanying proxy will vote proxies as in their discretion, as they may deem appropriate, unless they are directed by a proxy to do otherwise.

By Order
of the
Board of
Directors

J. Dale
Belt
Secretary

Scottsdale, Arizona
January 3, 2017

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APPENDIX A

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORORATION OF
RICEBRAN TECHNOLOGIES

The undersigned, Robert Smith and J. Dale Belt hereby certify that:

ONE: Robert Smith is the duly elected President and J. Dale Belt is the duly elected Secretary of RiceBran Technologies, a California corporation ("Corporation").

TWO: Article Three of the Articles of Incorporation of the Corporation shall be amended to read in full as follows:

ARTICLE THREE

"This Corporation is hereafter authorized to issue two (2) classes of shares of stock designated respectively "Common Stock" and "Preferred Stock." The total number of shares of Common Stock that this Corporation is authorized to issue is fifty million (50,000,000) and the total number of shares of Preferred Stock that this Corporation is authorized to issue is twenty million (20,000,000).

The Preferred Stock may be divided into such number of series as the board of directors may determine. The board of directors is authorized to determine and alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued series of Preferred Stock, and to fix the number of shares of any series of Preferred Stock and the designation of any such series of Preferred Stock. The board of directors, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series."

THREE: The foregoing amendment of the Articles of Incorporation has been approved by the board of directors of the Company.

FOUR: The foregoing amendment of the Articles of Incorporation has been approved by the holders of the requisite number of shares of the corporation in accordance with Sections 902 and 903 of the California Corporations Code. The total number of outstanding shares entitled to vote with respect to the foregoing amendment was 10,778,219 shares of Common Stock. The number of shares voting in favor of the foregoing amendment equaled or exceeded the vote required, such required vote being a majority of the outstanding shares of Common Stock.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date:

Robert
Smith,
President

J. Dale
Belt,
Secretary

Appendix B

FORM OF AMENDMENT TO RICEBRAN TECHNOLOGIES' BYLAWS

Article II, Section 10 of the Company's Bylaws is amended in its entirety to read as follows:

"SECTION 10. Voting. The shareholders entitled to vote at any meeting of shareholders shall be determined in accordance with the provisions of ARTICLE II, Section 6, subject to the provisions of Sections 702 to 704, inclusive, of the California Corporations Code (relating to voting shares held by a fiduciary, in the name of a corporation or in joint ownership). The shareholders' vote may be by voice vote or by ballot; provided, however, that any election for directors must be by ballot if demanded by any shareholder before the voting has begun. In the absence of any contrary provision in the articles of incorporation of the corporation or in any applicable statute relating to the election of directors or to other particular matters, each such person shall be entitled to one vote for each share. On any matter other than election of directors, any shareholder may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, but, if the shareholder fails to specify the number of shares which the shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares that the shareholder is entitled to vote. The affirmative vote of a majority of the shares represented and voting at a duly held meeting at which a quorum is present (which shares voting affirmatively also constitute a majority of the required quorum) shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by the California Corporations Code or the articles of incorporation of the corporation.

So long as the Company is a "listed corporation" as defined in Section 301.5(d) of the California General Corporation Law or any successor section thereto, no shareholder entitled to vote at any election of directors shall be entitled to cumulate votes for candidates in nomination either (i) by giving one candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which that shareholder's shares are normally entitled or (ii) by distributing the shareholder's votes on the same principle among any or all of the candidates, as the shareholder thinks fit. This paragraph may not be modified, amended, rescinded or repealed except by a duly adopted amendment to the articles of incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of the holders of a majority of the outstanding shares entitled to vote."

SPECIAL MEETING OF SHAREHOLDERS OF

RiceBran Technologies

FEBRUARY 13, 2017

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The proxy statement
is available at http://www.ricebrantech.com/Investor Relations

PROXY VOTING INSTRUCTIONS

Company Number:	Account Number:

INTERNET — Access “www.voteproxy.com” and follow the on-screen instructions. Have your proxy card available when you access the web page, and use the Company Number and Account Number shown on your proxy card.

TELEPHONE — Call toll-free 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card.

Vote online/phone until 11:59 PM EST the day before the meeting.

MAIL — Sign, date and mail your proxy card in the envelope provided as soon as possible.

Please detach along perforated line and mail in the envelope provided.

1

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE PROPOSAL LISTED BELOW. PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE

1. Approve an amendment to our articles of incorporation to increase the authorized number of shares of common stock from 25,000,000 to 50,000,000 for general corporate purposes.

   FOR AGAINST ABSTAIN

2. Approve an amendment to our bylaws to eliminate cumulative voting for the election of directors.

   FOR AGAINST ABSTAIN

3. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting.

WHETHER OR NOT YOU PLAN TO ATTEND THIS MEETING, PLEASE VOTE YOUR SHARES PROMPTLY BY MARKING, SIGNING, DATING AND RETURNING THE PROXY CARD IN THE ENCLOSED POSTAGE PAID RETURN ENVELOPE.

TO INCLUDE ANY COMMENTS, USE THE COMMENTS BOX ON THE REVERSE SIDE OF THIS CARD.

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

Please check this box if you plan to attend the Special Meeting.
Signature of Shareholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

2

ADMISSION CARD

SPECIAL MEETING OF SHAREHOLDERS

February 13, 2017
9:00 A.M. (Local Time)
Scottsdale Plaza Resort
7200 North Scottsdale Road
Scottsdale, AZ 85253

Presentation of this card is required

for admission to the Special Meeting

PLEASE PRESENT THIS CARD TO THE COMPANY'S REPRESENTATIVE
AT THE ENTRANCE TO THE SPECIAL MEETING.

RiceBran Technologies

Name:

Address:

Non-Transferable

RiceBran Technologies

6720 N. Scottsdale Road, Suite # 390
Scottsdale, Arizona 85253

THIS PROXY IS SOLICITED ON BEHALF OF THE COMPANY’S BOARD OF DIRECTORS

The undersigned holder of Common Stock of RiceBran Technologies, a California corporation (the "Company"), hereby appoints Robert Smith and J. Dale Belt, and each of them, as proxies for the undersigned, each with full power of substitution, for and in the name of the undersigned to act for the undersigned and to vote, as designated on the reverse side of this proxy card, all of the shares of stock of the Company that the undersigned may be entitled to vote at the Special Meeting of Shareholders of the Company, to be held at Scottsdale Plaza Resort, 7200 North Scottsdale Road, Scottsdale, AZ 85253, on Monday, February 13, 2017, from 9:00 A.M. to 12:00 P.M. local time, and at any adjournments or postponements thereof, and in their discretion upon such other business as may properly come before the Special Meeting or any adjournments or postponements thereof.

(Continued and to be signed on the reverse side)

3

COMMENTS:

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Earnings per common share (notes 2 and 6)				
Basic:				
Income from continuing operations	$0.20	$0.05	$0.36	$0.27
Net income	0.20	0.06	0.36	0.28
Diluted:				
Income from continuing operations	0.20	0.05	0.36	0.27
Net income	0.20	0.06	0.36	0.28

See accompanying notes to consolidated financial statements.

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People s United Financial, Inc.

Consolidated Statements of Changes in Stockholders Equity - (Unaudited)

For the nine months ended September 30, 2007 (in millions, except per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Unallocated ESOP Common Stock	Accumulated Other Comprehensive Loss	Total Stockholders Equity
Balance at December 31, 2006	$ 142.2	$ 182.9	$ 1,062.4	$	$ (48.0)	$ 1,339.5
Comprehensive income:						
Net income			104.7			104.7
Other comprehensive income, net of tax:						
Net unrealized gain on derivatives					4.2	4.2
Reclassification of net actuarial loss					2.4	2.4
Total comprehensive income						111.3
Exchange of common stock pursuant to second-step conversion	(59.0)	59.0				
Net proceeds from issuance of common stock pursuant to second-step conversion	1.7	3,333.1				3,334.8
Common stock issued and donated to The People s United Community Foundation		40.0				40.0
Cancellation of common stock owned by People s Mutual Holdings	(82.0)	82.0				
Capital contribution pursuant to dissolution of People s Mutual Holdings		8.1				8.1
Cash dividends on common stock ($0.38 per share)			(92.9)			(92.9)
Purchase of common stock for ESOP				(216.8)		(216.8)
ESOP common stock committed to be released			(0.5)	4.8		4.3
Stock options and related tax benefits	0.1	5.3				5.4
Balance at September 30, 2007	$ 3.0	$ 3,710.4	$ 1,073.7	$ (212.0)	$ (41.4)	$ 4,533.7

For the nine months ended September 30, 2006 (in millions, except per share data)	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders Equity
Balance at December 31, 2005	$ 141.6	$ 172.0	$ 998.4	$ (23.4)	$ 1,288.6
Comprehensive income:					
Net income			84.7		84.7
Other comprehensive income, net of tax				16.3	16.3
Total comprehensive income					101.0
Cash dividends on common stock ($0.34 per share)			(44.5)		(44.5)
Stock options and related tax benefits	0.5	5.8			6.3
Balance at September 30, 2006	$ 142.1	$ 177.8	$ 1,038.6	$ (7.1)	$ 1,351.4

See accompanying notes to consolidated financial statements.

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People s United Financial, Inc.

Consolidated Statements of Cash Flows - (Unaudited)

(in millions)	**Nine Months Ended Sept. 30, 2007**	**Sept. 30, 2006**
Cash Flows from Operating Activities:		
Net income	$ 104.7	$ 84.7
Income from discontinued operations, net of tax	(1.2)	(1.7)
Income from continuing operations	103.5	83.0
Adjustments to reconcile net income to net cash provided by operating activities of continuing operations:		
Contribution of common stock to The People s United Community Foundation	40.0	
Provision for loan losses	5.1	2.0
Depreciation and amortization of premises and equipment	13.7	14.5
Amortization of leased equipment	4.4	2.3
Amortization of other acquisition-related intangibles	0.8	0.8
Net security (gains) losses	(5.5)	27.2
Net gains on sales of residential mortgage loans	(2.4)	(1.5)
Allocation of ESOP common stock	4.3	
Originations of loans held-for-sale	(315.6)	(138.4)
Proceeds from sales of loans held-for-sale	274.4	140.4
Net decrease (increase) in trading account securities	7.1	(2.2)
Pension plan contributions	(0.8)	(92.3)
Net changes in other assets and liabilities	(7.8)	7.6
Net cash provided by operating activities of continuing operations	121.2	43.4
Cash Flows from Investing Activities:		
Net purchases of securities purchased under agreements to resell	(1,430.0)	
Proceeds from sale of securities purchased under agreements to resell		24.7
Proceeds from sales of securities available for sale	5.4	1,234.2
Proceeds from principal repayments of securities available for sale	90.2	223.9
Proceeds from principal repayments of securities held to maturity		0.3
Purchases of securities available for sale	(85.5)	(293.3)
Proceeds from sales of loans	4.3	
Net loan principal collections (disbursements)	462.8	(451.7)
Purchase of loans		(170.8)
Purchase of bank-owned life insurance	(0.4)	(50.0)
Return of premium on bank-owned life insurance	0.5	
Purchases of premises and equipment	(28.3)	(8.5)
Purchases of leased equipment	(16.9)	(15.6)
Net cash (used in) provided by investing activities	(997.9)	493.2
Cash Flows from Financing Activities:		
Net decrease in deposits	(300.8)	(104.0)
Net decrease in borrowings with terms of three months or less	(4.1)	(281.3)
Cash dividends paid on common stock	(92.9)	(44.5)
Net proceeds from issuance of common stock pursuant to second-step conversion	3,334.8	
Capital contribution pursuant to dissolution of People s Mutual Holdings	8.1	
Purchase of common stock by ESOP	(216.8)	
Proceeds from stock options exercised, including excess income tax benefits	2.8	3.4

Net cash provided by (used in) financing activities	2,731.1	(426.4)
Cash Flows from Discontinued Operations:		
Operating activities	1.2	1.7
Net cash provided by discontinued operations	1.2	1.7
Net increase in cash and cash equivalents	1,855.6	111.9
Cash and cash equivalents at beginning of period	568.7	423.5
Cash and cash equivalents at end of period	$ 2,424.3	$ 535.4
Supplemental Information:		
Interest payments	$ 166.0	$ 145.9
Income tax payments	59.1	42.5
Real estate properties acquired by foreclosure	0.1	0.4

See accompanying notes to consolidated financial statements.

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PEOPLE S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited)

NOTE 1. GENERAL

People s United Financial, Inc. is a Delaware corporation and the holding company for People s United Bank. On April 16, 2007, People s United Financial, 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. See Note 2 for a further discussion of the second-step conversion. People s United Financial had not engaged in any business through March 31, 2007; accordingly, the financial information for periods prior to March 31, 2007 appearing in this Form 10-Q is that of People s United Bank. On June 6, 2007, People s Bank changed its name to People s United Bank. The name People s United Bank is used throughout this Form 10-Q to refer to the Bank both before and after the name change.

In the opinion of management, the accompanying unaudited consolidated financial statements of People s United Financial have been prepared to reflect all adjustments necessary to present fairly the financial position and results of operations as of the dates and for the periods shown. All significant intercompany transactions and balances are eliminated in consolidation. In preparing the consolidated financial statements, management is required to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, including the classification of revenues and expenses to discontinued operations.

Note 1 in People s United Bank s audited consolidated financial statements included in People s United Financial s Annual Report on Form 10-K for the year ended December 31, 2006, as supplemented by the Quarterly Report on Form 10-Q for the periods ended March 31, 2007 and June 30, 2007 and this report for the period ended September 30, 2007, includes a statement on People s United Financial s significant accounting policies. Several estimates are particularly critical and are susceptible to significant near-term change, including the allowance for loan losses, the valuation of derivative financial instruments, and asset impairment judgments including other-than-temporary declines in the value of securities and the recoverability of goodwill and other intangible assets. These significant accounting policies and critical estimates are reviewed with the Audit Committee of the Board of Directors.

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Certain information and footnote disclosures normally included in consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America have been omitted or condensed. These statements should be read in conjunction with People s United Financial s Annual Report on Form 10-K for the year ended December 31, 2006. The results of operations for the nine months ended September 30, 2007 are not necessarily indicative of the results of operations that may be expected for the entire year or any other interim period. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

Bank-Owned Life Insurance

Bank-owned life insurance (BOLI) represents the cash surrender value of life insurance policies purchased on certain management-level employees. Increases in the cash surrender value of these policies and death benefits in excess of the related invested premiums are included in non-interest income in the Consolidated Statements of Income, while insurance proceeds received are recorded as a reduction in the cash surrender value.

Employee Benefit Plans

People s United Financial maintains a noncontributory defined benefit pension plan that covers substantially all full-time and part-time employees who meet certain age and length of service requirements and who were employed by People s United Bank prior to August 14, 2006. Benefits are based upon the employee s years of credited service and either the average compensation for the last five years or the average compensation for the five consecutive years of the last ten years that produce the highest average. People s United Financial s funding policy is to contribute the amounts required by applicable regulations, although additional amounts may be contributed from time to time. In addition, People s United Financial maintains unfunded and nonqualified supplemental plans to provide pension benefits to certain senior officers.

New employees starting on or after August 14, 2006 are not eligible to participate in the defined benefit pension plan. People s United Financial will make contributions on behalf of these employees to a qualified defined contribution plan in an annual amount equal to 3% of the covered employee s eligible compensation. Employee participation in this plan is restricted to employees who are at least 21 years of age and worked at least 1,000 hours in a year. Both full-time and part-time employees are eligible to participate as long as they meet these requirements.

People s United Financial also maintains an unfunded plan that provides retirees with optional medical, dental and life insurance benefits (other postretirement benefits). People s United Financial accrues the cost of these benefits over the employees years of service to the date of their eligibility for such benefits.

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Components of the net periodic benefit cost for these plans are as follows:

For the three months ended September 30 (in millions)	Pension Benefits 2007	Pension Benefits 2006	Other Postretirement Benefits 2007	Other Postretirement Benefits 2006
Service cost	$ 2.1	$ 1.9	$	$
Interest cost	3.3	3.1	0.2	0.2
Expected return on plan assets	(5.6)	(3.5)		
Amortization of unrecognized net transition obligation			0.1	0.1
Recognized net actuarial loss	1.2	1.6		
Recognized prior service cost			(0.1)	
Net periodic benefit cost	$ 1.0	$ 3.1	$ 0.2	$ 0.3

For the nine months ended September 30 (in millions)	Pension Benefits 2007	Pension Benefits 2006	Other Postretirement Benefits 2007	Other Postretirement Benefits 2006
Service cost	$ 6.3	$ 5.9	$ 0.1	$ 0.1
Interest cost	10.1	9.1	0.5	0.5
Expected return on plan assets	(16.8)	(10.5)		
Amortization of unrecognized net transition obligation			0.3	0.3
Recognized net actuarial loss	3.4	4.7		
Recognized prior service cost		0.1	(0.2)	(0.1)
Net periodic benefit cost	$ 3.0	$ 9.3	$ 0.7	$ 0.8

People s United Financial established an Employee Stock Ownership Plan (the ESOP) in connection with the second-step conversion (see below). The ESOP purchased approximately 10.5 million shares of People s United Financial common stock in the open market. Compensation expense related to the ESOP is recognized monthly at an amount equal to the number of common shares committed to be allocated by the ESOP to participants accounts multiplied by the average fair value of People s United Financial s common stock during the reporting period. The difference between the fair value of the shares of People s United Financial s common stock committed to be allocated by the ESOP to participants accounts for the period and the cost of those common shares is recorded as an adjustment to either additional paid-in capital or retained earnings.

NOTE 2. SECOND-STEP CONVERSION

On April 16, 2007, People s United Financial, 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, Inc.

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People s United Financial sold 172.2 million shares of common stock in a public offering at a price of $20 per share. Net proceeds from the stock offering totaled approximately $3.33 billion, after deducting approximately $110 million in offering costs. People s United Financial also exchanged 2.1 shares of its common stock for each share of People s United Bank common stock outstanding, except for those shares owned by People s Mutual Holdings and, accordingly, common share data for prior periods has been adjusted to reflect this exchange.

In April 2007, People s United Financial contributed 2.0 million shares of its common stock, with a fair market value of $40 million, and $20 million in cash to The People s United Community Foundation (included in non-interest expense in the Consolidated Statements of Income). People s United Financial contributed approximately $1.7 billion from the net proceeds of the stock offering to People s United Bank in the form of a capital contribution.

NOTE 3. SECURITIES

The amortized cost and fair value of People s United Financial s securities are as follows:

	September 30, 2007		December 31, 2006	
(in millions)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Trading account securities	$ 22.5	$ 22.5	$ 29.6	$ 29.6
Securities available for sale:				
Debt securities:				
U.S. Treasury and agency	21.9	21.9	25.9	25.9
Total debt securities	21.9	21.9	25.9	25.9
Equity securities:				
FHLB stock	19.5	19.5	20.1	20.1
Other securities	0.5	0.7	0.6	0.8
Total equity securities	20.0	20.2	20.7	20.9
Total securities available for sale	41.9	42.1	46.6	46.8
Net unrealized gain on securities available for sale	0.2		0.2	
Total securities available for sale, at fair value	42.1	42.1	46.8	46.8
Securities held to maturity:				
Corporate and other	1.1	1.1	1.1	1.1
Total securities held to maturity	1.1	1.1	1.1	1.1
Total securities	$ 65.7	$ 65.7	$ 77.5	$ 77.5

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NOTE 4. LOANS

The components of People s United Financial s loan portfolio are summarized as follows:

(in millions)	September 30, 2007	December 31, 2006
Residential mortgage:		
Adjustable rate	$ 3,257.8	$ 3,805.6
Fixed rate	89.9	94.5
Total residential mortgage	3,347.7	3,900.1
Commercial real estate:		
Residential	524.1	513.6
Retail	415.2	390.7
Office buildings	406.7	360.0
Industrial/manufacturing	172.6	184.8
Self storage/industrial	96.9	97.8
Land	55.1	61.4
Special use	48.8	47.4
Health care	46.9	53.9
Hospitality and entertainment	45.9	61.8
Other properties	10.5	15.3
Total commercial real estate	1,822.7	1,786.7
Commercial and industrial lending:		
Manufacturing	401.7	412.1
Finance, insurance and real estate	355.7	354.7
Service	276.6	230.2
Wholesale distribution	156.7	119.9
Health services	118.3	108.5
Retail sales	111.5	113.6
Arts/entertainment/recreation	59.4	61.8
Transportation/utility	27.7	26.4
Other	61.8	66.6
Total commercial	1,569.4	1,493.8
People s Capital and Leasing Corp.:		
Printing	326.1	308.9
Transportation/utility	264.3	209.5
General manufacturing	143.9	141.6
Retail sales	93.0	85.7
Packaging	73.0	76.7
Service	27.7	28.2
Wholesale distribution	13.3	12.4
Health services	7.3	6.8
Total PCLC loans	948.6	869.8
Consumer:		
Home equity credit lines	931.3	1,010.8
Second mortgages	289.5	279.8

Personal installment loans	11.4	14.1
Other loans	15.0	16.6
Total consumer loans	1,247.2	1,321.3
Total loans	$ 8,935.6	$ 9,371.7

Residential mortgage loans at September 30, 2007 and December 31, 2006 included loans held for sale (servicing released) of $20.6 million and $25.0 million, respectively, which approximate fair value.

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NOTE 5. COMPREHENSIVE INCOME

Comprehensive income represents the sum of net income and items of other comprehensive income or loss that are reported directly in stockholders equity on an after-tax basis. These items include net actuarial losses, prior service costs and transition obligations related to People s United Financial s pension and other postretirement benefit plans, and net unrealized gains or losses on securities available for sale and derivatives accounted for as cash flow hedges. People s United Financial s total comprehensive income for the nine months ended September 30, 2007 and 2006 is reported in the Consolidated Statements of Changes in Stockholders Equity.

The components of accumulated other comprehensive loss, which is included in People s United Financial s period-end stockholders equity on an after-tax basis, are as follows:

(in millions)	September 30, 2007	December 31, 2006
Net actuarial loss, prior service costs and transition obligation on pension and other postretirement benefit plans	$ (41.7)	$ (44.1)
Net unrealized gain (loss) on derivatives accounted for as cash flow hedges	0.2	(4.0)
Net unrealized gain on securities available for sale	0.1	0.1
Total accumulated other comprehensive loss	$ (41.4)	$ (48.0)

Other comprehensive income, net of tax, totaled $6.6 million for the nine months ended September 30, 2007. The change in total accumulated other comprehensive loss from December 31, 2006 consisted of after-tax reductions of $4.2 million in the net unrealized gain (loss) on derivatives accounted for as cash flow hedges and $2.4 million in the net actuarial loss, prior service costs and transition obligation on pension and other postretirement benefit plans.

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NOTE 6. EARNINGS PER COMMON SHARE

The following is an analysis of People s United Financial s basic and diluted earnings per share (EPS):

(in millions, except per share data)	Three Months Ended Sept. 30, 2007	Three Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2006
Income from continuing operations	$ 57.3	$ 16.9	$ 103.5	$ 83.0
Income from discontinued operations	0.3	0.1	1.2	1.7
Net income	57.6	17.0	104.7	84.7
Average common shares outstanding for basic EPS	289.7	297.5	292.7	297.3
Effect of dilutive stock options and unvested stock awards	1.1	1.4	1.4	1.3
Average common and common-equivalent shares for dilutive EPS	290.8	298.9	294.1	298.6
Basic EPS:				
Income from continuing operations	$ 0.20	$ 0.05	$ 0.36	$ 0.27
Income from discontinued operations		0.01		0.01
Net income	0.20	0.06	0.36	0.28
Diluted EPS:				
Income from continuing operations	$ 0.20	$ 0.05	$ 0.36	$ 0.27
Income from discontinued operations		0.01		0.01
Net income	0.20	0.06	0.36	0.28

Approximately 10.2 million unallocated ESOP common shares have been excluded from the calculation of earnings per share for the three and nine months ended September 30, 2007.

In mid-October 2007, 7.0 million shares of People s United Financial common stock were purchased in the open market for the purpose of using these shares to grant restricted stock awards pursuant to the 2007 Recognition and Retention Plan (the Plan). Awards encompassing approximately 3.3 million of these shares were made pursuant to the Plan on October 25, 2007. Shares held by the Plan that have not been made the subject of awards will be accounted for as treasury shares, and will therefore be excluded from the earnings per share calculation.

Based on the number of shares of People s United Financial common stock outstanding on October 31, 2007, and assuming no additional grants are made pursuant to the Plan, and no significant change in the number of shares outstanding due to the exercise of stock options or cancellation of stock awards previously granted under all equity-based plans, and assuming no significant change to the number of dilutive stock options and unvested stock awards outstanding, the average common and common-equivalent shares used in the calculation of diluted earnings per share is expected to be approximately 287 million for the fourth quarter of this year.

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NOTE 7. GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLE ASSETS

People s United Financial s goodwill totaled $101.5 million at both September 30, 2007 and December 31, 2006. At September 30, 2007, goodwill was allocated to the Consumer Financial Services and Commercial Banking segments in the amounts of $96.8 million and $4.7 million, respectively.

People s United Financial s other acquisition-related intangible assets totaled $2.7 million and $3.5 million; gross carrying amounts totaled $28.1 million and $28.1 million; and accumulated amortization totaled $25.4 million and $24.6 million, each at September 30, 2007 and December 31, 2006, respectively. Amortization expense of other acquisition-related intangible assets totaled $0.8 million for both the nine months ended September 30, 2007 and 2006. The estimated aggregate amortization expense for the full-year of 2007 and each of the next three years for other acquisition-related intangible assets is as follows: $1.1 million in 2007; $1.0 million in 2008 and 2009; and $0.4 million in 2010. This estimate does not include the potential impact of additional amortization expense that may result from the pending acquisition of the Chittenden Corporation (see note 12).

NOTE 8. COMMITMENTS AND CONTINGENCIES

In the normal course of business, People s United Financial has various outstanding commitments and contingent liabilities that are not required to be and therefore, have not been reflected in the consolidated financial statements. In addition, in the normal course of business, there are various outstanding legal proceedings to which People s United Financial is a party. Management has discussed the nature of these legal proceedings with legal counsel. In the opinion of management, People s United Financial does not expect its financial condition to be affected materially as a result of the outcome of such commitments, contingent liabilities and legal proceedings.

NOTE 9. BUSINESS SEGMENT INFORMATION

See Business Segment Results beginning on page 21 for segment information for the three and nine months ended September 30, 2007 and 2006.

NOTE 10. DISCONTINUED OPERATIONS

On March 5, 2004, People s United Bank completed the sale of its credit card business. People s United Financial continues to generate recoveries from collection efforts on previously charged-off credit card accounts that were not included in the sale of the credit card business in 2004. These recoveries are included in income from discontinued operations in the Consolidated Statements of Income for periods subsequent to the sale. Recoveries, net of collection costs, totaled $0.5 million and $1.9 million for the three and nine months ended September 30, 2007, respectively, and $1.0 million and $3.4 million for the three and nine months ended September 30, 2006, respectively.

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NOTE 11. NEW ACCOUNTING STANDARDS

People s United Financial adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, effective January 1, 2007. As of the date of adoption, People s United Financial s unrecognized income tax benefits totaled $1.0 million, which if recognized would minimally affect its annualized income tax rate. Additionally, People s United Financial had accrued interest expense related to the unrecognized income tax benefits of $0.1 million. People s United Financial recognizes accrued interest related to unrecognized income tax benefits in interest expense in the Consolidated Statement of Income. Penalties, if incurred, would be recognized as a component of income tax expense.

People s United Financial files a consolidated U.S. Federal income tax return and files income tax returns in several states. People s United Financial does not have any foreign operations and therefore is not subject to income taxes in any foreign jurisdictions.

People s United Financial is no longer subject to either federal or state income tax examinations through 2003. The Internal Revenue Service (IRS) commenced examinations of People s United Bank s U.S. Federal income tax returns for the years ended December 31, 2004 and 2005 during the fourth quarter of 2006. People s United Financial anticipates that the IRS will complete this examination by the end of the first quarter of 2008. To date, the IRS has not proposed any adjustments that would have a material impact on People s United Financial s Consolidated Financial Statements.

People s United Financial does not anticipate that total unrecognized income tax benefits will change significantly due to the outcome of IRS audits and the expiration of statutes of limitations prior to March 31, 2008.

In September 2006, the Financial Accounting Standards Board (the FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements, which establishes a definition and measurement date for fair value and expands the disclosures regarding fair-value measurement. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. People s United Financial is currently evaluating SFAS No. 157 to determine if it will have a material impact on its Consolidated Financial Statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, Including an amendment of FASB Statement No. 115, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. People s United Financial is currently evaluating SFAS No. 159 to determine if it will have a material impact on its Consolidated Financial Statements.

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NOTE 12. PENDING ACQUISITION

On June 27, 2007, People s United Financial announced it had signed a definitive agreement to acquire Chittenden Corporation, a multi-bank holding company with headquarters in Burlington, Vermont. At September 30, 2007, Chittenden Corporation had total assets of $6.9 billion, total loans of $5.2 billion and total deposits of $5.8 billion. Under the terms of the merger agreement, each share of Chittenden Corporation common stock will be converted into the right to receive either People s United Financial common stock, cash or a combination of both, with a total transaction value of approximately $1.8 billion as of September 30, 2007. The transaction, which is expected to close early in the first quarter of 2008, is subject to the approval of Chittenden Corporation s shareholders (a special meeting is scheduled for November 28, 2007) and the receipt of various regulatory approvals.

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Item 2 Management s Discussion and Analysis of Financial Condition and Results of Operations

Selected Consolidated Financial Data

(dollars in millions, except per share data)	Three Months Ended Sept. 30, 2007	June 30, 2007	Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Sept. 30, 2006
Operating Data:					
Net interest income	$ 134.3	$ 132.0	$ 96.2	$ 361.6	$ 286.3
Provision for loan losses	2.5	1.8	4.1	5.1	2.0
Fee-based revenues	38.7	38.5	38.2	115.0	113.5
Net security gains (losses)	5.5		(23.2)	5.5	(27.2)
All other non-interest income	6.0	7.0	5.5	18.8	15.8
Non-interest expense (1)	95.5	155.7	87.1	339.3	261.3
Income from continuing operations	57.3	13.1	16.9	103.5	83.0
Income from discontinued operations	0.3	0.4	0.1	1.2	1.7
Net income	57.6	13.5	17.0	104.7	84.7
Selected Statistical Data:					
Net interest margin (2)	4.28%	4.23%	3.89%	4.16%	3.83%
Return on average assets (2)	1.70	0.40	0.63	1.12	1.04
Return on average stockholders equity (2)	5.1	1.4	5.1	4.2	8.6
Efficiency ratio	52.8	53.3	61.5	55.7	61.9
Per Common Share Data: (3)					
Basic earnings per share	$ 0.20	$ 0.05	$ 0.06	$ 0.36	$ 0.28
Diluted earnings per share	0.20	0.05	0.06	0.36	0.28
Dividends paid per share	0.13	0.13	0.12	0.38	0.34
Dividend payout ratio	67.2%	286.4%	91.0%	88.7%	52.5%
Book value (end of period)	$ 15.60	$ 15.50	$ 4.53	$ 15.60	$ 4.53
Tangible book value (end of period)	15.24	15.14	4.17	15.24	4.17
Stock price:					
High	18.62	21.38	19.60	22.81	19.60
Low	14.78	17.56	15.19	14.78	14.29
Close (end of period)	17.28	17.73	18.86	17.28	18.86

(1) Includes a $60.0 million contribution to The People s United Community Foundation for the three months ended June 30, 2007 and the nine months ended September 30, 2007.

(2) Annualized.

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

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Selected Consolidated Financial Data continued

(dollars in millions)	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
	As of and for the Three Months Ended				
Financial Condition Data:					
Total assets (1)	$ 13,551	$ 13,822	$ 11,602	$ 10,687	$ 10,612
Loans	8,936	9,046	9,310	9,372	9,185
Securities, net	66	70	73	77	202
Allowance for loan losses	74	73	74	74	74
Deposits	8,782	9,091	9,968	9,083	8,979
Core deposits	8,728	9,054	9,281	9,040	8,932
Borrowings			8	4	14
Purchased funds	54	37	52	47	61
Subordinated notes	65	65	65	65	109
Stockholders equity (1)	4,534	4,504	1,359	1,340	1,351
Non-performing assets	26	18	19	23	23
Net loan charge-offs	1.5	3.7	0.4	1.4	4.1
Average Balances:					
Loans	$ 8,935	$ 9,169	$ 9,305	$ 9,247	$ 9,083
Short-term investments (1)	3,536	3,236	305	173	137
Securities	69	70	74	166	669
Earning assets (1)	12,540	12,475	9,684	9,586	9,889
Total assets (1)	13,516	13,399	10,601	10,553	10,778
Deposits	8,781	9,195	9,022	8,923	8,897
Funding liabilities	8,846	9,268	9,094	9,030	9,275
Stockholders equity (1)	4,507	3,975	1,338	1,355	1,331
Ratios:					
Net loan charge-offs to average loans (annualized)	0.07%	0.16%	0.01%	0.06%	0.18%
Non-performing assets to total loans, real estate owned and repossessed assets	0.29	0.20	0.21	0.24	0.25
Allowance for loan losses to non-performing loans	318.2	404.8	389.4	327.9	354.9
Allowance for loan losses to total loans	0.82	0.80	0.80	0.79	0.81
Average stockholders equity to average total assets (1)	33.3	29.7	12.6	12.8	12.3
Stockholders equity to total assets (1)	33.5	32.6	11.7	12.5	12.7
Tangible stockholders equity to total tangible assets (1)	32.9	32.1	10.9	11.7	11.9
Leverage capital	25.0	24.3	11.2	12.0	11.8
Tier 1 risk-based capital	34.0	33.9	14.7	14.8	14.7
Total risk-based capital	35.3	35.1	16.0	16.1	16.2

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

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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 (GAAP), management routinely supplements this evaluation with an analysis of certain non-GAAP financial measures, such as core deposits, purchased funds and the efficiency ratio. 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 facilitate 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 municipal deposits (which are seasonally variable by nature) and escrow funds from People s United Financial s stock offering. Purchased funds include borrowings 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:

As of (in millions)	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Deposits	$ 8,782	$ 9,091	$ 9,968	$ 9,083	$ 8,979
Less:					
Municipal deposits	54	37	44	43	47
Escrow funds from stock offering			643		
Core deposits	$ 8,728	$ 9,054	$ 9,281	$ 9,040	$ 8,932

As of (in millions)	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Borrowings	$	$	$ 8	$ 4	$ 14
Plus:					
Municipal deposits	54	37	44	43	47
Purchased funds	$ 54	$ 37	$ 52	$ 47	$ 61

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

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residential mortgage loans, and nonrecurring income) (the denominator). People s United Financial generally considers an income or expense to be nonrecurring if it is not similar to an income or expense of a type incurred within the last two years and is not similar to an income or expense of a type reasonably expected to be incurred within the following two years. Management considers the efficiency ratio to be more representative of People s United Financial s ongoing operating efficiency, as the excluded items are generally related to external market conditions and non-routine transactions.

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

	Three months ended			Nine months ended	
(dollars in millions)	**Sept. 30, 2007**	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
Total non-interest expense	$ 95.5	$ 155.7	$ 87.1	$ 339.3	$ 261.3
Less:					
Contribution to The People s United Community Foundation		60.0		60.0	
Amortization of other acquisition-related intangibles	0.3	0.3	0.2	0.8	0.8
Loss on sale of reverse repurchase agreements			0.3		0.3
Severance-related charges					1.2
RC Knox settlement					0.9
Other	0.1		0.2	0.3	0.3
Total	$ 95.1	$ 95.4	$ 86.4	$ 278.2	$ 257.8
Net interest income (1)	$ 134.3	$ 132.0	$ 96.2	$ 361.6	$ 286.3
Total non-interest income	50.2	45.5	20.5	139.3	102.1
Add:					
BOLI FTE adjustment (1)	1.3	1.4	1.1	4.0	3.2
Net security losses			23.2		27.2
Less:					
Interest from completed IRS audit					0.6
MasterCard common stock redemption					0.7
Net security gains	5.5			5.5	
Gain on asset sale			0.7		0.7
Total	$ 180.3	$ 178.9	$ 140.3	$ 499.4	$ 416.8
Efficiency ratio	52.8%	53.3%	61.5%	55.7%	61.9%

(1) Fully taxable equivalent.

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Second-Step Conversion and Name Change

On April 16, 2007, People s United Financial, 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, Inc. See Note 2 to the Consolidated Financial Statements for a further discussion of the second-step conversion.

On June 6, 2007, People s Bank changed its name to People s United Bank. The name People s United Bank is used throughout this Form 10-Q to refer to the Bank both before and after the name change.

Financial Overview

People s United Financial reported net income of $57.6 million, or $0.20 per diluted share, for the three months ended September 30, 2007, compared to $17.0 million, or $0.06 per diluted share, for the year-ago period. The prior year quarter s results included an after-tax loss of $15.7 million, or $0.05 per diluted share, from the sale of securities. Net income totaled $104.7 million, or $0.36 per diluted share, compared to $84.7 million, or $0.28 per diluted share, for the nine months ended September 30, 2007 and 2006, respectively. Results for the nine months ended September 30, 2007 included a $60 million contribution to The People s United Community Foundation (included in non-interest expense), which had the effect of reducing net income by $39.6 million, or $0.13 per diluted share. Results for the nine months ended September 30, 2006 included an after-tax loss of $18.2 million, or $0.06 per diluted share, from the sale of securities.

Net interest income increased $38.1 million, or 40%, from the year-ago quarter and the net interest margin improved 39 basis points to 4.28%. These improvements reflect the investment of $3.3 billion in net proceeds from the second-step conversion (completed on April 16, 2007) in short-term investments, as well as the benefits from balance sheet restructuring activities completed during 2006. Compared to the third quarter of 2006, average earning assets increased $2.7 billion, reflecting an increase of $3.4 billion in average short-term investments, partially offset by decreases of $600 million in average securities and $148 million in average loans. Average funding liabilities decreased $429 million compared to the third quarter of 2006, reflecting decreases of $117 million in average total deposits, $269 million in average borrowings and $43 million in average subordinated notes. The net interest margin increased 5 basis points compared to the second quarter of 2007.

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Total non-interest income increased $29.7 million compared to the year-ago quarter. Included in total non-interest income are net security gains of $5.5 million and net security losses of $23.2 million in the third quarter of 2007 and 2006, respectively. Non-interest expense increased $8.4 million, or 10%, compared to the third quarter of 2006, reflecting increases in compensation and benefits, occupancy and equipment, professional and outside service fees and other non-interest expense, including costs of approximately $1 million related to the rebranding of the Bank. The efficiency ratio improved to 52.8% in the third quarter of 2007 compared to 61.5% in the year-ago period.

The provision for loan losses in the third quarter of 2007 was $2.5 million compared to $4.1 million in the year-ago period. The provision for loan losses in the third quarter of 2007 reflected net loan charge-offs of $1.5 million and a $1.0 million increase in the allowance for loan losses. The provision for loan losses in the third quarter of 2006 reflected net loan charge-offs of $4.1 million (including a $4.0 million charge-off relating to one commercial banking loan that was placed on non-accrual status in the second quarter of 2006). The allowance for loan losses as a percentage of total loans was 0.82% at September 30, 2007, compared to 0.81% at September 30, 2006. Net loan charge-offs as a percentage of average total loans on an annualized basis were 0.07% in the third quarter of 2007 compared to 0.18% in the year-ago quarter.

People s United Financial s total stockholders equity was $4.5 billion at September 30, 2007, a $3.2 billion increase from December 31, 2006, and as a percentage of total assets, stockholders equity was 33.5% at September 30, 2007, compared to 12.5% at December 31, 2006. The increases from December 31, 2006 reflect the net proceeds of $3.3 billion from the second-step conversion.

People s United Bank s total risk-based capital ratio was 35.3% at September 30, 2007, compared to 16.1% at December 31, 2006. The improvement from December 31, 2006 primarily reflects the $1.7 billion capital contribution from People s United Financial with a portion of the net proceeds from the second-step conversion.

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Business Segment Results

People s United Financial s operations are divided into two primary business segments that represent its core businesses, Commercial Banking and Consumer Financial Services. In addition, the treasury area is responsible for managing People s United Financial s securities portfolio, short-term investments, wholesale funding activities, such as borrowings and the funding center. The income or loss for the funding center, which includes the impact of derivative financial instruments used for risk management purposes, represents the interest rate risk component of People s United Financial s net interest income as calculated by People s United Financial s funds transfer pricing model (FTP), to derive each operating segment s net interest income.

People s United Financial uses an internal profitability reporting system to generate information by operating segment, which is based on a series of management estimates and allocations regarding funds transfer pricing, the provision for loan losses, non-interest expense and income taxes. These estimates and allocations, some of which can be subjective in nature, are continually being reviewed and refined. Any changes in estimates and allocations that may affect the reported results of any business segment will not affect the consolidated financial position or results of operations of People s United Financial as a whole.

FTP is used in the calculation of each operating segment s net interest income, and measures the value of funds used in and provided by an operating segment. The difference between the interest income on earning assets and the interest expense on funding liabilities, and the corresponding FTP charge for interest income or credit for interest expense, results in net spread income. The provision for loan losses for the Commercial Banking and Consumer Financial Services segments is generally based on a five-year rolling average net charge-off rate for the respective segment.

People s United Financial allocates a majority of non-interest expenses to each business segment using a full-absorption costing process. Direct and indirect costs are analyzed and pooled by process and assigned to the appropriate business segment and corporate overhead costs are allocated to the business segments. Income tax expense is allocated to each business segment using a constant rate, based on an estimate of the consolidated effective income tax rate for the year.

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Commercial Banking consists principally of commercial lending, commercial real estate lending and commercial deposit gathering activities. This segment also includes the equipment financing operations of People s Capital and Leasing Corp. (PCLC), as well as cash management, correspondent banking and municipal banking.

(in millions)	Three Months Ended Sept. 30, 2007	Three Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2006
Net interest income	$ 32.9	$ 32.7	$ 97.9	$ 96.6
Provision for loan losses	2.7	2.6	8.0	7.7
Non-interest income:				
Fee-based revenues	4.6	4.3	13.8	12.1
Other non-interest income	2.1	1.3	5.9	3.3
Total non-interest income	6.7	5.6	19.7	15.4
Non-interest expense	22.6	19.6	65.7	57.9
Income before income tax expense	14.3	16.1	43.9	46.4
Income tax expense	5.0	5.7	15.4	16.3
Income from continuing operations	$ 9.3	$ 10.4	$ 28.5	$ 30.1
Average earning assets	$ 4,252.3	$ 3,949.7	$ 4,221.5	$ 3,864.3
Average liabilities	1,017.1	1,095.1	1,017.6	1,206.7
Period end assets	4,345.4	4,001.5	4,345.4	4,001.5

Commercial Banking income from continuing operations declined $1.1 million, or 11%, compared to the third quarter of 2006, reflecting an increase in non-interest expense, partially offset by increases in net interest income, fee-based revenues and other non-interest income. Net interest income increased $0.2 million, or 1%, reflecting a $303 million, or 8%, increase in average earning assets, essentially offset by narrower net spreads and a decline in commercial non-interest-bearing deposits. The $0.3 million increase in fee-based revenues reflects higher lending-related charges and fees. The increase in other non-interest income primarily reflects a $0.9 million increase in rental income on leased equipment. The $3.0 million, or 15%, increase in non-interest expense reflects increases in direct expenses, due to continued growth in this business and a $0.7 million increase in amortization expense for leased equipment, as well as allocated expenses primarily related to costs associated with ongoing infrastructure upgrades.

The increase in average earning assets compared to the third quarter of 2006 reflects increases of $205 million, or 29%, in PCLC loans and $109 million, or 8%, in commercial loans, partially offset by a decrease of $8 million, or less than 1%, in commercial real estate loans. Average commercial non-interest-bearing deposits totaled $885 million in the third quarter of 2007, a $53 million, or 6%, decrease compared to the year-ago quarter, reflecting the current interest rate environment.

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Consumer Financial Services includes, as its principal business lines, consumer deposit gathering activities, residential mortgage, home equity and other consumer lending (excluding the national consumer loan portfolio, which is reported in Other). In addition to trust services, this segment also includes brokerage, financial advisory services, investment management services and life insurance provided by People s Securities, Inc. (PSI), and other insurance services provided through R. C. Knox and Company, Inc. (RC Knox).

(in millions)	Three Months Ended Sept. 30, 2007	Three Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2006
Net interest income	$ 61.9	$ 63.5	$ 186.9	$ 194.2
Provision for loan losses	0.8	0.8	2.4	2.3
Non-interest income:				
Fee-based revenues	34.1	33.7	101.2	100.9
Net gains on sales of residential mortgage loans	0.8	0.5	2.4	1.5
Net security gains	0.1	0.2	0.1	0.2
Other non-interest income	0.5	1.3	1.7	2.7
Total non-interest income	35.5	35.7	105.4	105.3
Non-interest expense	70.8	64.7	208.2	196.5
Income before income tax expense	25.8	33.7	81.7	100.7
Income tax expense	9.1	11.9	28.8	35.6
Income from continuing operations	$ 16.7	$ 21.8	$ 52.9	$ 65.1
Average earning assets	$ 4,731.3	$ 5,179.5	$ 4,961.8	$ 5,024.4
Average liabilities	7,680.8	7,741.2	7,905.2	7,817.5
Period end assets	4,736.5	5,333.1	4,736.5	5,333.1

Consumer Financial Services income from continuing operations declined $5.1 million, or 23%, compared to the third quarter of 2006, reflecting an increase in non-interest expense and a decline in net interest income.

The $1.6 million decrease in net interest income reflects a reduction in residential mortgage loan net spread interest income, and a shift from wider net spread deposits to time deposits with narrower net spreads, partially offset by the widening net spread on money market accounts. In the third quarter of 2007, average earning assets decreased $448 million, or 9%, reflecting decreases of $403 million, or 11%, in average residential mortgage loans and $41 million, or 3%, in average home equity loans. The decrease in average residential mortgage loans reflects People s United Bank s decision in the fourth quarter of 2006 to sell essentially all of its newly-originated residential mortgage loans. As a result, residential mortgage loan balances are expected to continue to decline in the future until People s United Bank resumes adding such loans to its portfolio to an extent that more than offsets repayments. Average consumer deposits totaled $7.7 billion in third quarter of 2007, a $60 million, or 1%, decrease compared to the third quarter of 2006.

Net gains on sales of residential mortgage loans increased $0.3 million, or 60%, in the third quarter of 2007, due to a 72% increase in residential mortgage loan sales volume compared to the third quarter of 2006, reflecting People s United Bank s decision to sell essentially all of its newly originated fixed- and adjustable-rate residential mortgage loans due to the low spreads on such loans in the current interest rate environment. The increase in non-interest expense reflects a $6.4 million increase in allocated expenses primarily due to the costs associated with ongoing infrastructure upgrades relating to deposit gathering activities.

Treasury encompasses the securities portfolio, short-term investments, wholesale funding activities, such as borrowings, and the funding center, which includes the impact of derivative financial instruments used for risk management purposes.

(in millions)	Three Months Ended Sept. 30, 2007	Three Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2006
Net interest income	$ (6.6)	$ (6.9)	$ (15.4)	$ (21.1)
Fee-based revenues		0.2		0.4
Bank-owned life insurance	2.3	2.2	7.4	6.3
Net security losses		(23.4)		(27.4)
Other non-interest income	0.2		0.2	0.1
Non-interest expense	0.3	0.4	0.3	1.1
Loss before income tax benefit	(4.4)	(28.3)	(8.1)	(42.8)
Income tax benefit	(2.4)	(10.7)	(5.4)	(17.3)
Loss from continuing operations	$ (2.0)	$ (17.6)	$ (2.7)	$ (25.5)
Average earning assets	$ 3,556.5	$ 756.5	$ 2,393.5	$ 1,077.4
Average liabilities	82.7	360.1	79.3	277.1
Period end assets	3,793.1	546.1	3,793.1	546.1

The reduction in Treasury s loss from continuing operations in the third quarter of 2007 compared to the 2006 period reflects a $0.3 million improvement in net interest income, a $0.1 million increase in bank-owned life insurance (BOLI) income, and $23.4 million in net security losses in the third quarter of 2006.

Average earning assets increased $2.8 billion from the year-ago quarter. Average short-term investments increased $3.4 billion, reflecting the investment of $3.3 billion in net proceeds from the second-step conversion, while average securities declined $600 million resulting from the sale of $835 million and $266 million of securities during the third and second quarters of 2006, respectively. The debt securities portfolio totaled $23 million at September 30, 2007, compared to $23 million at June 30, 2007 and $147 million at September 30, 2006.

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Average short-term investments comprised 28% of average earning assets in the third quarter of 2007 compared to 1% in the year-ago quarter. Average securities comprised 1% of average earning assets in the third quarter of 2007 compared to 7% in the year-ago quarter.

Other includes the residual financial impact from the allocation of revenues and expenses, certain revenues and expenses not attributable to a particular segment, and the FTP impact from excess capital. This category also includes: revenue and expenses relating to the national consumer loan portfolio; certain nonrecurring items, including security gains of $5.4 million from the sale of People s United Financial s entire holdings of MasterCard Incorporated Class B Common Stock (included in non-interest income for the three and nine months ended September 30, 2007) and the $60 million contribution to The People s United Community Foundation (included in non-interest expense for the nine months ended September 30, 2007); and income from discontinued operations. Included in period-end assets are cash, national consumer loans, premises and equipment, and other assets. The increase in net interest income for the three and nine months ended September 30, 2007 reflects the FTP credit generated by the significant increase in excess capital from the second-step conversion.

	Three Months Ended		Nine Months Ended	
(in millions)	**Sept. 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
Net interest income	$ 46.1	$ 6.9	$ 92.2	$ 16.6
Provision for loan losses	(1.0)	0.7	(5.3)	(8.0)
Non-interest income	5.5	0.2	6.6	2.0
Non-interest expense	1.8	2.4	65.1	5.8
Income before income tax expense	50.8	4.0	39.0	20.8
Income tax expense	17.5	1.7	14.2	7.5
Income from continuing operations	33.3	2.3	24.8	13.3
Income from discontinued operations, net of tax	0.3	0.1	1.2	1.7
Net income	$ 33.6	$ 2.4	$ 26.0	$ 15.0
Average liabilities	$ 228.1	$ 251.0	$ 228.8	$ 249.0
Period end assets	675.5	731.4	675.5	731.4

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Net Interest Income

Net interest income and net interest margin are affected by many factors, including changes in average balances; interest rate fluctuations and the slope of the yield curve; sales of loans and securities; residential mortgage loan and mortgage-backed security prepayment rates; product pricing; competitive forces; the relative mix, repricing characteristics and maturity of earning assets and interest-bearing liabilities; non-interest-bearing sources of funds; hedging activities; and asset quality.

In response to the disruptions in the capital markets caused by the sub-prime mortgage crisis and the potential for a contracting U.S. economy, the Federal Reserve Board decreased the targeted federal funds rate by 50 basis points in September 2007 and by an additional 25 basis points in October, bringing the rate to 4.50%. Given the asset sensitive position of the balance sheet, the net interest margin may compress approximately 3% to 5% in the fourth quarter of 2007.

Third Quarter 2007 Compared to Third Quarter 2006

The net interest margin improved 39 basis points to 4.28% compared to the third quarter of 2006. The increase in net interest margin reflects the investment of $3.3 billion in net proceeds from the second-step conversion in short-term investments, as well as the benefits from balance sheet restructuring activities completed during 2006. Net interest income increased $38.1 million, or 40%, reflecting a $40.0 million, or 27%, increase in total interest and dividend income, partially offset by a $1.9 million, or 4%, increase in total interest expense.

Average earning assets totaled $12.5 billion in the third quarter of 2007, a $2.7 billion, or 27%, increase from the third quarter of 2006, while the asset mix continued to shift. Average short-term investments increased $3.4 billion, reflecting the investment of $3.3 billion in net proceeds from the second-step conversion; average loans decreased $148 million, or 2%; and average securities declined $600 million, reflecting the sale of $810 million and $266 million of debt securities during the third and second quarters of 2006, respectively. As a result, average loans, average securities and average short-term investments comprised 71%, 1% and 28%, respectively, of average earning assets in the third quarter of 2007, compared to 92%, 7% and 1%, respectively, in the 2006 period. The yield earned on the total loan portfolio was 6.35% this quarter, while the yield earned on securities and short-term investments was 5.29%, compared to 6.21% and 4.22%, respectively, in the year-ago quarter. Excluding adjustable-rate residential mortgage loans, which are mostly of the hybrid variety, approximately 30% of the loan portfolio has floating interest rates compared to 29% in the year-ago quarter.

The total average commercial banking loan portfolio increased $306 million, or 8%, reflecting increases of $205 million, or 29%, in PCLC loans and $109 million, or 8%, in commercial loans, partially offset by a decrease of $8 million, or less than 1%, in commercial real estate loans. Included in average commercial loans and average commercial real estate loans were increases of $78 million, or 24%, and $66 million, or 30%, in the respective national credits portfolios.

Average residential mortgage loans decreased $403 million, or 11%, and average home equity loans decreased $41 million, or 3%. The decrease in average residential mortgage loans reflects People s United Bank s decision in the fourth quarter of 2006 to sell essentially all of its newly-originated residential mortgage loans. As a result, residential mortgage loan balances are expected to continue to decline in the future until People s United Bank resumes adding such loans to its portfolio to an extent that more than offsets repayments. The decline in average home equity loans follows a nationwide pattern.

Average funding liabilities totaled $8.8 billion in the third quarter of 2007, a $429 million, or 5%, decrease compared to the year-ago quarter. Average core deposits decreased $117 million, or 1%, reflective of People s United Financial s recent strategy of funding loan growth with proceeds from the repayment of securities. Average core deposits comprised 99% of average funding liabilities in the third quarter of 2007 compared to 96% in the year-ago period. Average non-interest-bearing core deposits decreased $38 million, or 2%, and average interest-bearing core deposits decreased $79 million, or 1% (see below).

The 20 basis point increase to 2.49% from 2.29% in the rate paid on average funding liabilities primarily reflects the increase in market interest rates and the ongoing shift in deposit mix. The rates paid on average core deposits increased 33 basis points from the third quarter of 2006, reflecting increases of 55 basis points in time deposits and 7 basis points in savings and money market deposits in response to rising deposit interest rates. The change in the mix of average interest-bearing core deposits reflects a $223 million, or 7%, increase in higher-paying time deposits, offset by a $302 million, or 9%, decline in savings and money market deposits, reflecting customers preferences for deposit products with higher interest rates. Average time deposits comprised 41% of average total deposits in the third quarter of 2007 compared to 38% in the 2006 period.

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Third Quarter 2007 Compared to Second Quarter 2007

The net interest margin increased 5 basis points and net interest income increased $2.3 million compared to the second quarter of 2007. Total interest and dividend income increased $1.9 million and total interest expense decreased $0.4 million.

Average earning assets increased $65 million, or 2% annualized, reflecting a $300 million increase in average short-term investments, primarily due to the investment of the net proceeds from the second-step conversion for a full quarter, partially offset by decreases in average loans of $234 million, or 10% annualized, and average securities of $1 million. The decrease in average loans included decreases of: $232 million, or 25% annualized, in residential mortgage loans; $19 million, or 6% annualized, in home equity loans; $29 million, or 6% annualized, in commercial real estate loans, partially offset by increases of $25 million, or 7% annualized, in commercial loans and $21 million, or 9% annualized, in PCLC loans.

Average funding liabilities decreased $422 million, or 18% annualized, reflecting decreases of $250 million, or 11% annualized, in average core deposits and $164 million in average non-core deposits. The decrease in average non-core deposits reflects a $169 million decrease in average escrow funds related to the stock offering (none at June 30, 2007 and September 30, 2007).

The tables on the following pages present average balance sheets, interest income, interest expense and the corresponding average yields earned and rates paid for the three months ended September 30, 2007, June 30, 2007 and September 30, 2006, and the nine months ended September 30, 2007 and 2006. The average balances are principally daily averages and, for loans, include both performing and non-performing balances. Interest income on loans includes the effect of deferred loan fees and costs accounted for as yield adjustments, but does not include interest on loans for which People s United Financial has ceased to accrue interest. The impact of People s United Financial s use of derivative instruments in managing interest rate risk is also reflected in the tables, classified according to the instrument hedged and the risk management objective.

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Average Balance, Interest and Yield/Rate Analysis (1)

Three months ended (dollars in millions)	September 30, 2007 Average Balance	September 30, 2007 Interest	September 30, 2007 Yield/ Rate	June 30, 2007 Average Balance	June 30, 2007 Interest	June 30, 2007 Yield/ Rate	September 30, 2006 Average Balance	September 30, 2006 Interest	September 30, 2006 Yield/ Rate
Earning assets:									
Short-term investments	$ 2,157.6	$ 28.6	5.30%	$ 2,121.4	$ 28.1	5.30%	$ 120.5	$ 1.6	5.30%
Securities purchased under agreements to resell	1,378.8	18.1	5.25	1,115.0	14.7	5.29	16.9	0.2	5.03
Securities (2)	68.8	0.9	5.55	70.1	1.0	5.59	668.5	6.7	4.00
Loans:									
Residential mortgage	3,434.7	44.6	5.20	3,666.5	47.1	5.14	3,838.3	47.7	4.98
Commercial	2,471.2	42.7	6.92	2,425.1	42.0	6.93	2,157.0	38.0	7.03
Commercial real estate	1,777.2	32.0	7.20	1,806.1	32.1	7.11	1,785.1	32.2	7.22
Consumer	1,251.8	22.5	7.17	1,271.2	22.5	7.08	1,302.5	23.0	7.08
Total loans	8,934.9	141.8	6.35	9,168.9	143.7	6.27	9,082.9	140.9	6.21
Total earning assets	$ 12,540.1	$ 189.4	6.04%	$ 12,475.4	$ 187.5	6.01%	$ 9,888.8	$ 149.4	6.04%
Funding liabilities:									
Deposits:									
Non-interest-bearing	$ 2,098.2	$	%	$ 2,171.6	$	%	$ 2,136.5	$	%
Savings, interest-bearing checking and money market	3,075.1	11.9	1.55	3,214.3	12.0	1.49	3,376.9	12.5	1.48
Time	3,590.3	41.5	4.62	3,627.9	41.4	4.57	3,367.7	34.3	4.07
Total core deposits	8,763.6	53.4	2.44	9,013.8	53.4	2.37	8,881.1	46.8	2.11
Non-core deposits (3)	17.3	0.1	3.07	181.3	0.4	0.82	16.4	0.3	8.28
Total deposits	8,780.9	53.5	2.44	9,195.1	53.8	2.34	8,897.5	47.1	2.12
Borrowings:									
Federal funds purchased				7.7	0.1	5.17	147.0	2.0	5.37
FHLB advances							121.5	1.7	5.39
Total borrowings				7.7	0.1	5.17	268.5	3.7	5.38
Subordinated notes	65.3	1.6	10.15	65.3	1.6	10.15	108.7	2.4	9.03
Total funding liabilities	$ 8,846.2	$ 55.1	2.49%	$ 9,268.1	$ 55.5	2.40%	$ 9,274.7	$ 53.2	2.29%
Excess of earning assets over funding liabilities	$ 3,693.9			$ 3,207.3			$ 614.1		
Net interest income/spread		$ 134.3	3.55%		$ 132.0	3.61%		$ 96.2	3.75%
Net interest margin			4.28%			4.23%			3.89%

(1) Average yields earned and rates paid are annualized.

(2) Average balances and yields for securities available for sale are based on amortized cost.

(3) The average balance for the three months ended June 30, 2007 included $168.9 million in escrow funds related to People s United Financial s stock offering (none at June 30, 2007 and September 30, 2007).

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Average Balance, Interest and Yield/Rate Analysis (1)

Nine months ended (dollars in millions)	September 30, 2007 Average Balance	Interest	Yield/ Rate	September 30, 2006 Average Balance	Interest	Yield/ Rate
Earning assets:						
Short-term investments	$ 1,534.8	$ 60.7	5.27%	$ 84.1	$ 3.1	4.87%
Securities purchased under agreements to resell	836.3	32.8	5.24	22.2	0.8	4.97
Securities (2)	70.9	3.0	5.62	1,018.7	27.8	3.64
Loans:						
Residential mortgage	3,641.7	140.7	5.15	3,708.2	135.2	4.86
Commercial	2,420.4	125.3	6.90	2,104.6	107.3	6.80
Commercial real estate	1,797.0	95.9	7.11	1,755.9	92.5	7.02
Consumer	1,275.9	67.9	7.09	1,278.5	64.8	6.76
Total loans	9,135.0	429.8	6.27	8,847.2	399.8	6.03
Total earning assets	$ 11,577.0	$ 526.3	6.06%	$ 9,972.2	$ 431.5	5.77%
Funding liabilities:						
Deposits:						
Non-interest-bearing	$ 2,131.7	$	%	$ 2,187.4	$	%
Savings, interest-bearing checking and money market	3,157.0	35.7	1.51	3,549.8	36.8	1.38
Time	3,612.0	123.2	4.54	3,215.3	89.2	3.70
Total core deposits	8,900.7	158.9	2.38	8,952.5	126.0	1.88
Non-core deposits (3)	97.8	0.7	0.99	49.4	2.0	5.53
Total deposits	8,998.5	159.6	2.36	9,001.9	128.0	1.90
Borrowings:						
Federal funds purchased	4.4	0.2	5.19	207.2	7.4	4.76
FHLB advances	0.2		5.02	63.2	2.4	5.13
Total borrowings	4.6	0.2	5.19	270.4	9.8	4.84
Subordinated notes	65.3	4.9	10.15	108.7	7.4	9.04
Total funding liabilities	$ 9,068.4	$ 164.7	2.42%	$ 9,381.0	$ 145.2	2.06%
Excess of earning assets over funding liabilities	$ 2,508.6			$ 591.2		
Net interest income/spread		$ 361.6	3.64%		$ 286.3	3.71%
Net interest margin			4.16%			3.83%

(1) Average yields earned and rates paid are annualized.

(2) Average balances and yields for securities available for sale are based on amortized cost.

(3) The average balance for the nine months ended September 30, 2007 includes $84.0 million in escrow funds related to People s United Financial s stock offering (none at September 30, 2007).

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Changes in Net Interest Income

	Three Months Ended September 30, 2007 Compared To					
	September 30, 2006 Increase (Decrease)			June 30, 2007 Increase (Decrease)		
(in millions)	Volume	Rate	Total	Volume	Rate	Total
Interest and dividend income:						
Short-term investments	$ 27.0	$	$ 27.0	$ 0.5	$	$ 0.5
Securities purchased under agreements to resell	17.9		17.9	3.5	(0.1)	3.4
Securities	(7.6)	1.8	(5.8)		(0.1)	(0.1)
Loans:						
Residential mortgage	(5.2)	2.1	(3.1)	(3.0)	0.5	(2.5)
Commercial	5.4	(0.7)	4.7	0.8	(0.1)	0.7
Commercial real estate	(0.1)	(0.1)	(0.2)	(0.5)	0.4	(0.1)
Consumer	(0.9)	0.4	(0.5)	(0.3)	0.3	
Total loans	(0.8)	1.7	0.9	(3.0)	1.1	(1.9)
Total change in interest and dividend income	36.5	3.5	40.0	1.0	0.9	1.9
Interest expense:						
Deposits:						
Savings, interest-bearing checking and money market	(1.2)	0.6	(0.6)	(0.5)	0.4	(0.1)
Time	2.4	4.8	7.2	(0.4)	0.5	0.1
Total core deposits	1.2	5.4	6.6	(0.9)	0.9	
Non-core deposits		(0.2)	(0.2)	(0.6)	0.3	(0.3)
Total deposits	1.2	5.2	6.4	(1.5)	1.2	(0.3)
Borrowings:						
FHLB advances	(1.7)		(1.7)			
Federal funds purchased	(2.0)		(2.0)	(0.1)		(0.1)
Total borrowings	(3.7)		(3.7)	(0.1)		(0.1)
Subordinated notes	(1.1)	0.3	(0.8)			
Total change in interest expense	(3.6)	5.5	1.9	(1.6)	1.2	(0.4)
Change in net interest income	$ 40.1	$ (2.0)	$ 38.1	$ 2.6	$ (0.3)	$ 2.3

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Changes in Net Interest Income

(in millions)	Nine Months Ended September 30, 2007 Compared To September 30, 2006 Increase (Decrease) Volume	Rate	Total
Interest and dividend income:			
Short-term investments	$ 57.4	$ 0.2	$ 57.6
Securities purchased under agreements to resell	32.0		32.0
Securities	(34.7)	9.9	(24.8)
Loans:			
Residential mortgage	(2.5)	8.0	5.5
Commercial	16.3	1.7	18.0
Commercial real estate	2.2	1.2	3.4
Consumer	(0.1)	3.2	3.1
Total loans	15.9	14.1	30.0
Total change in interest and dividend income	70.6	24.2	94.8
Interest expense:			
Deposits:			
Savings, interest-bearing checking and money market	(4.3)	3.2	(1.1)
Time	11.9	22.1	34.0
Total core deposits	7.6	25.3	32.9
Non-core deposits	1.1	(2.4)	(1.3)
Total deposits	8.7	22.9	31.6
Borrowings:			
FHLB advances	(2.4)		(2.4)
Federal funds purchased	(7.8)	0.6	(7.2)
Total borrowings	(10.2)	0.6	(9.6)
Subordinated notes	(3.2)	0.7	(2.5)
Total change in interest expense	(4.7)	24.2	19.5
Change in net interest income	$ 75.3	$	$ 75.3

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Non-Interest Income

(in millions)	Three Months Ended Sept. 30, 2007	Three Months Ended June 30, 2007	Three Months Ended Sept. 30, 2006	Nine Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2006
Fee-based revenues:					
Service charges on deposit accounts	$ 19.4	$ 19.5	$ 20.1	$ 56.9	$ 58.4
Insurance revenue	7.1	6.2	6.6	20.6	20.2
Brokerage commissions	3.2	3.6	2.9	10.2	9.2
Other fee-based revenues:					
Other banking service charges and fees	4.3	4.2	4.0	12.6	11.9
Investment management fees	3.0	3.0	2.7	8.9	8.1
Other fees	1.7	2.0	1.9	5.8	5.7
Total other fee-based revenues	9.0	9.2	8.6	27.3	25.7
Total fee-based revenues	38.7	38.5	38.2	115.0	113.5
Net security gains (losses):					
Debt securities held for sale			(23.4)		(27.4)
Trading account securities	0.1		0.1	0.1	0.1
Equity securities available for sale	5.4		0.1	5.4	0.1
Total net security gains (losses)	5.5		(23.2)	5.5	(27.2)
Bank-owned life insurance	2.3	2.7	2.2	7.4	6.3
Net gains on sales of residential mortgage loans	0.8	0.9	0.5	2.4	1.5
Other non-interest income	2.9	3.4	2.8	9.0	8.0
Total non-interest income	$ 50.2	$ 45.5	$ 20.5	$ 139.3	$ 102.1

Total non-interest income increased $29.7 million, or 145%, compared to the third quarter of 2006 and $4.7 million, or 10%, from the second quarter of 2007. Included in total non-interest income are net security gains of $5.5 million and net security losses of $23.2 million in the third quarter of 2007 and 2006, respectively.

Revenues from service charges on deposit accounts for the third quarter of 2007 decreased $0.7 million, or 3%, compared to the year-ago quarter, and $0.1 million, or 1%, from the second quarter of 2007. The decreases reflect changes in consumer behavior related to overdrafts, and more customers qualifying for free ATM network transactions and free checking.

Comparing the third quarter of 2007 to the third quarter of 2006, the $0.5 million increase in insurance revenue primarily reflects increased performance and profit sharing revenues due to changes in insurance company incentive programs, partially offset by lower commission revenues. The $0.9 million increase in insurance revenue compared to the second quarter of 2007 primarily reflects the seasonal nature of renewals.

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The $0.3 million increase in brokerage commission compared to the third quarter of 2006 reflects an increase in trading due to greater market volatility. The $0.4 million increase in other fee-based revenues compared to the third quarter of 2006 reflects an increase in trust fees, partially offset by a decrease in commercial loan prepayment penalties.

Securities gains in the current quarter represent the sale of People s United Financial s entire holdings of MasterCard Incorporated Class B Common Stock. Net gains on sales of residential mortgage loans increased $0.3 million compared to the third quarter of 2006 reflecting People s United Bank s decision in the fourth quarter of 2006 to sell essentially all of its newly-originated residential mortgages in the current interest rate environment. Residential mortgage sales volume increased 72% compared to the third quarter of 2006.

BOLI income totaled $2.3 million ($3.6 million on a taxable-equivalent basis) in the third quarter of 2007, compared to $2.2 million ($3.3 million on a taxable-equivalent basis) for the year-ago quarter, and $2.7 million for the second quarter of 2007 ($4.1 million on a taxable-equivalent basis). BOLI income in the second quarter of 2007 included a death benefit of $0.6 million.

The $0.5 million decrease in other non-interest income compared to the second quarter of 2007 reflects the receipt of $0.5 million of interest related to the completion of federal tax audits recorded in the second quarter of 2007.

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Non-Interest Expense

	Three Months Ended			Nine Months Ended	
(dollars in millions)	**Sept. 30, 2007**	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
Compensation and benefits	$ 53.1	$ 54.9	$ 51.3	$ 159.3	$ 153.5
Occupancy and equipment	17.3	16.2	15.6	50.0	46.8
Contribution to The People s United Community Foundation		60.0		60.0	
Professional and outside service fees	7.4	6.7	5.8	20.3	17.8
Advertising and promotion	3.1	3.5	2.4	9.0	8.0
Stationery, printing and postage	2.0	1.9	1.7	5.7	5.4
Amortization of other acquisition-related intangibles	0.3	0.3	0.2	0.8	0.8
Other non-interest expense	12.3	12.2	10.1	34.2	29.0
Total non-interest expense	$ 95.5	$ 155.7	$ 87.1	$ 339.3	$ 261.3
Efficiency ratio	52.8%	53.3%	61.5%	55.7%	61.9%

Total non-interest expense in the third quarter of 2007 increased $8.4 million, or 10%, compared to the third quarter of 2006 and decreased $0.2 million, or less than 1%, compared to the second quarter of 2007, excluding the $60 million contribution to The People s United Community Foundation from the second quarter of 2007.

The efficiency ratio improved to 52.8% in the third quarter of 2007, compared to 61.5% in the year-ago quarter, reflecting a $40.0 million, or 29%, increase in operating revenue, partially offset by an $8.7 million, or 10%, increase in operating expenses. The increase in operating revenue reflects the increase in net interest income due to the investment of the net proceeds from the second-step conversion.

Compensation and benefits increased $1.8 million, or 4%, compared to the year-ago quarter, and decreased $1.8 million, or 3%, compared to the second quarter of 2007. The year-over-year increase primarily reflects $2.0 million of amortization expense related to the newly established ESOP, normal merit increases and higher accruals for incentive compensation, partially offset by lower pension expenses. The decrease from the second quarter of 2007 reflects lower ESOP amortization expense due to the decline in People s United Financial s stock price during the third quarter, lower payroll taxes and lower health care expenses. Based on the grants of restricted stock and stock options made on October 25, 2007 pursuant to People s United Financial s 2007 Recognition and Retention Plan and 2007 Stock Option Plan, additional compensation expense of approximately $2.5 million will be recognized in the fourth quarter of 2007.

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Occupancy and equipment increased $1.7 million, or 11%, compared to the year-ago quarter, and $1.1 million, or 7%, compared to the second quarter of 2007. The increases primarily reflect higher rent-related expenses due to rate increases and additional branches.

Professional and outside service fees increased $1.6 million, or 28%, compared to the year-ago quarter, and $0.7 million, or 10%, compared to the second quarter of 2007. The increases primarily reflect higher costs for information technology-related projects.

Advertising and promotion increased $0.7 million, or 29%, compared to the third quarter of 2006, primarily due to costs associated with the rebranding of the Bank as a result of People s Bank changing its name to People s United Bank on June 6, 2007.

Other non-interest expense increased $2.2 million, or 22%, compared to the third quarter of 2006. The increases reflect higher insurance costs, increased amortization of equipment leased to commercial customers and regulatory assessment fees.

Discontinued Operations

Income from discontinued operations, net of income taxes, totaled $0.3 million for the third quarter of 2007, compared to $0.1 million for the year-ago quarter and $0.4 million for the second quarter of 2007.

People s United Financial continues to generate recoveries from collection efforts on previously charged-off credit card accounts that were not included in the sale of the credit card business in 2004. These recoveries are included in income from discontinued operations in the Consolidated Statements of Income for periods subsequent to the sale. Recoveries, net of collection costs, totaled $0.5 million for the third quarter of 2007, compared to $1.0 million for the comparable period in 2006 and $0.7 million for the second quarter of 2007. The level of recoveries is expected to continue to decline over the remainder of 2007 due to the aging and diminishing pool of charged-off accounts.

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FINANCIAL CONDITION

General

Total assets at September 30, 2007 were $13.6 billion, an increase of $2.9 billion, or 27%, from December 31, 2006, primarily due to a $3.3 billion increase in short-term investments, partially offset by a decrease of $436 million in total loans. The increase in short-term investments reflects the net proceeds from the second-step conversion completed on April 16, 2007.

At September 30, 2007, liabilities totaled $9.0 billion, a $331 million decrease from December 31, 2006, due to a $301 million decrease in total deposits and a $26 million decrease in other liabilities.

Total loans decreased $436 million from December 31, 2006 to September 30, 2007, reflecting decreases of $552 million in residential mortgage loans and $74 million in consumer loans, partially offset by increases of $154 million in commercial loans and $36 million in commercial real estate loans. The decrease in residential mortgage loans reflects People s United Bank s decision in the fourth quarter of 2006 to sell essentially all of its newly-originated residential mortgage loans due to the low spreads on such loans in the current interest rate environment.

Non-performing assets totaled $26.2 million at September 30, 2007, a $3.5 million increase from year-end 2006. The allowance for loan losses decreased $0.5 million to $73.5 million at September 30, 2007 compared to December 31, 2006, primarily reflecting reductions in the allowance for loan losses allocated to the consumer loan portfolio and residential mortgage loan portfolio, partially offset by net additions allocated to the commercial banking loan portfolio. At September 30, 2007, the allowance for loan losses as a percent of total loans was 0.82% and as a percent of non-performing loans was 318%, compared to 0.79% and 328%, respectively, at December 31, 2006.

People s United Financial s total stockholders equity was $4.5 billion at September 30, 2007, a $3.2 billion increase from December 31, 2006, reflecting the net proceeds of $3.3 billion from the second-step conversion and net income of $104.7 million, partially offset by the purchase of common stock for the ESOP of $216.8 million and dividends paid of $92.9 million. As a percentage of total assets, stockholders equity was 33.5% at September 30, 2007, compared to 12.5% at December 31, 2006.

People s United Bank s leverage capital ratio, and tier 1 and total risk-based capital ratios were 25.0%, 34.0% and 35.3%, respectively, at September 30, 2007, compared to 12.0%, 14.8% and 16.1%, respectively, at December 31, 2006. The increases from year end primarily reflect the $1.7 billion capital contribution from People s United Financial.

Asset Quality

People s United Financial actively manages asset quality through its underwriting practices and collection operations.

The allowance for loan losses is established through provisions for loan losses charged to income. Losses on loans, including impaired loans, are charged to the allowance for loan losses when all or a portion of a loan is deemed to be uncollectible. Recoveries of loans previously charged off are credited to the allowance for loan losses when realized. People s United Financial maintains the allowance for loan losses at a level that is believed to be adequate to absorb probable losses inherent in the existing loan portfolio, based on a quarterly evaluation of a variety of factors. These factors include, but are not limited to: People s United Financial s historical loan loss experience and recent trends in that experience; risk ratings assigned by lending personnel to commercial real estate, commercial and PCLC loans, and the results of ongoing reviews of those ratings by People s United Financial s independent loan review function; an evaluation of non-performing loans and related collateral values; the probability of loss in view of geographic and industry concentrations and other portfolio risk characteristics; the present financial condition of borrowers; and current economic conditions. While People s United Financial seeks to use the best available information to make these evaluations, future adjustments to the allowance for loan losses may be necessary based on changes in economic conditions, results of regulatory examinations, further information obtained regarding known problem loans, the identification of additional problem loans and other factors.

Provision and Allowance for Loan Losses

	Three Months Ended			Nine Months Ended	
(dollars in millions)	**Sept. 30, 2007**	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
Balance at beginning of period	$ 72.5	$ 74.4	$ 74.0	$ 74.0	$ 75.0
Charge-offs	(2.0)	(4.6)	(4.7)	(7.4)	(7.3)
Recoveries	0.5	0.9	0.6	1.8	4.3
Net loan charge-offs	(1.5)	(3.7)	(4.1)	(5.6)	(3.0)
Provision for loan losses	2.5	1.8	4.1	5.1	2.0
Balance at end of period	$ 73.5	$ 72.5	$ 74.0	$ 73.5	$ 74.0
Allowance for loan losses as a percentage of total loans	0.82%	0.80%	0.81%	0.82%	0.81%
Allowance for loan losses as a percentage of non-performing loans	318.2	404.8	354.9	318.2	354.9

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The provision for loan losses in the third quarter of 2007 reflected $1.5 million in net loan charge-offs and a $1.0 million increase in the allowance for loan losses. The provision for loan losses in the year-ago period reflected $4.1 million in net loan charge-offs, including a $4.0 million charge-off related to one commercial banking loan. The allowance for loan losses as a percentage of total loans was 0.82% at September 30, 2007 and 0.79% at December 31, 2006.

Net Loan Charge-Offs (Recoveries)

	Three Months Ended			Nine Months Ended	
(in millions)	**Sept. 30, 2007**	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
PCLC	$ 0.6	$ 0.4	$	$ 1.1	$ 0.3
Consumer	0.5	0.2	0.3	1.0	1.2
Commercial	0.5	3.7	3.9	4.2	4.0
Residential mortgage		(0.6)	(0.1)	(0.6)	
Commercial real estate	(0.1)			(0.1)	(2.5)
Total	$ 1.5	$ 3.7	$ 4.1	$ 5.6	$ 3.0

Net loan charge-offs in the third quarter of 2007 totaled $1.5 million compared to $4.1 million in the third quarter of 2006. Commercial loan net charge-offs in the third quarter of 2006 included the $4.0 million charge-off related to one commercial banking loan that was placed on non-accrual status in the second quarter of 2006.

Net loan charge-offs as a percentage of average total loans decreased 11 basis points in the third quarter of 2007 compared to the year-ago period, reflecting the $4.0 million charge-off in the year-ago period discussed above. The very low level of net loan charge-offs in terms of absolute dollars and as a percentage of average loans is unlikely to be sustainable in the future.

Net Loan Charge-Offs (Recoveries) as a Percentage of Average Loans

	Three Months Ended			Nine Months Ended	
	Sept. 30, 2007	**June 30, 2007**	**Sept. 30, 2006**	**Sept. 30, 2007**	**Sept. 30, 2006**
PCLC	0.26%	0.19%	(0.02)%	0.17%	0.05%
Consumer	0.16	0.07	0.09	0.10	0.13
Commercial	0.13	0.95	1.12	0.36	0.38
Commercial real estate	(0.02)			(0.01)	(0.19)
Residential mortgage		(0.06)	(0.01)	(0.02)	
Total portfolio	0.07%	0.16%	0.18%	0.08%	0.05%

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Non-Performing Assets

(dollars in millions)	Sept. 30, 2007	June 30, 2007	March 31, 2007	Dec. 31, 2006	Sept. 30, 2006
Non-accrual loans:					
Commercial	$ 7.2	$ 8.2	$ 11.3	$ 11.9	$ 3.0
Residential mortgage	7.2	4.2	5.0	6.7	7.8
Commercial real estate	3.5	0.1	0.1	0.2	6.6
PCLC	3.0	3.9	1.4	2.1	2.1
Consumer	2.2	1.5	1.3	1.7	1.3
Total non-accrual loans	23.1	17.9	19.1	22.6	20.8
Real estate owned (REO) and repossessed assets, net	3.1	0.5	0.3	0.1	2.1
Total non-performing assets	$ 26.2	$ 18.4	$ 19.4	$ 22.7	$ 22.9
Non-performing loans as a percentage of total loans	0.26%	0.20%	0.21%	0.24%	0.23%
Non-performing assets as a percentage of total loans, REO and repossessed assets	0.29	0.20	0.21	0.24	0.25
Non-performing assets as a percentage of stockholders equity and allowance for loan losses	0.57	0.40	1.35	1.61	1.61

Total non-performing assets increased $3.5 million from December 31, 2006 and were 0.29% of total loans, REO and repossessed assets at September 30, 2007. Increases in non-performing commercial real estate loans of $3.3 million, repossessed assets of $2.8 million, non-performing PCLC loans of $0.9 million and non-performing residential mortgage loans of $0.5 million, were partially offset by a decrease of $4.7 million in non-performing commercial loans. The decrease in non-performing commercial loans primarily reflects a $3.6 million charge-off related to one loan that had been classified as non-performing since December 2006.

Total non-performing assets increased $7.8 million from June 30, 2007. The increase in non-performing commercial real estate loans reflects one loan totaling $3.4 million that was classified as non-performing this quarter. The increase in non-performing residential mortgage loans includes one loan totaling $2.0 million that was subsequently cured. The increase in REO and repossessed assets primarily reflects the repossession of a printing press and ancillary equipment from one borrower.

The level of non-performing assets is expected to fluctuate in response to changing economic and market conditions, and the relative sizes of the respective loan portfolios, along with management s degree of success in resolving problem assets.

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Liquidity

Liquidity is defined as the ability to generate sufficient cash flows to meet all present and future funding requirements at reasonable costs. Liquidity management addresses People s United Financial s and People s United Bank s ability to fund new loans and investments as opportunities arise, to meet customer deposit withdrawals and to repay borrowings and subordinated notes as they mature. People s United Financial s, as well as People s United Bank s, liquidity positions are monitored daily by management. Therefore, the Asset and Liability Management Committee (ALCO) of People s United Bank has been authorized by the Board of Directors of People s United Financial to set guidelines to ensure maintenance of prudent levels of liquidity for People s United Financial as well as for People s United Bank. ALCO reports to the Treasury and Finance Committee of the Board of Directors of People s United Bank.

Asset liquidity is provided by: cash; short-term investments; proceeds from security sales, maturities and principal repayments; and proceeds from scheduled principal collections, prepayments and sales of loans. In addition, certain securities may be used to collateralize borrowings under repurchase agreements. The Consolidated Statements of Cash Flows, on page 4, present data on cash provided by and used in People s United Financial s operating, investing and financing activities. At September 30, 2007, People s United Financial s liquid assets included $1.4 billion in securities purchased under agreements to resell. People s United Bank s liquid assets included $2.4 billion in cash and cash equivalents, $23 million in trading account securities and $42 million in debt securities available for sale. Securities available for sale with a total fair value of $22 million at September 30, 2007 were pledged as collateral for public deposits and for other purposes.

Liability liquidity is measured by People s United Financial s and People s United Bank s ability to obtain core deposits and purchased funds at cost-effective rates that are diversified with respect to markets and maturities. Core deposits, which are considered the most stable source of liability liquidity, totaled $8.7 billion at September 30, 2007 compared to $9.0 billion at December 31, 2006 (representing 65% and 86% of total funding at the respective dates). While core deposits declined $312 million, or 3%, since year end, the change in the relative percentage mix of total funding is primarily due to the substantial increase in stockholders equity with the net proceeds from the second-step conversion. Purchased funds can be used from time to time to diversify People s United Financial s funding mix and to support asset growth. Purchased funds totaled $54 million at September 30, 2007 compared to $47 million at December 31, 2006 (representing 0.4% and 0.5% of total funding at the respective dates).

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People s United Bank s current sources of purchased funds include: federal funds purchased, advances from the FHLB of Boston and the Federal Reserve Bank of New York, municipal deposits and repurchase agreements. At September 30, 2007, People s United Bank s borrowing limit from FHLB and Federal Reserve Bank advances, and repurchase agreements was $3.2 billion, based on the level of qualifying collateral available for these borrowing sources and in addition, People s United Bank had unsecured borrowing capacity of $1.1 billion.

At September 30, 2007, People s United Bank had outstanding commitments to originate loans totaling $704 million and approved, but unused, lines of credit extended to customers totaling $2.6 billion (including $1.5 billion of home equity lines of credit).

The sources of liquidity discussed above are deemed by management to be sufficient to fund outstanding loan commitments and to meet People s United Financial s and People s United Bank s other obligations.

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Capital

People s United Financial s total stockholders equity was $4.5 billion at September 30, 2007, a $3.2 billion increase compared to $1.3 billion at December 31, 2006. This increase primarily reflects the net proceeds of $3.3 billion from the second-step conversion, net income of $104.7 million, a common stock contribution with a fair value of $40 million to The People s United Community Foundation, and a $6.6 million decrease in Accumulated Other Comprehensive Loss (AOCL) since December 31, 2006, partially offset by the purchase of common stock for the ESOP totaling $216.8 million and dividends paid of $92.9 million. The decrease in AOCL reflects after-tax reductions of $4.2 million in the net unrealized gain (loss) on derivatives accounted for as cash flow hedges and $2.4 million in the net actuarial loss, prior service costs and transition obligation on pension and other postretirement benefit plans. Stockholders equity equaled 33.5% of total assets at September 30, 2007 and 12.5% at December 31, 2006.

People s United Bank s tangible capital ratio was 25.0% at September 30, 2007, compared to the minimum ratio of 1.5% generally required by its regulator, the Office of Thrift Supervision (OTS). People s United Bank is also subject to the OTS s risk-based capital regulations, which require minimum ratios of leverage capital and total risk-based capital of 4.0% and 8.0%, respectively. People s United Bank satisfied these requirements at September 30, 2007 with ratios of 25.0% and 35.3%, respectively, compared to 12.0% and 16.1%, respectively, at December 31, 2006. The improvements from December 31, 2006 primarily reflect the $1.7 billion capital contribution from People s United Financial with a portion of the net proceeds from the second-step conversion. People s United Bank s regulatory capital ratios exceeded the OTS s numeric criteria for classification as a well capitalized institution at September 30, 2007.

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The following summary compares People s United Bank s regulatory capital amounts and ratios as of September 30, 2007 to the OTS requirements for classification as a well-capitalized institution and for minimum capital adequacy. People s United Bank s risk-weighted total assets, as defined, totaled $8.8 billion at September 30, 2007.

			OTS Requirements			
	People s United Bank		Classification as Well-Capitalized		Minimum Capital Adequacy	
As of September 30, 2007 (dollars in millions)	**Amount**	**Ratio**	**Amount**	**Ratio**	**Amount**	**Ratio**
Tangible capital	$ 3,012.3(1)	25.0%	n/a	n/a	$ 180.9	1.5%
Leverage (core) capital	3,012.3(1)	25.0	$ 603.1	5.0%	482.5	4.0
Total risk-based capital	3,121.6(2)	35.3	884.7	10.0	707.7	8.0

(1) Represents total stockholder s equity, excluding (i) after-tax net unrealized gains (losses) on debt and certain equity securities classified as available for sale, (ii) after-tax net unrealized gains (losses) on derivatives qualifying as cash flow hedges, (iii) certain assets not recognized in tier 1 capital (principally goodwill and other acquisition-related intangibles), and (iv) the amount recorded in accumulated other comprehensive income relating to SFAS No. 158.

(2) Represents tier 1 capital plus subordinated notes, up to certain limits, and the allowance for loan losses up to 1.25% of risk-adjusted total assets.

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Market Risk Management

Market risk is the risk of loss to earnings, capital and the fair market values of certain assets and liabilities resulting from changes in interest rates, equity prices and foreign currency exchange rates.

Interest Rate Risk

For People s United Bank, the only relevant market risk at this time is interest rate risk (IRR), which is the potential exposure to earnings or capital that may result from changes in interest rates. People s United Bank actively manages its IRR to achieve a balance between risk, earnings volatility and capital preservation. ALCO has primary responsibility for managing People s United Bank s IRR. To evaluate People s United Bank s IRR profile, ALCO monitors economic conditions, interest rate trends, liquidity levels and capital ratios. Management also reviews assumptions periodically for projected customer and competitor behavior, in addition to the expected repricing characteristics and cash flow projections for assets, liabilities and off-balance-sheet financial instruments. Actual conditions may vary significantly from People s United Bank s assumptions. Management evaluates the impact of IRR on Income at Risk using an earnings simulation model to project earnings under multiple interest rate environments over a one-year time horizon resulting in a quantification of IRR. Income at Risk includes significant interest rate sensitive income sources, such as net interest income, gains on sales of residential mortgage loans and BOLI income.

The earnings projections are based on a static balance sheet and estimates of pricing levels for People s United Bank s products under multiple scenarios intended to reflect instantaneous yield curve shocks. People s United Bank estimates its base case Income at Risk using current interest rates. Internal guidelines regarding IRR simulation specify that for instantaneous parallel shifts of the yield curve, estimated Income at Risk for the subsequent one-year period should not decline by more than: 10% for a 100 basis point shift; 15% for a 200 basis point shift; and 20% for a 300 basis point shift.

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The following table shows the estimated percentage increase (decrease) in People s United Bank s Income at Risk over a one-year simulation period beginning September 30, 2007. Income at Risk for a 300 basis point decline in interest rates falls outside the internal guidelines as a result of People s United Bank s current decision to invest the capital contribution from People s United Financial (in April 2007) in short-term investments.

Rate Change (basis points)	Percent Change in Income at Risk
+300	20.98%
+200	14.62
+100	7.89
-100	(6.47)
-200	(15.19)
-300	(24.34)

While the scenario where interest rates decline by 300 basis points results in an Income at Risk change falling outside of internal guidelines, management is comfortable due to the extreme flexibility inherent in People s United Bank s current investment posture, combined with the extremely low likelihood of occurrence of that scenario.

While Income at Risk simulation identifies earnings exposure over a relatively short time horizon, Market Value of Equity (MVE) takes a long-term economic perspective when quantifying IRR. MVE identifies possible margin behavior over a longer time horizon and is therefore a valuable complement of interest rate risk management. Base case MVE is calculated by estimating the net present value of all future cash flows from existing assets and liabilities using current interest rates. The base case scenario assumes that future interest rates remain unchanged.

Internal guidelines limit the exposure of a decrease in MVE resulting from instantaneous parallel shifts of the yield curve in the following manner: for 100 basis points 10% of base case MVE; for 200 basis points 15% of base case MVE; and for 300 basis points 20% of base case MVE.

The following table shows the estimated percentage increase (decrease) in People s United Bank s MVE, assuming various shifts in interest rates.

Rate Change (basis points)	Percent Change in Market Value of Equity
+300	(3.98)%
+200	(2.28)
+100	(0.95)
-100	0.16
-200	(1.20)
-300	(2.74)

Management believes People s United Bank s interest rate risk position at September 30, 2007 represents an acceptable level of risk. However, given the uncertainty of the magnitude, timing and direction of future interest rate movements and the shape of the yield curve, actual results may vary from those predicted by People s United Bank s models.

Foreign Currency Risk

Foreign exchange forward contracts are commitments to buy or sell foreign currency on a future date at a contractual price. People s United Bank uses these instruments on a limited basis to eliminate its exposure to fluctuations in currency exchange rates on certain of its commercial loans that are denominated in foreign currencies. Gains and losses on foreign exchange contracts substantially offset the translation gains and losses on the related loans.

Derivative Financial Instruments

People s United Bank uses derivative financial instruments, including interest rate swaps and interest rate floors, as components of its IRR management. People s United Bank has written guidelines that have been approved by its Board of Directors and ALCO governing the use of these financial instruments, including approved counterparties and risk limits, and controls the credit risk of these instruments through collateral, credit approvals and monitoring procedures. At September 30, 2007, each of People s United Bank s counterparties had an investment grade credit rating from the major rating agencies and is specifically approved up to a maximum credit exposure. People s United Bank s credit exposure on its derivative contracts, representing those contracts with net positive fair values including the effect of bilateral netting, amounted to $15.3 million at September 30, 2007 and $11.4 million at December 31, 2006. Derivative financial instruments have been used for market risk management purposes (principally interest rate risk) and not for trading or speculative purposes.

People s United Bank is currently using interest rate floors and interest rate swaps to manage IRR associated with certain interest-earning assets and interest-bearing liabilities. Interest rate floors, which are accounted for as cash flow hedges, are used to partially manage People s United Bank s exposure to a decrease in interest income on certain floating-rate commercial loans resulting from declines in certain interest rates. Interest rate swaps, with a notional value of $6.7 million, or less than one-half of one percent of total assets at September 30, 2007, are used to match more closely the repricing of fewer than five commercial real estate loans and the short-term funding associated with these loans. Interest rate swaps are accounted for as fair value hedges.

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The following table summarizes certain information concerning the derivative financial instruments utilized by People s United Bank in its management of IRR and foreign currency risk.

As of and for the periods ended September 30, 2007 (dollars in millions)	**Interest Rate Floors**	**Interest Rate Swaps**	**Foreign Exchange Contracts**
Notional amount at period end	$ 700.0	$ 6.7	$ 12.6
Weighted average remaining term to maturity (in months)	40	68	1
Decrease in pre-tax income for the quarter	$ (0.9)	$	$
Decrease in pre-tax income for the nine months	(2.2)		
Fair value:			
Recognized as an asset	15.7		
Recognized as a liability		0.3	0.5

As of and for the periods ended September 30, 2006 (dollars in millions)	**Interest Rate Floors**	**Interest Rate Swaps**	**Foreign Exchange Contracts**
Notional amount at period end	$ 700.0	$ 9.3	$ 13.3
Weighted average remaining term to maturity (in months)	52	76	2
Decrease in pre-tax income for the quarter	$ (0.2)	$	$
Decrease in pre-tax income for the nine months	(0.4)		
Fair value:			
Recognized as an asset	13.8		0.1
Recognized as a liability		0.2	

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Forward-Looking Statements

Periodic and other filings made by People s United Financial with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (the Exchange Act) may from time to time contain information and statements that are forward-looking in nature. Such filings include the Annual Report on Form 10-K, Quarterly Report on Form 10-Q and Current Report on Form 8-K, and may include other forms such as proxy statements. Other written or oral statements made by People s United Financial or its representatives from time to time may also contain forward-looking statements.

In general, forward-looking statements usually use words such as expect, anticipate, believe, should, and similar expressions, and include all statements about People s United Financial s operating results or financial position for future periods. Forward-looking statements represent management s beliefs, based upon information available at the time the statements are made, with regard to the matters addressed; they are not guarantees of future performance.

All forward-looking statements are subject to risks and uncertainties that could cause People s United Financial s actual results or financial condition to differ materially from those expressed in or implied by such statements. Factors of particular importance to People s United Financial include, but are not limited to: (1) changes in general, national or regional economic conditions; (2) changes in interest rates; (3) changes in loan default and charge-off rates; (4) changes in deposit levels; (5) changes in levels of income and expense in non-interest income and expense related activities; (6) residential mortgage and secondary market activity; (7) changes in accounting and regulatory guidance applicable to banks; (8) price levels and conditions in the public securities markets generally; (9) competition and its effect on pricing, spending, third-party relationships and revenues; and (10) the successful integration of Chittenden Corporation. People s United Financial does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3 Quantitative and Qualitative Disclosures About Market Risk

The information required by this item appears on pages 45 through 48 of this report.

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Item 4 Controls and Procedures

People s United Financial s management, including the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of People s United Financial s disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that People s United Financial s disclosure controls and procedures are effective, as of September 30, 2007, to ensure that information relating to People s United Financial, which is required to be disclosed in the reports People s United Financial files with the Securities and Exchange Commission under the Exchange Act, is (1) recorded, processed, summarized and reported as and when required; and (2) accumulated and communicated to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosures.

During the quarter ended September 30, 2007, there has not been any change in People s United Financial s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, People s United Financial s internal control over financial reporting.

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Part II Other Information

Item 1 Legal Proceedings

In the normal course of business, People s United Financial is subject to various legal proceedings. Management has discussed the nature of these legal proceedings with legal counsel. In the opinion of management, People s United Financial s financial condition or results of operations will not be affected materially as a result of the outcome of these legal proceedings.

Item 1A Risk Factors

There have been no material changes in risk factors since December 31, 2006.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3 Defaults Upon Senior Securities

None

Item 4 Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders of People s United Financial during the period covered by this report.

Item 5 Other Information

None

Item 6 Exhibits

The following Exhibits are filed herewith:

Exhibit No.	**Description**
*10.9	Amended and Restated People s Bank 1998 Long-Term Incentive Plan
31.1	Rule 13a-14(a)/15d-14(a) Certification
31.2	Rule 13a-14(a)/15d-14(a) Certification
32	Section 1350 Certifications

* Each exhibit identified by an asterisk constitutes a management contract or compensation plan, contract or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, People s United Financial, Inc. has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	PEOPLE S UNITED FINANCIAL, INC.
Date: November 7, 2007	By: /s/ John A. Klein John A. Klein Chairman, Chief Executive Officer and President
Date: November 7, 2007	By: /s/ Philip R. Sherringham Philip R. Sherringham Executive Vice President and Chief Financial Officer
Date: November 7, 2007	By: /s/ Christina M. Bliven Christina M. Bliven First Vice President, Acting Controller and Acting Chief Accounting Officer

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