

People's United Financial, Inc.
Form 10-Q
May 10, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

Commission File Number 001-33326

PEOPLE S UNITED FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8447891
(I.R.S. Employer
Identification No.)

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850 Main Street, Bridgeport, Connecticut
(Address of principal executive offices)

06604
(Zip Code)

(203) 338-7171

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 30, 2010, there were 374,751,032 shares of the registrant's common stock outstanding.

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Table of Contents**Item 1 - Financial Statements****People's United Financial, Inc.****Consolidated Statements of Condition - (Unaudited)**

(in millions)	March 31, 2010	December 31, 2009
Assets		
Cash and due from banks	\$ 296.3	\$ 326.0
Short-term investments (note 3)	2,527.3	3,092.0
Total cash and cash equivalents	2,823.6	3,418.0
Securities purchased under agreements to resell		400.0
Securities (note 3):		
Trading account securities, at fair value	75.7	75.7
Securities available for sale, at fair value	724.1	739.7
Securities held to maturity, at amortized cost (fair value of \$55.3 million at both dates)	55.3	55.3
Federal Home Loan Bank stock, at cost	31.1	31.1
Total securities	886.2	901.8
Loans (note 4):		
Commercial real estate	5,442.1	5,399.4
Commercial	5,178.3	4,042.5
Residential mortgage	2,468.3	2,546.9
Consumer	2,222.6	2,245.0
Total loans	15,311.3	14,233.8
Less allowance for loan losses	(172.5)	(172.5)
Total loans, net	15,138.8	14,061.3
Goodwill (notes 2 and 7)	1,517.7	1,261.7
Other acquisition-related intangibles (note 7)	248.8	253.5
Premises and equipment	258.2	264.5
Bank-owned life insurance	236.9	235.1
Other assets (note 11)	477.9	461.3
Total assets	\$ 21,588.1	\$ 21,257.2
Liabilities		
Deposits:		
Non-interest-bearing	\$ 3,313.3	\$ 3,509.0
Savings, interest-bearing checking and money market	7,641.5	7,327.9
Time	4,442.6	4,608.7
Total deposits	15,397.4	15,445.6
Borrowings:		
Repurchase agreements	164.1	144.1

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Federal Home Loan Bank advances	10.5	14.8
Total borrowings	174.6	158.9
Subordinated notes	182.2	181.8
Other liabilities (note 11)	355.3	370.2
Total liabilities	16,109.5	16,156.5
Stockholders Equity		
Common stock (\$0.01 par value; 1.95 billion shares authorized; 374.8 million shares and 348.2 million shares issued)	3.8	3.5
Additional paid-in capital	4,924.6	4,511.3
Retained earnings	874.5	914.5
Treasury stock, at cost (3.2 million shares at both dates)	(58.2)	(58.6)
Accumulated other comprehensive loss (note 5)	(72.8)	(74.8)
Unallocated common stock of Employee Stock Ownership Plan, at cost (9.3 million shares and 9.4 million shares) (note 1)	(193.3)	(195.2)
Total stockholders equity	5,478.6	5,100.7
Total liabilities and stockholders equity	\$ 21,588.1	\$ 21,257.2

See accompanying notes to consolidated financial statements.

Table of Contents**People's United Financial, Inc.****Consolidated Statements of Income - (Unaudited)**

(in millions, except per share data)	Three Months Ended	
	March 31, 2010	March 31, 2009
Interest and dividend income:		
Commercial real estate	\$ 74.1	\$ 69.0
Commercial	58.2	50.6
Residential mortgage	28.6	40.7
Consumer	22.8	23.9
Total interest on loans	183.7	184.2
Securities	8.1	9.3
Short-term investments	1.7	1.7
Securities purchased under agreements to resell	0.1	
Total interest and dividend income	193.6	195.2
Interest expense:		
Deposits	29.7	48.2
Borrowings	0.5	0.4
Subordinated notes	3.8	3.8
Total interest expense	34.0	52.4
Net interest income	159.6	142.8
Provision for loan losses	9.5	7.9
Net interest income after provision for loan losses	150.1	134.9
Non-interest income:		
Investment management fees	7.9	7.5
Insurance revenue	7.3	8.3
Brokerage commissions	2.8	3.3
Total wealth management income	18.0	19.1
Bank service charges	31.2	30.4
Merchant services income	5.8	5.8
Bank-owned life insurance	1.8	1.6
Net security gains (note 3)		5.4
Net gains on sales of residential mortgage loans	2.8	1.9
Other non-interest income	11.0	8.0
Total non-interest income	70.6	72.2
Non-interest expense:		
Compensation and benefits	96.3	88.7
Occupancy and equipment	29.8	28.0
Professional and outside service fees	13.6	10.7
Merchant services expense	4.8	4.9
Merger-related expenses (note 2)	14.7	

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Other non-interest expense (notes 7 and 12)	41.1	38.8
Total non-interest expense	200.3	171.1
Income before income tax expense	20.4	36.0
Income tax expense	6.8	11.8
Net income (note 12)	\$ 13.6	\$ 24.2
Earnings per common share (notes 6 and 12):		
Basic	\$ 0.04	\$ 0.07
Diluted	0.04	0.07

See accompanying notes to consolidated financial statements.

Table of Contents**People's United Financial, Inc.****Consolidated Statements of Changes in Stockholders' Equity - (Unaudited)****For the three months**

ended March 31, 2010	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Unallocated ESOP Common Stock	Total Stockholders Equity
(in millions, except per share data)							
Balance at December 31, 2009	\$ 3.5	\$ 4,511.3	\$ 914.5	\$ (58.6)	\$ (74.8)	\$ (195.2)	\$ 5,100.7
Comprehensive income:							
Net income			13.6				13.6
Other comprehensive income, net of tax (note 5)					2.0		2.0
Total comprehensive income							15.6
Common stock issued in the Financial Federal acquisition, net of acquisition costs (note 2)	0.3	405.2					405.5
Cash dividends on common stock (\$0.1525 per share)			(51.2)				(51.2)
Restricted stock awards		6.0	(0.1)	0.4			6.3
ESOP common stock committed to be released (note 1)			(0.4)			1.9	1.5
Common stock repurchased and retired			(1.9)				(1.9)
Stock options and related tax benefits		2.1					2.1
Balance at March 31, 2010	\$ 3.8	\$ 4,924.6	\$ 874.5	\$ (58.2)	\$ (72.8)	\$ (193.3)	\$ 5,478.6

For the three months

ended March 31, 2009	Common Stock	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Unallocated ESOP Common Stock	Total Stockholders Equity
(in millions, except per share data)							
Balance at December 31, 2008	\$ 3.5	\$ 4,485.1	\$ 1,020.9	\$ (57.9)	\$ (75.4)	\$ (202.4)	\$ 5,173.8
Comprehensive income:							
Net income			24.2				24.2
Other comprehensive income, net of tax					0.7		0.7
Total comprehensive income							24.9
Cash dividends on common stock (\$0.15 per share)			(50.2)				(50.2)
Restricted stock awards		6.9		(2.6)			4.3
ESOP common stock committed to be released (note 1)			(0.3)			1.8	1.5
Stock options and related tax benefits		1.9					1.9
Balance at March 31, 2009 (note 12)	\$ 3.5	\$ 4,493.9	\$ 994.6	\$ (60.5)	\$ (74.7)	\$ (200.6)	\$ 5,156.2

See accompanying notes to consolidated financial statements.

Table of Contents**People's United Financial, Inc.****Consolidated Statements of Cash Flows - (Unaudited)**

(in millions)	Three Months Ended	
	March 31, 2010	March 31, 2009
Cash Flows from Operating Activities:		
Net income	\$ 13.6	\$ 24.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	9.5	7.9
Depreciation and amortization of premises and equipment	9.4	7.6
Amortization of leased equipment	3.3	2.9
Amortization of other acquisition-related intangibles	4.7	5.2
Net security gains		(5.4)
Net gains on sales of residential mortgage loans	(2.8)	(1.9)
ESOP common stock committed to be released	1.5	1.5
Expense related to share-based awards	6.3	6.0
Originations of loans held-for-sale	(185.3)	(223.6)
Proceeds from sales of loans held-for-sale	204.5	156.7
Net decrease in trading account securities		5.1
Net changes in other assets and liabilities	(40.8)	41.7
Net cash provided by operating activities	23.9	27.9
Cash Flows from Investing Activities:		
Net decrease in securities purchased under agreements to resell	400.0	
Proceeds from sales of other securities		5.6
Proceeds from principal repayments of securities available for sale	29.8	1,482.2
Proceeds from principal repayments of securities held to maturity		0.1
Purchases of securities available for sale	(7.7)	(414.0)
Proceeds from sales of loans		2.7
Net loan principal collections (disbursements)	118.1	(30.7)
Purchases of premises and equipment	(2.9)	(6.0)
Purchases of leased equipment	(0.5)	(10.2)
Net cash paid in sales of branches		(8.9)
Proceeds from sales of real estate owned	4.4	0.9
Cash paid, net of cash acquired, in acquisition of Financial Federal	(291.6)	
Net cash provided by investing activities	249.6	1,021.7
Cash Flows from Financing Activities:		
Net (decrease) increase in deposits	(48.2)	586.1
Net increase (decrease) in borrowings with terms of three months or less	20.0	(2.3)
Repayments of borrowings with terms of more than three months	(786.7)	(0.3)
Cash dividends paid on common stock	(51.2)	(50.2)
Common stock repurchased and retired	(1.9)	
Proceeds from stock options exercised, including excess income tax benefits	0.1	0.1
Net cash (used in) provided by financing activities	(867.9)	533.4
Net (decrease) increase in cash and cash equivalents	(594.4)	1,583.0
Cash and cash equivalents at beginning of period	3,418.0	1,483.9

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Cash and cash equivalents at end of period	\$ 2,823.6	\$ 3,066.9
Supplemental Information:		
Interest payments	\$ 36.9	\$ 55.4
Income tax payments	1.2	1.2
Real estate properties acquired by foreclosure	4.3	4.9

The fair values of non-cash assets acquired, excluding goodwill, and liabilities assumed in the Financial Federal Corporation acquisition on February 19, 2010 were \$1.27 billion and \$832.3 million, respectively. Common stock and additional paid-in capital (net of issuance costs) increased by \$405.5 million as a result of the acquisition.

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

In the opinion of management, the accompanying unaudited consolidated financial statements of People s United Financial, Inc. (People s United Financial or the company) 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. Certain reclassifications have been made to prior period amounts to conform to the current period presentation.

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. Actual results could differ from management s current estimates, as a result of changing conditions and future events. The current economic environment has increased the degree of uncertainty inherent in these significant estimates.

Note 1 to People s United Financial s audited consolidated financial statements included in the Annual Report on Form 10-K for the year ended December 31, 2009, as supplemented by this Quarterly Report on Form 10-Q for the period ended March 31, 2010, provides disclosure of People s United Financial s significant accounting policies. Several accounting 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, such as 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. The judgments used by management in applying these critical accounting policies may be affected by a further and prolonged deterioration in the economic environment, which may result in changes to future financial results. For example, subsequent evaluations of the loan portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for loan losses in future periods, and the inability to collect outstanding principal may result in increased loan losses.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in conformity with U.S. generally accepted accounting principles have been omitted or condensed. As a result, the accompanying consolidated financial statements should be read in conjunction with People s United Financial s Annual Report on Form 10-K for the year ended December 31, 2009. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results of operations that may be expected for the entire year or any other interim period.

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PEOPLE'S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

Bank-Owned Life Insurance

Bank-owned life insurance (BOLI) represents the cash surrender value of life insurance policies purchased on the lives of certain management-level employees. BOLI funds are invested in separate accounts and are supported by a stable wrap agreement to fully insulate the underlying investments against changes in fair value. 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. The company's BOLI policies have been underwritten by highly-rated third party insurance carriers and the investments underlying these policies are deemed to be of low-to-moderate market risk.

Employee Benefit Plans

People's United Financial Employee Pension and Other Postretirement Benefit Plans

People's United Financial maintains a qualified 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.

New employees of People's United Bank starting on or after August 14, 2006 are not eligible to participate in the defined benefit pension plan. Instead, People's United Financial makes 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'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 (i) unfunded, nonqualified supplemental plans to provide retirement benefits to certain senior officers and (ii) 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 postretirement benefits over the employees' years of service to the date of their eligibility for such benefits.

Table of Contents**PEOPLE S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

Components of the net periodic benefit expense and other amounts recognized in other comprehensive income or loss for the plans described above are as follows:

(in millions)	Pension Benefits		Other Postretirement Benefits	
	2010	2009	2010	2009
For the three months ended March 31				
Net periodic benefit expense:				
Service cost	\$ 2.3	\$ 2.3	\$	\$
Interest cost	4.2	4.0	0.2	0.2
Expected return on plan assets	(6.3)	(6.2)		
Amortization of unrecognized net transition obligation			0.1	0.1
Recognized net actuarial loss	1.7	1.4		
Recognized prior service credit			(0.1)	(0.1)
Net periodic benefit expense	1.9	1.5	0.2	0.2
Other changes in plan assets and benefit obligations recognized in other comprehensive income or loss:				
Net actuarial loss	(1.7)	(1.4)		
Transition obligation			(0.1)	(0.1)
Prior service credit			0.1	0.1
Total pre-tax changes recognized in other comprehensive income or loss	(1.7)	(1.4)		
Total recognized in net periodic benefit expense and other comprehensive income or loss	\$ 0.2	\$ 0.1	\$ 0.2	\$ 0.2

Chittenden Pension Plan

In addition to the plans described above, People s United Financial continues to maintain a fully-funded qualified defined benefit pension plan that covers former Chittenden employees who meet certain eligibility requirements. Effective December 31, 2005, benefits accrued under this defined benefit plan were frozen based on participants then current service and pay levels. Net periodic benefit income for this plan totaled \$0.6 million and \$0.3 million for the three months ended March 31, 2010 and 2009, respectively.

Employee Stock Ownership Plan

In April 2007, People s United Financial established an Employee Stock Ownership Plan (the ESOP). At that time, People s United Financial loaned the ESOP \$216.8 million to purchase 10,453,575 shares of People s United Financial common stock in the open market. In order for the ESOP to repay the loan, People s United Financial expects to make annual cash contributions of approximately \$18.8 million until 2036. Such cash contributions may be reduced by the cash dividends paid on unallocated ESOP shares. At March 31, 2010, the loan balance totaled \$205.9 million.

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PEOPLE'S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

Shares of People's United Financial common stock are held by the ESOP and allocated to eligible participants annually based upon a percentage of each participant's eligible compensation. Since the ESOP was established, a total of 1,132,472 shares of People's United Financial common stock have been allocated or committed to be released to participants' accounts. At March 31, 2010, a total of 9,321,103 shares of People's United Financial common stock, with a fair value of \$145.6 million, have not been allocated or committed to be released.

Compensation expense related to the ESOP is recognized at an amount equal to the number of common shares committed to be released by the ESOP for allocation 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 released and the cost of those common shares is recorded as a credit to additional paid-in capital (if fair value exceeds cost) or, to the extent that no such credits remain in additional paid-in capital, as a charge to retained earnings (if fair value is less than cost). Expense recognized for the ESOP totaled \$1.5 million for both the three months ended March 31, 2010 and 2009.

NOTE 2. ACQUISITION OF FINANCIAL FEDERAL CORPORATION

On February 19, 2010, People's United Financial completed its acquisition of Financial Federal Corporation (Financial Federal), a financial services company providing collateralized lending, financing and leasing services nationwide to small and medium sized businesses. On the closing date, Financial Federal had total assets of \$1.28 billion.

Total consideration paid in the Financial Federal acquisition of approximately \$699 million consisted of approximately \$293 million in cash and 26.0 million shares of People's United Financial common stock with a fair value of approximately \$406 million. Cash consideration was paid at the rate of \$11.27 per share of Financial Federal common stock and stock consideration was paid at the rate of one share of People's United Financial common stock per share of Financial Federal common stock. The acquisition was accounted for as a purchase. Accordingly, Financial Federal's assets and liabilities were recorded by People's United Financial at their estimated fair values as of the closing date and People's United Financial's results of operations for the period ended March 31, 2010 include the results of Financial Federal beginning with the closing date. Included in the Consolidated Statements of Income for the three months ended March 31, 2010 are approximately \$10 million of interest income and approximately \$5 million of net income attributable to Financial Federal since the acquisition date. Merger-related expenses totaling \$14.7 million (including (i) investment advisory, legal, accounting and valuation services, (ii) debt prepayment costs and (iii) compensatory charges) were recorded in the first quarter of 2010.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

The excess of the acquisition cost over the estimated fair value of the net assets acquired has been recorded as goodwill. There were no specifically-identifiable intangible assets in the Financial Federal acquisition.

The acquisition-date estimated fair value of the assets acquired and liabilities assumed is summarized as follows:

(in millions)	
Assets:	
Cash and cash equivalents	\$ 1.9
Loans, net	1,226.1
Premises and equipment	1.6
Goodwill (1)	259.0
Other assets	42.7
Total assets	\$ 1,531.3
Liabilities:	
Borrowings	\$ 801.5
Other liabilities	30.8
Total liabilities	\$ 832.3
Total acquisition cost	\$ 699.0

(1) All goodwill was allocated to the Commercial Banking business segment.

Net deferred tax assets totaling \$18.4 million were established in connection with recording the related purchase accounting adjustments (other than goodwill). All borrowings assumed by People's United Financial were repaid prior to March 31, 2010.

The above summary includes adjustments to record Financial Federal's assets and liabilities at their respective fair values based on management's best estimate using the information available at this time. Increases or decreases in fair value of certain balance sheet amounts and other items of Financial Federal as compared to the information presented may result in further changes in the amounts recorded; however, management does not expect that such changes, if any, will be material.

The following is a summary of changes in People's United Financial's goodwill for the three months ended March 31, 2010 and 2009:

(in millions)	2010	2009
Balance January 1	\$ 1,261.7	\$ 1,261.7
Goodwill resulting from the Financial Federal acquisition	259.0	
Other adjustments	(3.0)	
Balance March 31	\$ 1,517.7	\$ 1,261.7

There were no impairment losses relating to goodwill recorded during the three months ended March 31, 2010 or 2009.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

Loans acquired in the Financial Federal acquisition have been recorded at fair value without a carryover of Financial Federal's allowance for loan losses. Fair value of the loans entails estimating the amount and timing of both principal and interest cash flows expected to be collected on such loans and then discounting those cash flows at market interest rates. The excess of a loan's expected cash flows at the acquisition date over its estimated fair value is referred to as the accretable yield, which is recognized into interest income over the remaining life of the loan.

The difference between a loan's contractually required principal and interest payments at the acquisition date and the cash flows expected to be collected at the acquisition date is referred to as the nonaccretable difference, which includes an estimate of future credit losses expected to be incurred over the life of the loan. Decreases to the expected cash flows in subsequent periods will require People's United Financial to record an allowance for loan losses. Improvements in expected cash flows in future periods will result in reversing a portion of the nonaccretable difference, which is then classified as part of the accretable yield and subsequently recognized into interest income over the remaining life of the loan. Charge-offs on acquired loans are first applied to the nonaccretable difference.

Upon acquisition, the Financial Federal portfolio had contractually required principal and interest payments receivable of \$1.39 billion, expected cash flows of \$1.31 billion, and a fair value of \$1.23 billion. The difference between the contractually required payments receivable and the expected cash flows (\$82.1 million) represents the nonaccretable difference. The difference between the expected cash flows and fair value (\$84.7 million) represents the accretable yield. Both contractually required payments receivable and expected cash flows reflect anticipated prepayments, determined based on historical portfolio experience. At March 31, 2010, the outstanding balance and the carrying amount of the acquired portfolio were \$1.21 billion and \$1.16 billion, respectively, and there was no related allowance for loan losses at that date.

The following table presents summarized unaudited pro forma selected financial information reflecting the acquisition of Financial Federal assuming the acquisition was completed as of the beginning of the respective periods:

(in millions, except per share data)	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Selected Operating Data:		
Net interest income	\$ 172.0	\$ 168.8
Provision for loan losses	9.5	10.0
Non-interest income	72.8	74.2
Non-interest expense	206.3	178.4
Net income	19.2	35.6
Basic and diluted earnings per common share	\$ 0.05	\$ 0.10

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

Pro forma diluted earnings per common share was calculated using People's United Financial's actual weighted-average shares outstanding for the periods presented, plus the incremental shares issued, assuming the acquisition occurred at the beginning of the periods presented.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)****NOTE 3. SECURITIES AND SHORT-TERM INVESTMENTS**

The amortized cost, gross unrealized gains and losses, and fair value of People's United Financial's securities are as follows:

As of March 31, 2010 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Trading account securities	\$ 75.7	\$	\$	\$ 75.7
Securities available for sale:				
Debt securities:				
U.S. Treasury and agency	11.8			11.8
GSE residential mortgage-backed securities	707.5	6.0	(1.7)	711.8
State and municipal	0.3			0.3
Total debt securities	719.6	6.0	(1.7)	723.9
Equity securities	0.2			0.2
Total securities available for sale	719.8	6.0	(1.7)	724.1
Securities held to maturity:				
Debt securities:				
Corporate	55.0			55.0
Other	0.3			0.3
Total securities held to maturity	55.3			55.3
FHLB stock	31.1			31.1
Total securities	\$ 881.9	\$ 6.0	\$ (1.7)	\$ 886.2
As of December 31, 2009 (in millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Trading account securities	\$ 75.7	\$	\$	\$ 75.7
Securities available for sale:				
Debt securities:				
U.S. Treasury and agency	10.7	0.1		10.8
GSE residential mortgage-backed securities	729.9	2.6	(4.4)	728.1
State and municipal	0.3			0.3
Total debt securities	740.9	2.7	(4.4)	739.2
Equity securities	0.5			0.5
Total securities available for sale	741.4	2.7	(4.4)	739.7

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Securities held to maturity:				
Debt securities:				
Corporate	55.0			55.0
Other	0.3			0.3
Total securities held to maturity	55.3			55.3
FHLB stock	31.1			31.1
Total securities	\$ 903.5	\$ 2.7	\$ (4.4)	\$ 901.8

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PEOPLE'S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

At March 31, 2010, five government-sponsored enterprise (GSE) residential mortgage-backed debt securities classified as available for sale, with a fair value of \$296.9 million, had unrealized losses totaling \$1.7 million for a period of less than 12 months that were directly related to changes in interest rates. Eight state and municipal securities classified as available for sale with a fair value of \$0.3 million had continuous unrealized losses for a period greater than 12 months totaling less than \$25,000 at March 31, 2010.

Management conducts a periodic review and evaluation of the securities portfolio to determine if the decline in fair value of any security is deemed to be other-than-temporary. Other-than-temporary impairment losses are recognized on debt securities when: (i) the holder has an intention to sell the security; (ii) it is more likely than not that the security will be required to be sold prior to recovery; or (iii) the holder does not expect to recover the entire amortized cost basis of the security. Other-than-temporary losses are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. Management has the ability and intent to hold the securities classified as held to maturity until they mature, at which time People's United Financial expects to receive full value for the securities. As of March 31, 2010, management believes that all impairments within the securities portfolio are temporary in nature. No other-than-temporary impairment losses were recognized in the Consolidated Statements of Income for the three months ended March 31, 2010 and 2009.

At March 31, 2010, the amortized cost of available for sale debt securities, other than residential mortgage-backed securities, and held to maturity debt securities, are as follows (by remaining period to contractual maturity): \$11.5 million within 1 year; \$0.6 million after 1 but within 5 years; \$55.1 million after 5 but within 10 years; and \$0.2 million after 10 years.

People's United Bank, as a member of the Federal Home Loan Bank of Boston (FHLB), is currently required to purchase and hold shares of capital stock in the FHLB in an amount equal to its membership base investment plus an activity based investment determined according to the company's level of outstanding FHLB advances. FHLB stock is a non-marketable equity security and is, therefore, reported at cost, which equals par value (the amount at which shares have been redeemed in the past). As with other investment securities, the investment is periodically evaluated for impairment based on, among other things, the capital adequacy of the FHLB and its overall financial condition. As a result of operating losses and a decline in capital, in February 2009 the FHLB suspended paying dividends and placed a moratorium on certain stock repurchases. Continued operating losses or further declines in capital could cause People's United Financial to conclude that the fair value of its investment in FHLB stock is less than its par value. However, based on the current capital adequacy and liquidity position of the FHLB, management believes there is no impairment in the company's investment at March 31, 2010. Management will continue to monitor the affairs of the FHLB in order to evaluate the investment for impairment.

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PEOPLE S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

People s United Financial uses the specific identification method to determine the cost of securities sold and records securities transactions on the trade date. Net security gains in the first quarter of 2009 include a gain of \$5.6 million resulting from the sale of People s United Financial s remaining Class B Visa, Inc. shares acquired as part of Visa s initial public offering. Including other minor gains and losses, net security gains totaled \$5.4 million for the three months ended March 31, 2009 (none for the three months ended March 31, 2010). In connection with the sale of its remaining Class B Visa shares, People s United Financial entered into a derivative contract with the buyer whereby the cash payments received or paid under the contract, if any, are based on the ultimate resolution of certain litigation involving Visa. The carrying amount of the derivative, which reflects People s United Financial s expectations regarding the ultimate resolution of that litigation, is not significant.

The balance of short-term investments at March 31, 2010 and December 31, 2009 included \$2.5 billion and \$3.1 billion, respectively, of interest-earning deposits at the Federal Reserve Bank of New York. For People s United Bank, such deposits are an alternative to overnight federal funds sold and had a yield of 0.25% at both March 31, 2010 and December 31, 2009. Short-term investments at both dates also included \$12.0 million of GSE debt securities with maturities of 90 days or less. Given the short duration of these securities, they are held to maturity and carried at amortized cost, which approximates fair value. These securities, which carry the implicit backing of the U.S. government but are not direct obligations of the U.S. government, had a weighted average yield of 0.16% at March 31, 2010 and 0.07% at December 31, 2009.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)****NOTE 4. LOANS**

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

(in millions)	March 31, 2010	December 31, 2009
Commercial real estate:		
Retail	\$ 1,416.3	\$ 1,388.4
Office buildings	1,324.5	1,289.9
Residential	736.2	756.3
Industrial/manufacturing	658.8	662.4
Hospitality and entertainment	518.3	523.2
Mixed/Special use	254.4	270.5
Land	168.0	161.4
Self storage	130.0	127.4
Health care	49.0	71.1
Other properties	186.6	173.9
Total commercial real estate	5,442.1	5,399.4
Commercial and industrial:		
Service	596.6	595.0
Finance, insurance and real estate	585.4	609.7
Manufacturing	523.4	514.5
Wholesale distribution	225.6	244.4
Retail sales	198.6	192.7
Health services	181.1	181.7
Construction	128.0	128.2
Public administration	80.3	85.3
Transportation/utility	75.8	77.8
Arts/entertainment/recreation	68.2	67.3
Agriculture	31.1	31.0
Other	80.9	78.1
Total commercial and industrial (1)	2,775.0	2,805.7
Equipment financing:		
Transportation/utility	730.5	355.8
Construction	546.5	
Printing	393.5	407.1
General manufacturing	180.0	170.9
Waste	170.7	
Retail sales	127.3	128.4
Packaging	88.2	88.0
Service	40.0	37.8
Food services	35.2	
Health services	25.3	24.6
Wholesale distribution	24.4	24.2

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Other	41.7	
Total equipment financing (1)	2,403.3	1,236.8
Residential mortgage:		
Adjustable rate	2,187.8	2,244.5
Fixed rate	280.5	302.4
Total residential mortgage	2,468.3	2,546.9
Consumer:		
Home equity credit lines	1,741.8	1,740.2
Second mortgages	232.0	246.1
Indirect auto	193.9	207.3
Other	54.9	51.4
Total consumer	2,222.6	2,245.0
Total loans	\$ 15,311.3	\$ 14,233.8

(1) Reported as commercial loans in the Consolidated Statements of Condition.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

Residential mortgage loans at March 31, 2010 and December 31, 2009 included loans held for sale (substantially all to be sold servicing released) of \$54.9 million and \$71.3 million, respectively, which approximate fair value.

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: (i) net actuarial gains and losses, prior service credits and costs, and transition assets and obligations related to People's United Financial's pension and other postretirement benefit plans; (ii) net unrealized gains or losses on securities available for sale; and (iii) net gains or losses on derivatives accounted for as cash flow hedges. People's United Financial's total comprehensive income for the three months ended March 31, 2010 and 2009 is reported in the Consolidated Statements of Changes in Stockholders' Equity.

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

(in millions)	March 31, 2010	December 31, 2009
Net actuarial loss and other amounts related to pension and other postretirement benefit plans	\$ (86.2)	\$ (87.6)
Net gain on derivatives accounted for as cash flow hedges	10.6	13.9
Net unrealized gain (loss) on securities available for sale	2.8	(1.1)
Total accumulated other comprehensive loss	\$ (72.8)	\$ (74.8)

The decrease in total accumulated other comprehensive loss from December 31, 2009 consisted of an after-tax increase in the net unrealized gain on securities available for sale (\$3.9 million) and an after-tax decrease in the net actuarial loss and other amounts related to pension and other postretirement benefit plans (\$1.4 million), partially offset by an after-tax decrease in the net gain on derivatives accounted for as cash flow hedges (\$3.3 million). Other comprehensive income, which is presented net of tax, totaled \$2.0 million for the three months ended March 31, 2010. There are no other-than-temporary impairment losses recognized in accumulated other comprehensive loss at March 31, 2010 or December 31, 2009. (see Note 3).

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)****NOTE 6. EARNINGS PER COMMON SHARE**

The following is an analysis of People's United Financial's basic and diluted earnings per share (EPS), reflecting the application of the two-class method, as described below:

(in millions, except per share data)	Three Months Ended	
	March 31, 2010	March 31, 2009
Net income	\$ 13.6	\$ 24.2
Dividends on participating securities	(0.5)	(0.4)
Income attributable to common shareholders	\$ 13.1	\$ 23.8
Average common shares outstanding for basic EPS	344.6	331.6
Effect of dilutive equity-based awards	0.2	0.6
Average common and common-equivalent shares for diluted EPS	344.8	332.2
Basic EPS	\$ 0.04	\$ 0.07
Diluted EPS	\$ 0.04	\$ 0.07

Effective January 1, 2009, in accordance with new accounting requirements issued by the Financial Accounting Standards Board (the FASB), unvested share-based payment awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered to participate with common stock in undistributed earnings for purposes of computing EPS. Accordingly, companies that issue share-based payment awards considered to be participating securities, including People's United Financial, are required to calculate basic and diluted EPS amounts under the two-class method. Restricted stock awards granted by People's United Financial are considered participating securities pursuant to this guidance. Calculations of EPS under the two-class method (i) exclude any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities from the numerator and (ii) exclude the dilutive impact of the participating securities from the denominator. EPS amounts for the three months ended March 31, 2010 and 2009 have been presented in accordance with these requirements.

All unallocated ESOP common shares and all common shares accounted for as treasury shares have been excluded from the calculation of basic and diluted earnings per share. A total of 10.7 million and 9.6 million anti-dilutive equity-based awards were excluded from the calculation of diluted EPS for the three months ended March 31, 2010 and 2009, respectively.

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PEOPLE'S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

NOTE 7. GOODWILL AND OTHER ACQUISITION-RELATED INTANGIBLE ASSETS

People's United Financial's goodwill totaled \$1.52 billion and \$1.26 billion at March 31, 2010 and December 31, 2009, respectively (see Note 2). At March 31, 2010, goodwill was allocated to People's United Financial's business segments as follows: Commercial Banking (\$872.9 million), Retail Banking and Small Business (\$595.0 million), and Wealth Management (\$49.8 million).

People's United Financial's other acquisition-related intangible assets totaled \$248.8 million and \$253.5 million at March 31, 2010 and December 31, 2009, respectively. At March 31, 2010, the carrying amounts of other acquisition-related intangible assets were as follows: core deposits intangible (\$87.0 million); trust relationship intangible (\$36.3 million); insurance relationship intangible (\$2.8 million); and trade name intangible (\$122.7 million). Trade name intangibles recognized by People's United Financial are deemed to have indefinite useful lives and, accordingly, are not amortized. Amortization expense of other acquisition-related intangible assets, which is included in other non-interest expense in the Consolidated Statements of Income, totaled \$4.7 million and \$5.2 million for the three months ended March 31, 2010 and 2009, respectively. The estimated aggregate amortization expense attributable to other acquisition-related intangible assets for the full-year of 2010 and each of the next five years is as follows: \$18.4 million in 2010; \$16.8 million in 2011; \$15.5 million in 2012; \$14.9 million in 2013; \$13.7 million in 2014; and \$13.1 million in 2015.

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, 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 and results of operations will not 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 included in Item 2 for segment information for the three months ended March 31, 2010 and 2009.

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PEOPLE S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

NOTE 10. FAIR VALUE MEASUREMENTS

Accounting standards related to fair value measurements define fair value, provide a framework for measuring fair value, and establish related disclosure requirements. Broadly, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Accordingly, an exit price approach is required in determining fair value. In support of this principle, a fair value hierarchy has been established that prioritizes the inputs used to measure fair value, requiring entities to maximize the use of market or observable inputs (as more reliable measures) and minimize the use of unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs generally require significant management judgment. The three levels within the fair value hierarchy are as follows:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets that the entity has the ability to access at the measurement date (such as active exchange-traded equity securities and most U.S. and government agency debt securities).

Level 2 Observable inputs other than quoted prices included in Level 1, such as:

quoted prices for similar assets or liabilities in active markets (such as U.S. agency and GSE issued mortgage-backed securities);

quoted prices for identical or similar assets or liabilities in inactive markets (such as corporate and municipal bonds that trade infrequently); and

other inputs that: (i) are observable for substantially the full term of the asset or liability (e.g. interest rates, yield curves, prepayment speeds, default rates, etc.); or (ii) can be corroborated by observable market data (such as interest rate and currency derivatives and certain other securities).

Level 3 Valuation techniques that require unobservable inputs that are supported by little or no market activity and are significant to the fair value measurement of the asset or liability (such as pricing models, discounted cash flow methodologies and similar techniques that typically reflect management's own estimates of the assumptions a market participant would use in pricing the asset or liability).

People's United Financial maintains policies and procedures to value assets and liabilities using the most relevant data available. Described below are the valuation methodologies used by People's United Financial and the resulting fair value measurement of those financial instruments reported at fair value on both a recurring and a non-recurring basis.

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PEOPLE S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

Recurring Fair Value Measurements

Investments in Debt and Equity Securities

When available, People s United Financial uses quoted market prices for identical securities received from a third party nationally recognized pricing service, to determine the fair value of investment securities such as U.S. Treasury and agency securities that are included in Level 1. When quoted market prices for identical securities are unavailable, People s United Financial uses prices provided by the independent pricing service based on recent trading activity and other observable information including, but not limited to, market interest rate curves, referenced credit spreads and estimated prepayment rates where applicable. These investments include corporate and municipal debt securities, and GSE residential mortgage-backed securities, all of which are included in Level 2.

Other Assets

People s United Financial maintains unfunded, nonqualified supplemental plans to provide retirement benefits to certain senior officers. People s United Financial has funded two trusts to provide benefit payments to the extent such benefits are not paid directly by People s United Financial, which are included in other assets in the Consolidated Statements of Condition. When available, People s United Financial uses quoted market prices for identical securities received from a third party nationally recognized pricing service, to determine the fair value of the trust assets.

Derivatives

People s United Financial values its derivatives using internal models that are based on market or observable inputs including interest rate curves and forward/spot prices for selected currencies. Derivative assets and liabilities included in Level 2 represent interest rate swaps, foreign exchange contracts, interest rate-lock commitments on residential mortgage loans, and forward commitments to sell residential mortgage loans.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

The following tables summarize People's United Financial's assets and liabilities measured at fair value on a recurring basis at March 31, 2010 and December 31, 2009:

As of March 31, 2010 (in millions)	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Assets:				
Trading account securities	\$ 75.7	\$	\$	\$ 75.7
Securities available for sale:				
U.S. Treasury and agency	11.8			11.8
GSE residential mortgage-backed securities		711.8		711.8
State and municipal		0.3		0.3
Equity securities		0.2		0.2
Other assets:				
Fixed income securities		32.3		32.3
Interest rate swaps		8.2		8.2
Foreign exchange contracts		0.1		0.1
Forward commitments to sell residential mortgage loans		0.9		0.9
Total	\$ 87.5	\$ 753.8	\$	\$ 841.3
Liabilities:				
Interest rate swaps	\$	\$ 7.2	\$	\$ 7.2
Foreign exchange contracts		0.1		0.1
Interest rate-lock commitments on residential mortgage loans		0.9		0.9
Total	\$	\$ 8.2	\$	\$ 8.2

As of December 31, 2009 (in millions)	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Assets:				
Trading account securities	\$ 75.7	\$	\$	\$ 75.7
Securities available for sale:				
U.S. Treasury and agency	10.8			10.8
GSE residential mortgage-backed securities		728.1		728.1
State and municipal		0.3		0.3
Equity securities		0.5		0.5
Other assets:				
Fixed income securities		14.2		14.2
Interest rate swaps		9.6		9.6
Foreign exchange contracts		0.1		0.1
Interest rate-lock commitments on residential mortgage loans		0.3		0.3
Total	\$ 86.5	\$ 753.1	\$	\$ 839.6

Liabilities:

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Interest rate swaps	\$	\$	8.6	\$	\$	8.6
Forward commitments to sell residential mortgage loans			0.3			0.3
Total	\$	\$	8.9	\$	\$	8.9

There were no significant transfers into or out of the Level 1 or Level 2 categories during the three months ended March 31, 2010.

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PEOPLE'S UNITED FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)

Non-Recurring Fair Value Measurements

Loans Held for Sale

Residential mortgage loans held for sale are recorded at the lower of cost or fair value and are therefore measured at fair value on a non-recurring basis. When available, People's United Financial uses observable secondary market data, including pricing on recent closed market transactions for loans with similar characteristics. Accordingly, such loans are classified as Level 2 measurements. When observable data is unavailable, valuation methodologies using current market interest rate data adjusted for inherent credit risk are used, and such loans are included in Level 3.

Impaired Loans

Loan impairment is deemed to exist when full repayment of principal and interest according to the contractual terms of the loan is no longer probable. Impaired loans are reported based on one of three measures: the present value of expected future cash flows discounted at the loan's effective interest rate; the loan's observable market price; or the fair value of the collateral if the loan is collateral dependent. Accordingly, certain impaired loans may be subject to measurement at fair value on a non-recurring basis. People's United Financial has estimated the fair values of these assets using Level 3 inputs, such as the fair value of collateral based on independent third-party appraisals for collateral-dependent loans.

Other Real Estate Owned and Repossessed Assets

Other real estate owned and repossessed assets are recorded at the lower of cost or fair value, less estimated selling costs, and are therefore measured at fair value on a non-recurring basis. People's United Financial has estimated the fair values of these assets using Level 3 inputs, such as independent third-party appraisals and price opinions. Assets that are acquired through loan default are recorded as held for sale initially at the lower of the recorded investment in the loan or fair value (less estimated selling costs) upon the date of foreclosure/repossession. Subsequent to foreclosure/repossession, valuations are updated periodically and the carrying amounts of these assets may be reduced further.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)**

The following tables summarize People's United Financial's assets measured at fair value on a non-recurring basis at March 31, 2010 and December 31, 2009:

As of March 31, 2010 (in millions)	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Loans held for sale (1)	\$	\$ 54.9	\$	\$ 54.9
Impaired loans (2)			63.0	63.0
Other real estate owned and repossessed assets (3)			58.0	58.0
Total	\$	\$ 54.9	\$ 121.0	\$ 175.9

As of December 31, 2009 (in millions)	Fair Value Measurements Using			Total
	Level 1	Level 2	Level 3	
Loans held for sale (1)	\$	\$ 71.3	\$	\$ 71.3
Impaired loans (2)			53.8	53.8
Other real estate owned and repossessed assets (3)			39.6	39.6
Total	\$	\$ 71.3	\$ 93.4	\$ 164.7

- (1) Represents residential mortgage loans; no fair value adjustments were recorded for the three months ended March 31, 2010 and 2009.
- (2) Represents impaired loans measured based on the fair value of the underlying collateral (\$32.5 million and \$30.5 million of commercial real estate loans and commercial loans, respectively, at March 31, 2010). Related impairment charges totaled \$3.0 million and \$6.9 million for the three months ended March 31, 2010 and 2009, respectively.
- (3) Represents (i) \$21.7 million of commercial real estate owned, (ii) \$4.5 million of residential real estate owned and (iii) \$31.8 million of repossessed assets at March 31, 2010. Charge-offs to the allowance for loan losses related to loans that were transferred to real estate owned and repossessed assets totaled \$1.5 million and \$1.2 million for the three months ended March 31, 2010 and 2009, respectively. Write downs and net (gain) loss on sale related to foreclosed/repossessed assets (credited) charged to non-interest expense totaled \$(0.1) million and \$0.2 million for the same periods.

Table of Contents**PEOPLE'S UNITED FINANCIAL, INC.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Unaudited) (Continued)***Fair Values of Financial Instruments*

The following is a summary of the carrying amounts and estimated fair values of People's United Financial's financial instruments:

(in millions)	March 31, 2010		December 31, 2009	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets (other than derivatives):				
Cash and cash equivalents	\$ 2,823.6	\$ 2,823.6	\$ 3,418.0	\$ 3,418.0
Securities purchased under agreements to resell			400.0	400.0
Securities (1)	886.2	886.2	901.8	901.8
Loans, net	15,138.8	15,286.2	14,061.3	13,924.8
Other assets (2)	37.8	37.8	33.9	33.9
Accrued interest receivable	57.5	57.5	54.9	54.9
Financial liabilities (other than derivatives):				
Time deposits	4,442.6	4,471.2	4,608.7	4,636.2
Other deposits	10,954.8	10,954.8	10,836.9	10,836.9
Repurchase agreements	164.1	164.1	144.1	144.1
FHLB advances	10.5	10.4	14.8	14.6
Subordinated notes	182.2	193.3	181.8	195.1
Accrued interest payable	3.8	3.8	7.2	7.2
Derivative financial instruments: (3)				
Recognized as an asset:				
Interest rate swaps	8.2	8.2	9.6	9.6
Foreign exchange contracts	0.1	0.1	0.1	0.1
Forward commitments to sell residential mortgage loans	0.9	0.9		