



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC Sections 354, 356, 358, 1221

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18 Can any resulting loss be recognized? ▶ See attached

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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attached

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_

Print your name ▶ **Signed copy available at the offices of People's United Financial** Title ▶ \_\_\_\_\_

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

**Danvers Bancorp, Inc.**  
**04-3445675**  
**Attachment to Form 8937**

**Part II Line 14 – Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:**

On July 1, 2011, Danvers Bancorp, Inc. ("Danvers"), a Delaware corporation, merged with and into People's United Financial, Inc. ("People's United"), a Delaware corporation, with People's United as the surviving corporation.

Pursuant to the terms of the Agreement and Plan of Merger by and between People's United Financial, Inc. and Danvers Bancorp, Inc. dated as of January 20, 2011 ("Merger Agreement"), upon completion of the Merger, each share of Danvers common stock outstanding at the effective time of the Danvers Bancorp Merger was converted into the right to receive either \$23.00 in cash or 1.624 shares of People's United common stock, at the election of each Danvers stockholder, subject to proration due to limitations on the aggregate amount of cash to be paid by People's United in the Danvers Bancorp Merger and depending on the election of other Danvers' stockholders, as specified in the Danvers Bancorp Merger Agreement.

Based on the final election results and applying the proration provisions set forth in the Merger Agreement, Danvers shareholders received the following merger consideration:

- Danvers shareholders received 1.624 shares of People's United common stock for each Danvers share for which they made a valid stock election;
- Danvers shareholders who expressed no preference or who did not make a valid election received 1.624 shares of People's United common stock for each Danvers share held by them; and
- For Danvers shareholders who made a valid cash election, approximately 55.3% of the Danvers shares held by such persons were exchanged for cash and the balance of the Danvers shares held by such persons were exchanged for People's United common stock, at the rate of \$23.00 for each Danvers' share exchanged for cash, and 1.624 shares of People's United common stock for each Danvers' share exchanged for stock

Under the Merger Agreement, fractional shares of People's United common stock were not issued. Instead, Danvers shareholders received cash in lieu of fractional shares based on the closing price of People's United common stock on June 29, 2011 which was the last trading day prior to the closing of the merger.

**Part II Line 15 – Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:**

The election of a U.S. holder of Danvers common stock to receive shares of People's United common stock or a combination of cash and stock in exchange for such U.S. holder's Danvers common stock has an effect on such U.S. holder's tax basis. Generally, a U.S. holder's aggregate tax basis in the People's United common stock received by such U.S. holder in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "*Cash in Lieu of Fractional Shares of People's United Common Stock*," will equal such U.S. holder's aggregate tax basis in the Danvers common stock surrendered in the merger, increased by the amount of taxable gain, if any, recognized by such U.S. holder in the merger (other than with respect to cash received in lieu of fractional shares of People's United common stock), and decreased by the amount of cash, if any, received by such U.S. holder in the merger (other than cash received in lieu of fractional shares of People's United common stock). The holding period for the shares of People's United common stock received in the merger, including any fractional shares deemed received by the U.S. holder under the treatment discussed below in "*Cash in Lieu of Fractional Shares of People's United Common Stock*," generally will include the holding period for the shares of Danvers common stock exchanged therefore.

#### ***Cash in Lieu of Fractional Shares of People's United Common Stock***

A U.S. holder of Danvers common stock who received cash instead of a fractional share of People's United common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by People's United. In general, this deemed redemption will be treated as a sale or exchange and a U.S. holder will recognize gain or loss equal to the difference between (i) the amount of cash received by such U.S. holder and (ii) the portion of the basis of the shares of Danvers common stock allocable to such fractional interest.

#### **Part II Line 16 – Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of the securities and the valuation dates:**

The closing price of People's United common stock on June 29, 2011 (the last trading day prior to the closing of the merger) was \$13.26. This was the price used in calculating cash payments made in lieu of the issuance of fractional shares of People's United common stock. The exchange ratio was 1.624, meaning that, for each share of Danvers common stock that was exchanged for People's United common stock, a Danvers shareholder received one share of People's United common stock and \$8.27 payable as cash in lieu of a fractional share (or \$13.26 times 0.624). As discussed above a U.S. holder's aggregate tax basis in the People's United common stock received in the merger, including any fractional shares deemed received, generally will equal such U.S. holder's aggregate tax basis in the Danvers common stock surrendered by such U.S. holder in the merger.

To calculate the basis of the People's United shares received divide the aggregate basis in the Danvers shares given up in the exchange by the exchange ratio of 1.624. For

example, if a U.S. Holder owned one share of Danvers with a basis of \$20 the basis in each share of People's United stock received would be rounded to \$12.32.

Aggregate basis in Danvers stock	\$20.00
Divided by exchange ratio	1.624
Basis per share People's United stock received (rounded)	\$12.32
Total basis in share of People's United stock received	\$ 12.32
Basis allocated to fractional share deemed sold	\$ 7.69

**Part II Line 18 – Can any resulting loss be recognized?**

The merger is intended to qualify for U.S. federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. Therefore, for U.S. federal income tax purposes, as a result of the merger, a U.S. holder of shares of Danvers common stock generally will only recognize gain (but not loss) in an amount not to exceed the cash received as part of the merger consideration. In addition, a U.S. holder of Danvers common stock who receives the entirety of his or her consideration in the form of cash generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her Danvers common stock. Further, for cash received in lieu of fractional shares of People's United common stock, a U.S. holder generally will recognize gain or loss equal to the difference between the amount of cash received and the basis in his or her fractional share interest.

**Part II Line 19 – Provide any other information necessary to implement the adjustment, such as the reportable tax year:**

The merger occurred on July 1, 2011. Therefore any gain or loss recognized with respect to the merger should be reported by Danvers shareholders in the tax year which includes July 1, 2011 (e.g., calendar year shareholder would report the transaction on his or her federal income tax return filed for the 2011 calendar year).

For additional information please refer to the full text of the Merger Agreement, which is included as Annex A in People's United Amendment No. 1 to Form S-4 Registration Statement filed with the Securities Exchange Commission ("SEC") on April 1, 2011.

Danvers shareholders are urged to consult their own tax advisors with respect to their individual tax consequences of the merger. The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of avoiding penalties under the Internal Revenue Code of 1986, as amended.