



April 7, 2009

Dear Stockholder:

We cordially invite you to attend the Annual Meeting of Stockholders of The Connecticut Bank and Trust Company (the "Bank"). The Annual Meeting will be held at The Hartford Golf Club, 134 Norwood Road, West Hartford, Connecticut, on Friday, May 15, 2009, at 10:00 AM local time.

The enclosed Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the Annual Meeting. After the Annual Meeting is adjourned, we will also report on the operations of the Bank. Directors and officers of the Bank, as well as a representative of Wolf & Company, P.C., the Bank's independent auditors, will be present to respond to your questions. Also, enclosed for your review is our Annual Report to Stockholders, which contains detailed information concerning the activities and performance of the Bank for the fiscal year ended December 31, 2008.

It is important that your shares are represented at the Annual Meeting, whether or not you attend the Annual Meeting in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card. If you attend the Annual Meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the Annual Meeting.

Sincerely,

A handwritten signature in cursive script, reading "David A. Lentini", is written over a yellow rectangular background.

David A. Lentini,  
*Chairman of the Board, President  
and Chief Executive Officer*

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**THE CONNECTICUT BANK AND TRUST COMPANY**  
**58 State House Square**  
**Hartford, Connecticut 06103-3902**  
**(860) 246-5200**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**  
**TO BE HELD ON MAY 15, 2009**

Notice is hereby given that on Friday, May 15, 2009, The Connecticut Bank and Trust Company (the "Bank") will hold its Annual Meeting of Stockholders at The Hartford Golf Club, 134 Norwood Road, West Hartford, Connecticut, beginning at 10:00 AM, local time. At the Annual Meeting, the stockholders will consider and vote on the following matters:

1. The election of four Class II directors to serve for terms of three years;
2. The approval to allow the Board of Directors of the Bank to declare and pay noncumulative quarterly dividends on the Bank's Fixed Rate Noncumulative Perpetual Preferred Stock, Series A (the "Preferred Stock"), issued to the United States Department of the Treasury (the "Treasury") in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock;
3. The nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee; and
4. The transaction of any business that may properly come before the Annual Meeting.

Stockholders of record at the close of business on March 24, 2009 are entitled to receive notice of and to vote at the Annual Meeting and any adjournment or postponement of the Annual Meeting.

**WHETHER OR NOT YOU EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED FORM OF PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.**

BY ORDER OF THE BOARD  
OF DIRECTORS



Anson C. Hall  
Secretary

Hartford, Connecticut  
April 7, 2009

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**PROXY STATEMENT  
OF  
THE CONNECTICUT BANK AND TRUST COMPANY  
58 STATE HOUSE SQUARE  
HARTFORD, CT 06103-3902**

**FOR ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 15, 2009**

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of The Connecticut Bank and Trust Company (the “Bank” or “we”) to be used at the 2009 Annual Meeting of Stockholders of the Bank (the “Annual Meeting”), and at any adjournment or postponement of the Annual Meeting. The Annual Meeting will be held at The Hartford Golf Club, 134 Norwood Road, West Hartford, Connecticut, on Friday, May 15, 2009, at 10:00 AM, local time.

The Bank will pay the cost of this proxy solicitation. The Bank will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of common stock of the Bank. In addition to soliciting proxies by mail, directors, officers and regular employees of the Bank may solicit proxies personally or by telephone without receiving additional compensation.

We are mailing the Notice of Meeting, this Proxy Statement, the Proxy and our Annual Report to Stockholders for 2008 (the “Annual Report”) to our stockholders on or about April 7, 2009. We will, upon written request and without charge, furnish you with additional copies of our Annual Report. Please address all such requests to us by mail to The Connecticut Bank and Trust Company, Attention: Anson C. Hall, Secretary, at the above address, or by e-mail to [ahall@thecht.com](mailto:ahall@thecht.com).

**INFORMATION ABOUT SOLICITATION AND VOTING**

**What is the purpose of the Annual Meeting?**

At the Annual Meeting, stockholders will consider and vote on the following matters:

1. The election of four Class II members to our Board of Directors to hold office for terms of three years;
2. The approval to allow the Board of Directors of the Bank to declare and pay noncumulative quarterly dividends on the Bank’s Fixed Rate Noncumulative Perpetual Preferred Stock, Series A (the “Preferred Stock”), issued to the United States Department of the Treasury (the “Treasury”) in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock;
3. The nonbinding approval of the compensation of the Bank’s named executive officers as determined by the Compensation Committee; and
4. The consideration of any other business that may properly come before the Annual Meeting.

**Who can vote at the Annual Meeting?**

Only stockholders of record at the close of business on March 24, 2009 (the “record date”) may vote at the Annual Meeting. This date is the record date for the Annual Meeting. On the record date, there were 3,572,450 outstanding shares of our common stock, \$1.00 par value per share, which we refer to in this Proxy Statement as our common stock.

**How many votes do I have?**

Each share of our common stock that you own on the record date entitles you to one vote on each matter that is voted on.

## **Is my vote important?**

Your vote is important regardless of how many shares you own. Please take the time to vote. Take a moment to read the instructions below.

## **How can I vote?**

You can vote in two ways. You can vote by mail or you can vote in person at the Annual Meeting.

*You may vote by mail.* You may vote by completing and signing the proxy card that accompanies this Proxy Statement and promptly mailing it in the enclosed postage-prepaid envelope. You do not need to put a stamp on the enclosed envelope if you mail it in the United States. The shares you own will be voted according to the instructions on the proxy card you mail. If you return the proxy card, but do not give any instructions on a particular matter described in this Proxy Statement, the shares you own will be voted in accordance with the recommendations of our Board of Directors. The Board of Directors recommends that you vote: **FOR** the election of the four Class II director nominees to our Board of Directors in Proposal 1; **FOR** the approval to allow our Board of Directors to declare and pay noncumulative quarterly dividends on the Bank's Preferred Stock issued to the Treasury in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock in Proposal 2; and **FOR** the nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee in Proposal 3.

*You may vote in person.* If you attend the Annual Meeting, you may vote by delivering your completed proxy card in person or you may vote by completing a ballot. Ballots will be available at the Annual Meeting.

## **May I change my vote after I have mailed my proxy card?**

Yes. You can change your vote and revoke your proxy at any time before the proxy is exercised at the Annual Meeting by doing any one of the following things:

- signing another proxy with a later date;
- giving our corporate secretary a written notice before or at the Annual Meeting prior to the exercise of the proxy that you want to revoke your proxy; or
- voting in person at the Annual Meeting.

Your attendance at the Annual Meeting alone will not revoke your proxy.

## **Can I vote if my shares are held in "street name"?**

If the shares you own are held in "street name" by a bank or brokerage firm, your bank or brokerage firm, as the record holder of your shares, is required to vote your shares according to your instructions. In order to vote your shares, you will need to follow the directions your bank or brokerage firm provides you. Many banks and brokerage firms also offer the option of voting over the Internet or by telephone. If Internet or telephone voting is available, instructions would be provided by your bank or brokerage firm on your vote instruction form.

If your shares are held in street name, you must bring an account statement or letter from your brokerage firm or bank showing that you are the beneficial owner of the shares as of the record date in order to be admitted to the Annual Meeting on the meeting date. To be able to vote your shares held in street name at the Annual Meeting, you will need to obtain a proxy card from the holder of record.

## **What will happen if I do not give my bank or brokerage firm instructions on how to vote my shares?**

With respect to the proposal at our Annual Meeting regarding the election of directors, your broker is entitled to use its discretion in voting your shares, even if you do not give your broker instructions as to how to vote.

With respect to (a) the proposal at our Annual Meeting for the approval to allow the Board of Directors of the Bank to declare and pay noncumulative quarterly dividends on the Bank's Preferred Stock issued to the Treasury in

accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock and (b) the proposal at our Annual Meeting for the nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee, your broker does not have discretionary voting power and accordingly may not vote your shares unless it has received voting instructions from you, the beneficial owner.

### **What constitutes a quorum?**

In order for business to be conducted at the Annual Meeting, a quorum must be present. A quorum consists of the presence, in person or by proxy, of a majority of the shares of common stock issued, outstanding and entitled to vote at the Annual Meeting, or at least 1,786,226 shares.

Shares of common stock represented in person or by proxy (including broker non-votes and shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists.

If a quorum is not present, the Annual Meeting will be adjourned until a quorum is obtained.

### **What vote is required for each proposal, and how do abstentions and broker non-votes affect such votes?**

*Election of Directors.* The four nominees receiving the highest number of votes cast at the Annual Meeting will be elected, regardless of whether that number represents a majority of the votes cast. Abstentions will have no effect on the outcome of this proposal. As noted above, because brokers have discretion to vote on the election of directors without the receipt of instructions from the beneficial owner, there will be no broker non-votes for this item.

*Payment of Dividends on Preferred Stock.* The approval of two-thirds of the outstanding shares entitled to vote at the Annual Meeting is required for the approval to allow the Board of Directors of the Bank to declare and pay noncumulative quarterly dividends on the Bank's Preferred Stock issued to the Treasury in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock.

*Nonbinding Approval of Compensation.* A majority of the votes cast at the Annual Meeting is required for the nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee. Abstentions and broker non-votes will have no impact on the approval of this advisory proposal.

If a proposal is routine, such as the election of directors, a broker or other entity holding shares for an owner in "street name" may vote on the proposal without receiving voting instructions from the owner. If a proposal is not routine, the broker or other entity may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker or other entity is unable to vote on a proposal because the proposal is not routine and the owner does not provide any instructions. The proposals on the payment of dividends on Preferred Stock and the nonbinding approval of compensation of the Bank's named executive officers are non-routine items.

If you hold your shares in a bank or brokerage account you should be aware that if you fail to instruct your bank or broker how to vote within ten days of the Annual Meeting, the bank or broker is not permitted to vote your shares in its discretion on your behalf on non-routine items. If you want to assure that your shares are voted in accordance with your wishes on the non-routine matters in this Proxy Statement, you should complete and return your voting instruction form before May 5, 2009.

### **Is voting confidential?**

Our policy is to keep all the proxies, ballots and voting tabulations confidential. The Inspector of Election will forward to Management any written comments that you make on the proxy card without providing your name.

### **How will votes be counted?**

Each share of common stock will be counted as one vote according to the instructions contained on a proper proxy card, whether executed by you directly or on a ballot voted in person at the Annual Meeting.

**Who will count the votes?**

The votes will be counted, tabulated and certified by the Bank's Inspector of Election, who shall be appointed by the Chairman of the Board of Directors at the 2009 Annual Meeting, and who shall serve at any and all adjournments or postponements thereof until his or her successor is duly appointed.

**How does the Board of Directors recommend that I vote on the proposals?**

The Board of Directors recommends that you vote:

**FOR** the election of the four Class II members to our Board of Directors to hold office for terms of three years;

**FOR** the approval to allow our Board of Directors to declare and pay noncumulative quarterly dividends on the Bank's Preferred Stock issued to the Treasury in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock; and

**FOR** the nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee.

**Will any other business be conducted at the Annual Meeting, or will other matters be voted on?**

The Board of Directors does not know of any other matters that may come before the Annual Meeting. If any matter properly comes before the Annual Meeting, the persons named in the proxy card that accompanies this Proxy Statement will exercise their judgment in deciding how to vote, or otherwise act, at the Annual Meeting with respect to that matter or proposal.

**Where can I find the voting results?**

We will report the voting results in our quarterly report on Form 10-Q for the second quarter of 2009, which we expect to file on or about August 14, 2009 with the Federal Reserve Board, the regulatory body that oversees our public filings under the Securities Exchange Act of 1934, as amended. We intend to post the Form 10-Q on our website, [www.thecbt.com](http://www.thecbt.com).

**Whom should I contact if I have any questions?**

If you have any questions about the Annual Meeting or your ownership of our common stock, please contact Anson Hall, our corporate secretary, at 58 State House Square, Hartford, CT 06103-3902, (860) 748-4251 or [ahall@thecbt.com](mailto:ahall@thecbt.com).

**DISCUSSION OF PROPOSALS****Proposal 1: Election of Four Directors**

The first proposal on the agenda for the Annual Meeting is to elect four Class II directors for three-year terms beginning at this Annual Meeting and expiring at the 2012 Annual Meeting. For a description of the three classes of directors, see "Information about Our Directors" beginning on page 7.

Upon the recommendation of the Corporate Governance Committee, the Board of Directors has been set at thirteen members and the Board of Directors has nominated four current directors — Anson C. Hall, Peter deWilde Shapiro, J. Brian Smith, and John M. Watkins, Jr. — for new, three-year terms and recommends that you vote for their re-election. The recommendation that Messrs. Hall, Shapiro, Smith, and Watkins be renominated is based on the Corporate Governance Committee's consideration of their individual credentials and experience, their prior service as directors, the contributions that they each have made to the work of the Board of Directors, their expected future contributions and their Board attendance records. The Corporate Governance Committee's process for selecting and evaluating director nominees is described under "Information about the Corporate Governance Committee Procedures" beginning on page 20. There were no nominees for director proposed by the Bank's stockholders.

Our nominees for Class II directors are listed below, with their principal occupation and business experience for at least the last five years, the names of other publicly-held companies of which they serve as a director and their age. Each nominee has served as a director of the Bank since its organization on March 12, 2004. For a description of their holdings of the Bank's stock, see "Information about Stock Ownership" on page 10.

Anson C. Hall, age 71, of Ellington, Connecticut, is Treasurer, Secretary and Chief Financial Officer of CBT, positions he has held since the Bank's organization on March 12, 2004. Mr. Hall serves as Treasurer and a Director of the Connecticut Public Health Foundation and is a incorporator of Eastern Connecticut Health Network. He is the Executive Director of the CBT Charitable Foundation.

Peter deWilde Shapiro, age 65, of Bloomfield, Connecticut, has been an attorney specializing in public affairs and real estate development since 1973. In 1991 he became the principal of Peter Shapiro & Associates, which does public affairs consulting; and he is a founding partner of ArtSpace Connecticut, LLC, which develops living and working space for artists. Mr. Shapiro was employed at The Connecticut Bank and Trust Company from 1973 through 1990 as Senior Vice President and Director of Public Affairs. He serves as a Director of the Northeastern Connecticut Community Development Corporation.

J. Brian Smith, age 66, is Co-Founder of Smith Brothers Insurance, Inc. ("SBI"). He served as President and CEO until his retirement from those duties in 2007. SBI is a multi-line agency located in Glastonbury and South Windsor, Connecticut, that was founded in 1971. Mr. Smith was a Director of New England Community Bancorp, Inc., from 1998 to 2000. He serves as President of the Nutmeg State Games and is a Director of the St. Francis Foundation.

John M. Watkins, Jr., age 66, of Farmington, Connecticut, is President and Chief Operating Officer for Applied Quality Communications, Inc., of Oxon Hill, Maryland. From 2006 to 2008 Mr. Watkins was President and Chief Operating Officer of Ingenium Corporation in Maryland. Prior to that, from 2000 to 2005, he was Chief Information Officer of Fairchild Semiconductor, headquartered in South Portland, Maine. Mr. Watkins is Chairman of the Board for Akoura Biometrics of Portland, Maine; Chairman of the State of Maryland Governor's BRAC Commission; and a Director of PowerTek Corporation of Arlington, Virginia. Prior to his time in the private sector, he had a distinguished military career from which he retired as a General Officer of the United States Army in 1995. Mr. Watkins is a past Director of the Connecticut Rivers Council, Boy Scouts of America.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE **FOR** THE ELECTION OF THE CLASS II DIRECTORS.

**Proposal 2: The Approval to Allow the Board of Directors of the Bank to Declare and Pay Noncumulative Quarterly Dividends on the Bank's Preferred Stock issued to the Treasury in accordance with Applicable Connecticut State and Federal Law During Such Period that the Treasury Holds Shares of Preferred Stock**

The second proposal on the agenda for the Annual Meeting is the approval to allow our Board of Directors to declare and pay noncumulative quarterly dividends on the Bank's Preferred Stock issued to the Treasury in accordance with applicable Connecticut State and Federal law during such period that the Treasury holds shares of Preferred Stock.

On December 19, 2008, as part of the Treasury Troubled Asset Relief Program ("TARP") Capital Purchase Program, the Bank entered into a Letter Agreement and a Securities Purchase Agreement – Standard Terms attached thereto (collectively, the "Letter Agreement") with the Treasury, pursuant to which the Bank issued and sold, and the Treasury purchased, (i) 5,448 shares of Preferred Stock, having a liquidation preference of \$1,000 per share, and (ii) a ten-year warrant to purchase up to 175,742 shares of the Bank's common stock, \$1.00 par value per share, at an exercise price of \$4.65 per share, for an aggregate purchase price of \$5,448,000 in cash.

The terms and conditions of the Preferred Stock provide for the payment of noncumulative quarterly dividends at a rate of 5% per annum for the first five years, and at a rate of 9% per annum thereafter, but only if and when declared by the Bank's Board of Directors. Any dividends declared and paid on the Preferred Stock will reduce net income, if any, available to holders of the Bank's common stock and the Bank's earnings, if any, per share of common stock.

Under Regulation H promulgated by the Federal Reserve Board (the “FRB”), the Bank may not declare or pay a dividend if the dividend would (i) exceed the Bank’s undivided profits as reportable on its Reports of Condition and Income or (ii) result in any portion of its permanent capital being withdrawn, unless the Bank has received the prior approval of the FRB and of at least two-thirds of the stockholders of each class of outstanding capital stock of the Bank. Connecticut state law also prohibits the Bank from declaring any dividend (1) except from its “net profits” or (2) in excess of its combined “net profits” for the current year and the prior two-year period without the prior approval of the Connecticut Banking Commissioner.

Since it commenced operations in March 2004, the Bank has posted net losses that resulted from anticipated start-up costs associated with developing our operating infrastructure, an initially low volume of earning assets, increasing provisions for loan losses and other noninterest expenses. These early losses are typical in new banks. As a result, the Bank has no undivided profits or net profits (i.e., negative retained earnings) and any dividend payment would be considered a reduction of permanent capital. Accordingly, the Bank would need the approval of at least two-thirds of the stockholders of the common stock of the Bank, the FRB and the Connecticut Banking Commissioner in order to declare and pay dividends on its Preferred Stock. Under current Connecticut law, the Connecticut Banking Commissioner has no authority to approve a dividend unless a bank has net profits. A bill pending in the Connecticut legislature would, if enacted, permit the Connecticut Banking Commissioner to approve a dividend even absent any net profits.

Following discussions between the Bank and the Treasury in February 2009, the Board of Directors of the Bank agreed to seek stockholder approval to allow the Board of Directors to declare and pay dividends on the Preferred Stock to the Treasury for as long as the Treasury is the holder of the Preferred Stock. The Board of Directors agreed to seek stockholder approval since it had contemplated payment of dividends on the Preferred Stock and had budgeted for such dividend payments when the Board of Directors was considering whether the Bank should participate in the TARP Capital Purchase Program in late 2008. If the stockholders approve the declaration and payment of dividends on the Preferred Stock, the Bank would still need to obtain the approval of the FRB and the Connecticut Banking Commissioner, assuming passage of the legislation described above, and comply with applicable Connecticut State and Federal law before it could pay such dividends to the Treasury.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE **FOR** THE APPROVAL TO ALLOW OUR BOARD OF DIRECTORS TO DECLARE AND PAY NONCUMULATIVE QUARTERLY DIVIDENDS ON THE BANK’S PREFERRED STOCK ISSUED TO THE TREASURY IN ACCORDANCE WITH APPLICABLE CONNECTICUT STATE AND FEDERAL LAW DURING SUCH PERIOD THAT THE TREASURY HOLDS SHARES OF PREFERRED STOCK.

**Proposal 3: The Nonbinding Approval of the Compensation of the Bank’s Named Executive Officers as Determined by the Compensation Committee**

The third proposal on the agenda for the Annual Meeting is the nonbinding approval of the compensation of the Bank’s Named Executive Officers (as defined in the next sentence) as determined by the Compensation Committee. “Named Executive Officers” are defined as the principal executive officer of the Bank and the next two highest paid employees of the Bank.

The Bank believes that its compensation policies and procedures are competitive, are focused on pay-for-performance principles and are strongly aligned with the long-term interests of the Bank’s stockholders. The Bank also believes that both the Bank and its stockholders benefit from responsive corporate governance policies and constructive and consistent dialogue. The proposal described below, commonly known as a “Say on Pay” proposal, gives you as a stockholder the opportunity to endorse or not endorse the compensation for the Bank’s Named Executive Officers by voting to approve or not approve such compensation as described in this proxy statement.

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (the “Stimulus Act”) into law. The Stimulus Act requires, among other things, every participant in the TARP to permit a nonbinding shareholder vote to approve the compensation of the participant’s executives. Accordingly, the stockholders of the Bank are being asked to approve the compensation of the Bank’s Named Executive Officers as described under “Information About Compensation of Directors and Executive Officers” beginning on page 12. Under the Stimulus Act, your vote is advisory and will not be binding upon the Board of Directors of the Bank.

However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE **FOR** THE NONBINDING APPROVAL OF THE COMPENSATION OF THE BANK'S NAMED EXECUTIVE OFFICERS AS DETERMINED BY THE COMPENSATION COMMITTEE.

## INFORMATION ABOUT OUR DIRECTORS

Our Board of Directors is divided into three classes, with members of each class holding office for staggered three-year terms. There are currently four Class I Directors, whose terms expire in 2011, four Class II Directors, whose terms expire at this Annual Meeting, and five Class III Directors, whose terms expire in 2010 (in all cases, subject to the election and qualification of their successors or their earlier death, resignation or removal). The Class II Directors, who are nominated for re-election at this Annual Meeting, are described on page 5.

Class I and Class III directors are listed below, with their principal occupation and business experience for at least the last five years, the names of other publicly-held companies of which they serve as a director, and their age. Each director has served since the organization of the Bank on March 12, 2004, other than Mr. Auriemma who joined the Board of Directors on September 20, 2004.

### Class I Directors

P. Anthony Giorgio, PhD, age 68, of Avon, Connecticut, serves as President and Chief Executive Officer of three companies in the management consulting and real estate fields, ARG Resource Management LLC, ARG Real Estate LLC, and ARG Development LLC. He has held these positions since 1986. Dr. Giorgio is also a Co-Founder and Managing Director of The Keystone Companies LLC, a developer of commercial, retail and residential properties that was founded in 2002. He is a Director of St. Francis Care and St. Francis Hospital and Medical Center. He serves as Director and Secretary of the Rehabilitation Hospital of Connecticut. Dr. Giorgio is also a Director on the Board of Visitors of Hillyer College of the University of Hartford and is a Director of the Malta House of Care.

Solomon Kerensky, age 71, of South Windsor, Connecticut, is a founding partner of Kahan, Kerensky & Capossela, LLP, a law firm of Vernon, Connecticut, that was founded in 1965. Mr. Kerensky is managing member of the Talcottville Development Company, LLC. He is a former director of Vernon National Bank and New England Community Bancorp.

Karl J. Krapek, Lead Director, age 60, of Avon, Connecticut, is Co-Founder and Managing Director of The Keystone Companies LLC, a developer of commercial, retail and residential properties that was founded in 2002. He is a Director of Prudential Financial, Inc., Visteon Corporation, and Northrop Grumman Corporation. He is Vice Chairman of the Board of Trustees of the Connecticut State University System for which he chairs the Board's Finance and Administration Committee. Mr. Krapek is a Director and Chair of the Strategic Planning Committee of St. Francis Care, and he serves as Chairman of the Hartford Youth Scholars Foundation.

Philip J. Schulz, age 64, of Simsbury, Connecticut, retired as Managing Partner of the Hartford, Connecticut, office of PricewaterhouseCoopers in 2003 after serving as Managing Partner of the Hartford, Connecticut, office of PricewaterhouseCoopers from 1990 to 2003. Mr. Schulz is a Director of the Olin Corporation and serves as the Chairman of its Audit Committee and a member of its Governance and Executive Committees. He is Chairman of the Board of Trustees of St. Joseph College; a Director of St. Francis Hospital and Medical Center and Chairman of its Audit Committee; and serves on the Board of Directors of the McLean Trust.

### Class III Directors

Geno Auriemma, age 55, of Manchester, Connecticut, has been head coach of the University of Connecticut women's basketball team since 1986, is a five-time national Coach-of-the-Year and has won or shared the BIG EAST Coach-of-the-Year eight times. He serves as Vice President of the Executive Committee of the Women's Basketball Coaches Association. An accomplished speaker, he is involved in numerous regional and state charitable and educational efforts including the national V Foundation for Cancer Research.

Frank A. Falvo, age 66, of Wethersfield, Connecticut, has been retired since 2000. Prior to his retirement, he was President and Chief Executive Officer of Equity Bank from 1987 to 1999.

John A. Green, age 53, of West Hartford, Connecticut, has been President and Chief Executive Officer of Lux Bond & Green, Inc., a high-fashion retail jeweler, since 1979. Mr. Green is Chairman of Jewelers of America and past Chairman of the Jewelry Information Center. He is a board member of the Connecticut Historical Society and The St. Francis Foundation.

David A. Lentini, age 62, of West Hartford, Connecticut, has been Chairman, President and Chief Executive Officer of CBT since the Bank's organization on March 12, 2004. He is a Director of the Federal Reserve Bank of Boston and also serves as Director for the Connecticut Water Services, Inc. and the Cooper-Atkins Corporation. Mr. Lentini is a Director of St. Francis Hospital and Medical Center; and is a Director of the St. Francis Foundation. He serves as Vice Chairman of the Board of Trustees of the Renbrook School.

Joan L. Rusconi, age 67, of West Hartford, Connecticut, is part owner and Vice President of Finance of The Rusconi Company of Hartford, Connecticut, an investment banking financial advisory services firm that assists small-to medium-sized, closely held businesses. She has held such positions since 1985. She serves on the Boards of Directors of several privately held companies and has established an endowment at the University of Connecticut School of Business to provide scholarships to undergraduate students in the school's accounting department.

### **Independence**

All of our directors except Mr. Lentini, our President and Chief Executive Officer, Mr. Hall, our Chief Financial Officer, and Mr. Auriemma are "independent directors" as defined in the Nasdaq Stock Market listing standards.

### **Meetings of the Board of Directors**

During the year ended December 31, 2008, the Board of Directors of the Bank held 11 meetings. No director attended fewer than 75% of the total meetings of the Board of Directors or committees on which he or she served.

***Attendance at the Annual Meeting.*** The Board of Directors encourages directors to attend the Annual Meeting of stockholders. Twelve directors attended the 2008 Annual Meeting of Stockholders.

***Meetings of Nonmanagement Directors.*** Nonmanagement members of the Board of Directors generally conduct meetings in executive session, without members of management being present, immediately following the regularly-scheduled meetings of the full Board of Directors. Mr. Krapek, as Lead Director, serves as the presiding director of such meetings.

### **Committees of the Board of Directors**

***Audit Committee.*** The Bank has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The Audit Committee, consisting of Philip J. Schulz (chair), P. Anthony Giorgio, Karl J. Krapek, Joan L. Rusconi and Peter deWilde Shapiro, meets periodically with our independent auditors and management to review accounting, auditing, internal audit and financial reporting matters. This Committee met eight times during the year ended December 31, 2008. Each member of the Audit Committee is independent in accordance with the listing standards of the Nasdaq Stock Market. The Board of Directors has determined that Philip J. Schulz is an audit committee financial expert under the rules of the Securities and Exchange Commission. The Audit Committee acts under a written charter adopted by the Board of Directors, a copy of which is available on CBT's website at [www.thecbt.com](http://www.thecbt.com). The report of the Audit Committee required by the rules of the Securities and Exchange Commission is included in this Proxy Statement on page 19.

***Compensation Committee.*** During 2008, the Compensation Committee, consisting of Karl J. Krapek (chair), Frank A. Falvo, P. Anthony Giorgio, Philip J. Schulz, and Peter DeWilde Shapiro oversaw and made recommendations to the full Board of Directors on certain compensation matters. This Committee met four times during the year ended

December 31, 2008. Each member of the Compensation Committee is independent in accordance with the listing standards of the Nasdaq Stock Market. The Compensation Committee operates under a written charter adopted by the Board of Directors, a copy of which is available on CBT's website at [www.thecbt.com](http://www.thecbt.com). The report of the Compensation Committee required by the rules of the Securities and Exchange Commission is included in this Proxy Statement on page 16.

**Corporate Governance Committee.** During 2008, the Corporate Governance Committee oversaw the broad range of issues regarding the Bank's governance policies and practices, including recommending to the Board of Directors the corporate governance policies and guidelines applicable to the Bank and monitoring compliance with these policies and guidelines. In addition, the Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for election at the next Annual Meeting of Stockholders. This Committee also led the Board in its annual review of the Board's performance and recommended to the Board, director candidates for each committee for appointment by the Board. The Corporate Governance Committee met three times during the year ended December 31, 2008. This Committee currently consists of John A. Green (chair), P. Anthony Giorgio, Solomon Kerensky, and Karl J. Krapek. Each member of the Corporate Governance Committee is independent in accordance with the listing standards of the Nasdaq Stock Market. The Governance Committee operates under a written charter adopted by the Board of Directors, a copy of which is available on CBT's website at [www.thecbt.com](http://www.thecbt.com). The procedures of the Corporate Governance Committee required to be disclosed by the rules of the Securities and Exchange Commission are included in this Proxy Statement beginning on page 20.

### **Directors' Compensation**

The Bank did not pay directors' fees during 2008. Thereafter, the Bank may pay its directors' fees commensurate with the duties of Bank directors and those of board committee membership. These fees will be consistent with norms established by banks within its peer group. Directors are also eligible to participate in the Bank's 2005 Stock Option and Award Plan, although no option grants or equity awards have been made to nonemployee directors under this plan to date.

### **Code of Ethics and Business Conduct**

The Bank has adopted a Code of Ethics and Business Conduct that is designed to promote the highest standards of ethical conduct by the Bank's directors, executive officers and employees. The Code of Ethics and Business Conduct requires that the Bank's directors, executive officers and employees avoid conflicts of interest, comply with all laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in the Bank's best interest. Under the terms of the Code of Ethics and Business Conduct, directors, executive officers and employees are required to report any conduct that they believe in good faith to be an actual or apparent violation of the Code. The Code of Ethics is available on the Bank's website at [www.thecbt.com](http://www.thecbt.com). Amendments to or waivers from the Code of Ethics will be discussed in Form 8-Ks filed by the Bank and accessible on the Bank's website.

## INFORMATION ABOUT NONDIRECTOR EXECUTIVE OFFICERS

Lyle T. Fulton, age 44, of Wethersfield, Connecticut, is Executive Vice President and the Chief Lending Officer. He serves as Treasurer of the Wethersfield Historical Society and is Past President.

Deborah S. Davis, age 53, of South Windsor, Connecticut, has been Executive Vice President of the Bank, Retail and Banking Operations since March 1, 2004, and was named Chief Information Officer this past year.

## INFORMATION ABOUT STOCK OWNERSHIP

The following table provides information, as of the record date of March 24, 2009, with respect to persons believed by the Bank to be the beneficial owners of more than 5% of the Bank's outstanding common stock. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investing power.

	Number of Shares Owned (1)	Percent of Common Stock Outstanding (2)
Northaven Management, Inc., et al 375 Park Avenue, Suite 2709 New York, NY 10152	352,400	9.86%
Sandler O'Neill Asset Management, LLC 780 Third Avenue, 5th Floor New York, NY 10017-2024	258,900	7.25%
Mendon Capital Advisors Corp 150 Allen's Creek Road Rochester, NY 14618	234,304	6.56%
Wellington Management Company, LLP 75 State Street Boston, MA 02109	232,800	6.52%

(1) Aggregate holdings have been confirmed via telephone with all listed shareholders.

(2) Percentages are based on a total of 3,572,450 shares of common stock outstanding on March 24, 2009.

The following table provides information about the shares of Bank common stock that may be considered to be owned by each director of the Bank, by each of the executive officers named in the Summary Compensation Table, and by all directors and executive officers of the Bank as a group as of March 24, 2009. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown. The address for each director and officer is c/o The Connecticut Bank and Trust Company, 58 State House Square, Hartford, Connecticut 06103.

Name	Number of Shares Owned (excluding Options and Warrants)	Number of Shares That May Be Acquired Within 60 Days By Exercising Options/Warrants	Percent of Common Stock Outstanding (1)
Geno Auriemma	33,026	5,000	1.06%
Frank A. Falvo	4,000	600	0.13%
P. Anthony Giorgio	24,000 (4)	5,000	0.81%
John A. Green	10,605	5,000	0.44%
Anson C. Hall	37,526 (2) (5)	15,000	1.46%
Solomon Kerensky	20,000 (6)	5,000	0.70%
Karl J. Krapek	58,815 (7)	5,000	1.78%
David A. Lentini	49,226 (2) (3)	20,000	1.93%
Joan L. Rusconi	31,426 (8)	5,000	1.02%
Philip J. Schulz	22,263	5,000	0.76%
Peter D. Shapiro	3,300 (9)	1,000	0.12%
J. Brian Smith	18,000	2,500	0.57%
John M. Watkins, Jr.	17,632 (10)	5,000	0.63%
Deborah S. Davis	8,500 (2)	7,500	0.45%
Lyle T. Fulton	8,000 (2)	7,500	0.43%
All Directors and Executive Officers as a Group (16 persons).	346,319	95,100	12.04%

- (1) Percentages are based on a total of 3,572,450 shares of common stock outstanding on March 24, 2009. For holders of options or warrants exercisable within 60 days after March 24, 2009, the number of shares so exercisable by each such holder has been added to the denominator for purposes of calculating such holder's percentage ownership.
- (2) Includes all shares of restricted stock granted in 2005 and 2004.
- (3) Includes 1,000 shares for the benefit of a child.
- (4) Includes 6,000 shares owned by Mr. Giorgio's spouse and for the benefit of his children.
- (5) Owned jointly with Mr. Hall's spouse.
- (6) Includes 5,000 shares held by partnership in which Mr. Kerensky has voting and investment power.
- (7) Includes 20,000 shares owned by two children
- (8) Includes 19,426 shares owned by The Rusconi Co. Pension Plan, of which Ms. Rusconi is a co-trustee.
- (9) Includes 2,100 shares owned by Mr. Shapiro's spouse and 100 shares held for the benefit of a child of which Mr. Shapiro disclaims beneficial ownership.
- (10) Includes 2,500 shares each owned by Mr. Watkins' spouse and two children.

## Information about Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Bank's executive officers, directors and 10% shareholders to file reports regarding initial ownership and changes in ownership with the Board of Governors of the Federal Reserve System and any exchange upon which the Bank's securities are listed. Executive officers, directors and 10% shareholders are required by Securities and Exchange Commission regulations to furnish the Bank with copies of all Section 16(a) forms they file. The Bank's information regarding compliance with Section 16(a) is based solely on a review of the copies of such reports furnished to the Bank by the Bank's executive officers, directors and 10% shareholders. Based on this review, the Bank believes that, during the fiscal year ending December 31, 2008, all of its executive officers, directors and 10% shareholders complied with all applicable Section 16(a) filing requirements.

### INFORMATION ABOUT COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

#### Summary Compensation Table

Name and Principal Positions	Year	Salary	Bonus Paid	Stock awards	Option awards	All Other	Total
David A. Lentini <i>Chief Executive Officer</i>	2008	\$188,221	\$35,000	\$39,000	\$ 16,860	\$20,075	\$299,156
	2007	\$187,500	\$45,000	\$39,000	\$ 16,860	\$21,748 <sup>1</sup>	\$310,108
	2006	\$181,000	\$70,000	\$39,000	\$ 9,090	\$19,369 <sup>1</sup>	\$318,459
Anson C. Hall <i>Chief Financial Officer</i>	2008	\$140,019	\$30,000	\$26,000	\$ 11,240	\$17,964	\$225,223
	2007	\$139,500	\$40,000	\$26,000	\$ 11,240	\$18,869 <sup>1</sup>	\$235,609
	2006	\$135,000	\$55,000	\$26,000	\$ 6,060	\$19,546 <sup>1</sup>	\$241,606
Deborah S. Davis <i>Chief Information Officer</i>	2008	\$123,481	\$25,000	\$22,500	\$ 8,430	\$6,652	\$186,063
	2007	\$123,000	\$30,000	\$22,500	\$ 8,430	\$6,645 <sup>2</sup>	\$190,575
	2006	\$119,000	\$37,000	\$22,500	\$ 4,545	\$6,585 <sup>2</sup>	\$189,630
Lyle T. Fulton <i>Chief Lending Officer</i>	2008	\$123,481	\$25,000	\$22,500	\$ 8,430	\$6,652	\$186,063
	2007	\$123,000	\$30,000	\$22,500	\$ 8,430	\$6,645 <sup>2</sup>	\$190,575
	2006	\$119,000	\$36,000	\$22,500	\$ 4,545	\$6,585 <sup>2</sup>	\$188,630

(1) Automobile, country club membership, 401(k) match and supplemental insurance.

(2) Automobile allowance and 401(k) match.

#### Narrative Disclosure to Summary Compensation Table

(1) *Stock Awards.* In August 2004 the Board of Directors approved restricted stock grants of 7,500 shares for Ms. Davis and Mr. Fulton with an aggregate value of \$112,500 for each of them based upon a per share value of \$15.00. In February 2005, the Board of Directors approved restricted stock grants of 15,000 shares for Mr. Lentini and 10,000 shares for Mr. Hall. The aggregate value of the shares received by Mr. Lentini and Mr. Hall is \$195,000 and \$130,000, respectively, based on a per share value of \$13.00 as of the award date of May 2, 2005. These restricted shares vest in equal increments over five years and are eligible to receive dividends.

(2) *Option Awards.* For information about grant dates and vesting dates of stock option awards, see "Outstanding Equity Awards at Fiscal Year End" below. The per share weighted average fair values of the stock options granted in 2007 and 2005 were \$2.59 and \$3.03 respectively on the grant dates using the Black-Scholes option-pricing model with the following assumptions:

Risk-free interest rate  
     4.79% for grants made in 2007  
     4.49% for grants made in 2005  
 Expected life of options 10 years  
 Expected volatility of stock price 20%  
 Expected dividend yield 0%

Expected volatility is based upon the historical volatility of CBT's common stock. The risk-free interest rate for the period within the contractual life of the option is based upon the ten-year treasury rate at the date of the grant.

### **Employment Agreements**

At December 31, 2008, the Bank maintained employment agreements with Messrs. Lentini and Hall. Mr. Lentini's employment agreement has a three-year term that expires in March 2010. Mr. Hall's employment agreement expires in April 2010. The continued success of the Bank depends to a significant degree on the skills and competence of Messrs. Lentini and Hall.

The employment agreements provide that the executive's base salary will be reviewed annually. The current base salaries for Messrs. Lentini and Hall are \$187,500 and \$142,200, respectively. In addition to the base salary, the employment agreements provide for, among other things, participation in various cash incentive plans and stock-based compensation programs in an amount and form set by the Compensation Committee, who may establish one or more individual or corporate goals for each year, the achievement of which may be a condition to payment of the incentive compensation. The agreements further provide for participation in various employee benefit plans, as well as furnishing fringe benefits available to similarly situated executive personnel.

The employment agreements provide for termination by the Bank for cause, as defined in the employment agreements, at any time. In case of termination due to retirement, by the Bank for cause or termination by the executive, other than for special circumstances constituting constructive termination, the executive shall be entitled only to salary and reasonable expenses accrued through the date of termination. In the case of termination for death or disability, base salary (or in the case of disability, only such excess of base salary over disability payments) shall be continued for six months. If the Bank terminates the executive's employment for reasons other than for cause, and other than death, disability or retirement, or if the executive resigns from the Bank after specified circumstances that would constitute constructive termination, the executive or, if the executive dies, his or her beneficiary, would be entitled to receive an amount equal to the base salary and incentive compensation payments at the then current rate for the remainder of the term, and, in any event, no less than one year, any granted but unexercised stock options and any restricted stock awards shall be accelerated as though the executive had continued service through the balance of the term of the employment agreement, health benefits shall be continued for eighteen months following termination and the Compensation Committee may, in its discretion, continue and/or pay for the executive's life, dental and disability coverage and other fringe benefits for the remaining term of the employment agreement. If termination is without cause or by the executive for circumstances constituting good reason after a change of control (as defined in the agreement), then the base salary payments described in the previous sentence shall be paid in a lump sum amount equal to base salary for a period of three years. The employment agreements restrict each executive's right to compete against the Bank for a period of three years from the date of termination if the executive voluntarily terminates employment or his or her employment is terminated for cause, and restricts each executive's right to compete against the Bank for a period of two years from the date of termination if the termination is under any other circumstance.

### **Effect of Current Financial Crisis – Participation in Treasury's Capital Purchase Program**

On December 19, 2008, we entered into a Securities Purchase Agreement with the United States Department of the Treasury that provides for our participation in the Capital Purchase Program ("CPP") under the Treasury's Troubled Assets Relief Program ("TARP"). CPP participants must accept several Named Executive Officer compensation-related limitations that are associated with this Program. On December 19, 2008, each of our Named Executive Officers agreed in writing to accept the CPP compensation standards and thereby cap or eliminate some of their contractual or legal rights. The provisions agreed to were as follows:

- **No Golden Parachute Payments.** "Golden parachute payment" under the CPP means a severance payment resulting from involuntary termination of employment, or from bankruptcy of the employer, that exceeds three times the terminated employee's average annual base salary over the five years prior to termination. Our Named Executive Officers have agreed to forego all golden parachute payments for as long as two conditions remain true: They remain "senior executive officers" (CEO and the next two highest-paid executive officers), and the Treasury continues to hold our equity or debt securities we issued to it under the CPP (the period during which the Treasury holds those securities is the "CPP Covered Period").

- Recovery of Bonus, Retention Awards, and Incentive Compensation if Based on Certain Material Inaccuracies. Our Named Executive Officers have also agreed to a “clawback provision,” which means that we can recover any bonus, retention award or incentive compensation paid during the CPP Covered Period that is later found to have been based on materially inaccurate financial statements or other materially inaccurate measurements of performance.
- No Compensation Arrangements that Encourage Excessive Risks. During the CPP Covered Period, we are not allowed to enter into compensation arrangements that encourage Named Executive Officers to take “unnecessary and excessive risks that threaten the value” of the Bank. To make sure this does not happen, the Compensation Committee is required to meet at least once a year with our senior risk officers to review our executive compensation arrangements in the light of our risk management policies and practices.
- Limitation on Federal Income Tax Deductions. During the CPP Covered Period, we are not allowed to take federal income tax deductions for compensation paid to senior executive officers in excess of \$500,000 per year.

### **Effect of the Current Financial Crisis – Restrictions Added by 2009 Stimulus Act**

On February 17, 2009, President Obama signed the American Recovery and Reinvestment Act of 2009 (the “Stimulus Act”) into law. The Stimulus Act modified the compensation-related limitations contained in the CPP, created additional compensation-related limitations and directed the Secretary of the Treasury to establish standards for executive compensation applicable to participants in the TARP. The compensation-related limitations modified by the Stimulus Act which are subject to standards to be established by the Secretary of the Treasury are as follows:

- No Severance Payments. Under the Stimulus Act, “golden parachutes” were redefined as any severance payment resulting from involuntary termination of employment, or from bankruptcy of the employer, except for payments for services performed or benefits accrued. Consequently under the Stimulus Act, we are prohibited from making any severance payment during the CPP Covered Period to our “senior executive officers” (defined in the Stimulus Act as the Named Executive Officers) and our next five most highly compensated employees.
- Recovery of Bonus, Retention Awards and Incentive Compensation if Based on Certain Material Inaccuracies. The Stimulus Act also contains the “clawback provision” discussed above but extends its application to any bonus, retention award or awards and incentive compensation paid to any of our senior executive officers or our next 20 most highly compensated employees during the CPP Covered Period that is later found to have been based on materially inaccurate financial statements or other materially inaccurate measurements of performance.
- No Compensation Arrangements that Encourage Earnings Manipulation. Under the Stimulus Act, during the CPP Covered Period, we are not allowed to enter into compensation arrangements that encourage manipulation of our reported earnings to enhance the compensation of any of our employees.
- Limit on Incentive Compensation. The Stimulus Act contains a provision that prohibits the payment or accrual during the CPP Covered Period of any bonus, retention award or incentive compensation to our most highly compensated employee other than awards of long-term restricted stock that (i) do not fully vest during the CPP Covered Period, (ii) have a value not greater than one-third of the total annual compensation of the award recipient and (iii) are subject to such other restrictions as may be determined by the Secretary of the Treasury. We do not know whether awards of incentive stock options are covered by this prohibition. The prohibition on bonus, incentive compensation and retention awards does not preclude payments required under written employment contracts entered into on or prior to February 11, 2009.
- Compensation Committee Functions. The Stimulus Act requires that our Compensation Committee be comprised solely of independent directors and that it meet at least semiannually to discuss and evaluate our employee compensation plans in light of an assessment of any risk posed to us from such compensation plans.
- Compliance Certifications. The Stimulus Act also requires a written certification by our Chief Executive Officer and Chief Financial Officer of our compliance with the provisions of the Stimulus Act. These

certifications must be contained in the Bank's Annual Report on Form 10-K beginning with the Annual Report on Form 10-K for the fiscal year ending December 31, 2009.

- **Treasury Review of Bonuses Previously Paid.** The Stimulus Act directs the Secretary of the Treasury to review all compensation paid to our senior executive officers and our next 20 most highly compensated employees to determine whether any such payments were inconsistent with the purposes of the Stimulus Act or were otherwise contrary to the public interest. If the Secretary of the Treasury makes such a finding, the Secretary of the Treasury is directed to negotiate with the CPP recipient and the subject employee for appropriate reimbursements to the federal government with respect to compensation and bonuses found to be excessive.
- **Say on Pay.** Under the Stimulus Act, the SEC is required to promulgate rules requiring an advisory, nonbinding say on pay vote by the shareholders on executive compensation at the annual meeting during the CPP Covered Period. The Bank will comply with the provisions of the Stimulus Act and its implementing regulations in all respect, which includes the submission of "Proposal 3: The nonbinding approval of the compensation of the Bank's named executive officers as determined by the Compensation Committee" set forth in this proxy statement.

### Outstanding Equity Awards at Fiscal Year End

Name	Date of award or Grant	Option Awards				Stock Awards	
		Number of securities underlying unexercised options exercisable	Number of securities underlying unexercised options ) unexercisable <sup>1</sup>	Option exercise price	Option expiration date	Number of shares that have not vested <sup>2</sup>	Market value of shares of units of stock that have not vested at December 31, 2008
David A. Lentini <i>Chief Executive Officer</i>	1/16/2007	3,000	12,000	\$ 7.70	1/16/2017	6,000 <sup>(3)</sup>	\$ 18,000
	12/6/2005	9,000	6,000	\$ 9.25	12/6/2015		
	5/11/2005						
Anson C. Hall <i>Chief Financial Officer</i>	1/16/2007	2,000	8,000	\$ 7.70	1/16/2017	4,000 <sup>(3)</sup>	\$ 12,000
	12/6/2005	6,000	4,000	\$ 9.25	12/6/2015		
	5/11/2005						
Deborah Davis <i>Chief Information Officer</i>	1/16/2007	1,500	6,000	\$ 7.70	1/16/2017	1,500 <sup>(4)</sup>	\$ 4,500
	12/6/2005	4,500	3,000	\$ 9.25	12/6/2015		
	9/17/2004						
Lyle T. Fulton <i>Chief Lending Officer</i>	1/16/2007	1,500	6,000	\$ 7.70	1/16/2017	1,500 <sup>(4)</sup>	\$ 4,500
	12/6/2005	4,500	3,000	\$ 9.25	12/6/2015		
	9/17/2004						

(1) Stock options vest annually on the anniversary of the award date at the rate of 20% per year,

(2) Shares of restricted stock vest at the rate of 20% per year.

(3) Vesting dates are 5/11/2006, 5/11/2007, 5/11/2008, 5/11/2009 and 5/11/2010.

(4) Vesting dates are 9/17/2005, 9/17/2006, 9/17/2007, 9/17/2008 and 9/17/2009

### Director Compensation

CBT's Directors did not receive any compensation for their services as directors in 2008.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee is composed of five Directors, Messrs. Krapek (chair), Falvo, Giorgio, Schulz and Shapiro, each of whom meets the standard for independence required under the applicable listing rules of the Nasdaq Stock Market. The Compensation Committee met four times during 2008. The Committee is responsible for reviewing the Bank's overall compensation policies, setting the compensation of the Bank's Chief Executive Officer and, with the input of the Chief Executive Officer, setting the compensation of the Bank's other executive officers. The Compensation Committee has discretion to retain outside consultants from time to time to provide advice regarding trends in compensation practices and comparative benchmarking data.

### Compensation Philosophies and Goals

The Bank's executive compensation program for 2008 consisted of a combination of base salary and cash bonuses, and was designed in large part to align executive incentives with our strategic goals. Accordingly, a material portion of the total cash compensation potentially payable to the Bank's executive officers was directly linked to the achievement of specific goals, including but not limited to results of operations.

The Compensation Committee may provide executives with an equity interest in the Bank through the granting of restricted common stock and/or stock options to align the executives' equity interests with those of the shareholders. The Compensation Committee will base its review of each of the recommended grants on its evaluation of the executive's responsibilities, the executive's present and expected future contributions to the Bank, the executive's current stock holdings and the equity awards made by comparable companies to their executive officers.

In addition to structuring its executive compensation program in a manner, which will reward executives for the achievement of the Bank's objectives, we also seek to use our compensation program to attract and retain key executives.

### Compensation in 2008

**Salary:** The base salary parameters were established by the Compensation Committee through comparisons with organizations of similar size and complexity to CBT. Compensation levels were set with the objective of ensuring that executive officer base salaries, when considered as a part of total compensation, were adequate and competitive with the peer organizations of CBT based on asset size, years in operation, business nature. For these purposes, the Committee utilized the Connecticut Bankers Association Compensation Survey and America's Community Bank's 2008 Executive Compensation Report.

Bonus payments to our executive officers and other members of senior management are based on the achievement of the Bank's objectives relating to operating results as well as the Executive's accomplishment of specifically assigned projects or specific performance goals. The Compensation Committee is responsible for approving the target amount of bonus compensation payable to each executive officer and the criteria governing bonus payments, after considering the recommendations of the Chief Executive Officer with respect to all other executive officers. As the Bank grows, the Compensation Committee anticipates that the portion of compensation tied to performance will increase in keeping with the Bank's desire to create a performance-oriented environment through its compensation program. No Bonuses were awarded for 2008.

In 2008, the Compensation Committee made no awards of stock options to CBT's executive officers.

### Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to a corporation's Chief Executive Officer and the four other most highly compensated executive officers. In adopting and administering the Bank's executive compensation plans and arrangements, the Compensation Committee considers whether the deductibility of such compensation will be limited under Section 162(m) of the Code.

#### Members of the Compensation Committee

**Karl J. Krapek, Chairperson**

**Frank A. Falvo**

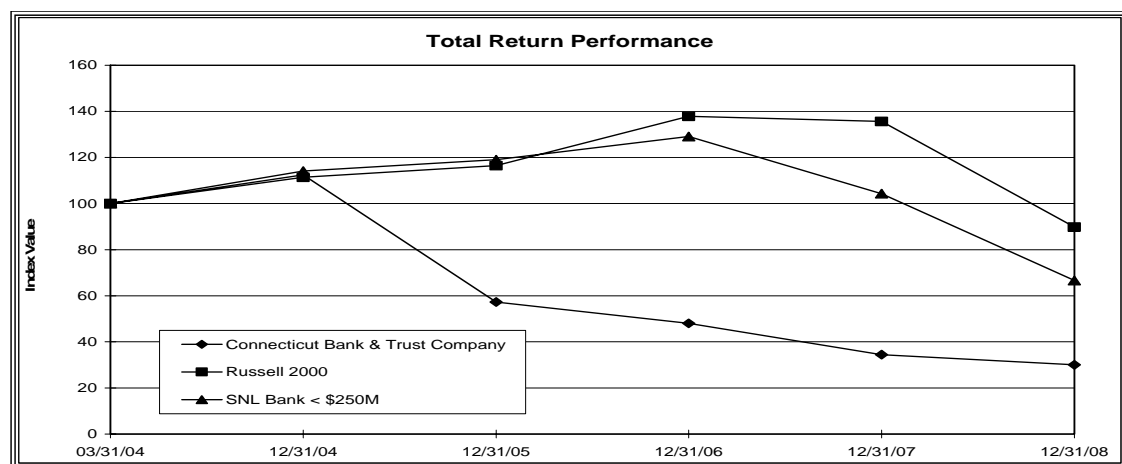
**P. Anthony Giorgio**

**Philip J. Schulz**

**Peter D. Shapiro**

## STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on the Bank's common stock with the cumulative total return on the Standard & Poor's 500 Index and with the PHLX KBW Bank Sector Index. The graph assumes that \$100 was invested at the close of business on March 31, 2004, the initial day of trading of the Bank's common stock. Total return assumes the reinvestment of all dividends. The performance shown in this graph is not necessarily indicative of future performance. To the extent that this Proxy Statement has been or will be specifically incorporated by reference into any filing by the Bank under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, this section of the Proxy Statement shall not be deemed to be so incorporated, unless specifically otherwise provided in any such filing.



Index	Period Ending					
	03/31/04	12/31/04	12/31/05	12/31/06	12/31/07	12/31/08
Connecticut Bank & Trust Company	100.00	112.42	57.27	48.00	34.42	30.00
Russell 2000	100.00	111.36	116.43	137.81	135.65	89.82
SNL Bank < \$250M	100.00	114.08	119.01	129.06	104.28	66.63

## TRANSACTIONS WITH MANAGEMENT

The Sarbanes-Oxley Act of 2002 generally prohibits loans by a company to its executive officers and directors. However, the Sarbanes-Oxley Act contains a specific exemption from such prohibition for loans by organizations such as the Bank to its executive officers and directors in compliance with federal banking regulations. Federal regulations require that all loans or extensions of credit to executive officers and directors must be made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with the general public and must not involve more than the normal risk of repayment or present other unfavorable features. In addition, loans made to a director or executive officer in excess of the greater of \$25,000 or 5% of the Bank's capital and surplus (up to a maximum of \$500,000) must be approved in advance by a majority of the disinterested members of the Board of Directors.

The Bank currently makes loans to its directors on the same terms and conditions offered to the general public. The Bank's policy provides that all loans made by the Bank to its directors be made in the ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with persons not related to the Bank and do not involve more than the normal risk of collectability or present other unfavorable features.

The Bank intends that all future transactions between the Bank and its executive officers, directors, holders of 10% or more of the shares of any class of its common stock and affiliates thereof, will contain terms no less favorable to the Bank than could have been obtained by it in arms-length negotiations with unaffiliated persons and will be reviewed and approved by a majority of independent directors of the Bank not having any interest in the transaction. The Bank's policies and procedures for transactions between the Bank and its executive officers and directors are set forth in the Bank's Code of Ethics and Conflicts of Interest Policy.

The Bank renewed its endorsement contract with Geno Auriemma for services relating to the endorsement of the Bank's banking and financial services effective January 1, 2008. Mr. Auriemma continues to serve as a director of the Bank since first being appointed on September 20, 2004. Under the terms of the new agreement, the Bank will pay an aggregate of \$150,000 in retainer fees over a two-year term. The Bank believes that the endorsement contract with Mr. Auriemma is on terms no less favorable to the Bank than could be obtained from other third persons for similar endorsement services. In October, 2008, Mr. Auriemma and the Bank agreed to modify the terms of the current contract to reduce the retainer fee from \$150,000 to \$75,000 and to cancel the payments for the second year of the service period totaling \$75,000.

On December 14, 2004, the Bank entered into an agency agreement with Smith Brothers, Inc. ("SBI"), an insurance company of which director J. Brian Smith is a principal. Under the agency agreement, the Bank may refer its customers and members of the general public to SBI for the purposes of purchasing insurance products offered by SBI. In the event revenues are generated by SBI as a result of the Bank's referrals, the Bank is entitled to share in those revenues under the terms of the agency agreement. No payments were made to the Bank by SBI with respect to the years ending December 31, 2008 and 2007.

### INFORMATION ABOUT OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Wolf & Company, P.C., an independent registered public accounting firm, served as the Bank's independent auditors for fiscal 2008 and has reported on our 2008 financial statements. The Audit Committee of the Board of Directors has reappointed Wolf & Company for fiscal year 2009. Representatives of Wolf & Company are expected to be present at our Annual Meeting. They will have the opportunity to make a statement if they so desire and will also be available to respond to appropriate questions from stockholders.

The following table sets forth the fees to be billed to the Bank for the year ending December 31, 2008 and 2007 by Wolf & Company, P.C.:

	<u>2008</u>	<u>2007</u>
Audit fees	\$ 81,000	\$ 83,262
Audit related fees <sup>(1)</sup>	10,000	
Tax fees <sup>(2)</sup>	11,000	11,300
All other fees <sup>(3)</sup>	<u>14,500</u>	<u>18,683</u>
Total	<u><u>\$ 116,500</u></u>	<u><u>\$ 113,245</u></u>

(1) Consists of financial statement audits and quarterly reviews.

(2) Consists of tax filings and tax related compliance and other advisory services.

(3) Consists of information technology testing.

The Audit Committee considered whether the provision of non-audit services by Wolf & Company is compatible with maintaining Wolf & Company's independence. The Audit Committee concluded that performing such services in 2008 did not affect the auditor's independence in performing its function as auditor.

#### Preapproval of Services by the Independent Auditor

The Audit Committee's policy is to preapprove all audit and non-audit services provided by the independent auditors. These services may include audit services, audit-related services, tax services and other services. Preapproval is generally provided for up to one year and any preapproval is detailed as to particular service or category of services. The Audit Committee has delegated preapproval authority to any of its members when expedition of services is necessary, provided that any such preapproval granted by a member is reviewed by the Audit Committee at its next scheduled meeting. The independent auditors and management are required to periodically report to the full Audit Committee regarding the extent of services provided by the independent auditors in accordance with this preapproval, and the fees for the services performed to date.

All of the fees paid to Wolf & Company in 2008 were preapproved by the Audit Committee and there were no services for which the de minimis exception permitted in certain circumstances under SEC rules was utilized.

## AUDIT COMMITTEE REPORT

The charter of the Audit Committee of the Board specifies that the purpose of the Committee is to assist the Board in its oversight of:

- the integrity of the Bank's financial statements;
- the adequacy of the Bank's system of internal controls;
- the Bank's compliance with legal and regulatory requirements;
- the qualifications and independence of the Bank's independent registered public accountants; and
- the performance of the Bank's independent registered public accountants and of the Bank's internal audit function.

In carrying out these responsibilities, the Audit Committee, among other things:

- monitors preparation of quarterly and annual financial reports by the Bank's management;
- supervises the relationship between the Bank and its independent registered public accountant, Wolf & Company, P.C., including: having direct responsibility for their appointment, compensation and retention; reviewing the scope of their audit services; approving audit and non-audit services; and confirming the independence of the independent registered public accountants; and oversees management's implementation and maintenance of effective systems of internal and disclosure controls, including review of the Bank's policies relating to legal and regulatory compliance, ethics and conflicts of interests and review of the Bank's internal auditing program.

The Committee met eight times during 2008. The Committee schedules its meetings with a view to ensuring that it devotes appropriate attention to all of its tasks. The Committee's meetings include, whenever appropriate, executive sessions in which the Committee meets separately with the Bank's independent registered public accountants, the Bank's internal auditors and the Bank's chief financial officer.

As part of its oversight of the Bank's financial statements, the Committee reviews and discusses with both management and the Bank's independent registered public accountants all annual and quarterly financial statements prior to their issuance. During fiscal 2008, Management advised the Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles, and reviewed significant accounting and disclosure issues with the Committee. The Committee met with management and the independent auditors to review and discuss the Bank's audited December 31, 2008 consolidated financial statements. The Audit Committee also discussed with the independent auditors the matters required by Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees), including the quality of the Bank's accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. The Audit Committee also received written disclosures and the letter from the independent auditors required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Audit Committee concerning independence, and discussed with the independent auditors that firm's independence.

In addition, the Committee reviewed key initiatives and programs aimed at maintaining the effectiveness of the Bank's internal and disclosure control structure. As part of this process, the Committee continued to monitor the scope and adequacy of the Bank's internal auditing program, reviewing internal audit staff qualifications and steps taken to maintain the effectiveness of internal procedures and controls.

Taking all of these reviews and discussions into account, the undersigned Committee Members recommended to the Board that the Board approve the inclusion of the Bank's audited financial statements in the Bank's Annual Report on Form 10-K for the year ended December 31, 2008, to be filed with the Federal Reserve Board.

### **Members of the Audit Committee**

**Philip J. Schulz, Chair**

**P. Anthony Giorgio**

**Karl J. Krapek**

**Joan L. Rusconi**

**Peter deWilde Shapiro**

## INFORMATION ABOUT THE CORPORATE GOVERNANCE COMMITTEE PROCEDURES

As noted under “Information about our Directors” on page 7 of this Proxy Statement, the functions of the Corporate Governance Committee include, among others:

- leading the search for individuals qualified to become members of the Board and selecting director nominees to be presented for stockholder approval;
- reviewing the committee structure and making recommendations to the Board regarding committee members; and
- evaluating the effectiveness of the operation of the Board and its compliance with relevant laws and corporate governance.

### Process for Identifying and Evaluating Nominees

The Bank was founded in early 2003 and commenced operations in March 2004. The current Board of Directors includes only persons who were founders of the Bank, and who contributed to fund the organizational expenses of the Bank. However, the Corporate Governance Committee intends to follow the process described below to identify and evaluate individuals to be nominated for election to the Board of Directors in the future.

The Corporate Governance Committee identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board with skills and experience that are relevant to the Bank’s business and who are willing to continue in service are first considered for renomination, balancing the value of continuity of service by existing members of the Board with that of obtaining a new perspective. If any member of the Board does not wish to continue in service, or if the Committee or the Board decides not to renominate a member for reelection, or if the size of the Board is increased, the Committee would solicit suggestions for director candidates from all Board members. In addition, the Committee is authorized by its charter to engage a third party to assist in the identification of director nominees. The Committee would seek to identify a candidate who at a minimum satisfies the following criteria:

- has personal and professional ethics and integrity and whose values are compatible with the Bank’s;
- has had experiences and achievements that have given him or her the ability to exercise and develop good business judgment;
- is willing to devote the necessary time to the work of the Board and its committees, which includes being available for Board and committee meetings;
- is familiar with the communities in which the Bank operates and/or is actively engaged in community activities;
- is involved in other activities or interests that do not create a conflict with his or her responsibilities to the Bank and its stockholders; and
- has the capacity and desire to represent the balanced, best interests of the stockholders of the Bank as a group, and not primarily a special interest group or constituency.

The Corporate Governance Committee will also take into account whether a candidate satisfies the criteria for “independence” under the Nasdaq Stock Market corporate governance listing standards and, if a nominee is sought for service on the Audit Committee, the financial and accounting expertise of a candidate, including whether an individual qualifies as an audit committee financial expert.

### Procedures to be Followed by Stockholders for the Nomination of Directors

It is the policy of the Corporate Governance Committee of the Board of Directors of the Bank to consider director candidates who appear to be qualified to serve on the Bank’s Board of Directors and who are recommended by stockholders, using the same general criteria and in the same manner as candidates recruited by the Corporate Governance Committee or recommended by board members. The Corporate Governance Committee may choose

not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. To avoid the unnecessary use of the Corporate Governance Committee's resources, the Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

To submit a recommendation of a director candidate to the Corporate Governance Committee, a stockholder should submit the following information in writing, addressed to the Chairman of the Corporate Governance Committee, care of the Corporate Secretary, at the main office of the Bank:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (e.g., biographical information, stock ownership, and details of any business or significant relationship the candidate has ever had with the Bank);
3. A brief statement outlining the reasons the nominee would be an effective director for the Bank;
4. The written consent of the person being recommended as a director candidate to being named in the Proxy Statement as a nominee and to serving as a director if elected;
5. The name and address of the stockholder making the recommendation, as they appear on the Bank's books; provided, however, that if the stockholder is not a registered holder of the Bank's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Bank's common stock; and
6. A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

#### **SUBMISSION OF BUSINESS PROPOSALS AND STOCKHOLDER NOMINATIONS**

The Bank must receive proposals that stockholders seek to include in the Proxy Statement for the Bank's next Annual Meeting no later than December 5, 2009. If next year's Annual Meeting is held on a date more than 30 calendar days from May 15, 2010, a stockholder proposal must be received by a reasonable time before the Bank begins to print and mail its proxy solicitation for such Annual Meeting. Any stockholder proposals will be subject to the requirements of the proxy rules adopted by the Securities and Exchange Commission.

Pursuant to Rule 14a-4(c) of the Exchange Act, if a stockholder who intends to present a proposal at the 2010 Annual Meeting does not notify us of such proposal on or prior to February 20, 2010, then management proxies would be allowed to use their discretionary voting authority to vote on the proposal when the proposal is raised at the 2010 annual meeting, even though there is no discussion of the proposal in the 2010 proxy statement. Any proposals or notices should be sent to:

The Connecticut Bank and Trust Company  
58 State House Square  
Hartford, Connecticut 06103-3902  
Attention: Corporate Secretary

## STOCKHOLDER COMMUNICATIONS

The Bank encourages stockholder communications to the Board of Directors and/or individual directors. Stockholders who wish to communicate with the Board of Directors or an individual director should send their communications in care of Anson C. Hall, Corporate Secretary, The Connecticut Bank and Trust Company, 58 State House Square, Hartford, Connecticut 06103-3902. All communications received of a relevant nature will be forwarded to the Board of Directors or the appropriate individual director as directed. Communications regarding financial or accounting policies should be sent to the attention of the Chairman of the Audit Committee. All other communications should be sent to the attention of the Chairman of the Corporate Governance Committee.

## MISCELLANEOUS

*The reports of the compensation and audit committees and the stock performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as and to the extent that the Bank specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.*


The Bank's Annual Report to Stockholders has been mailed to persons who were stockholders as of the close of business on March 24, 2009. The Annual Report is not to be treated as part of the proxy solicitation material or as having been incorporated in this Proxy Statement by reference.

If you and others who share your address own your shares in street name, your broker or other holder of record may be sending only one Annual Report and Proxy Statement to your address. This practice, known as "householding," is designed to reduce our printing and postage costs. However, if a stockholder residing at such an address wishes to receive a separate Annual Report or Proxy Statement in the future, he or she should contact the broker or other holder of record. If you own your shares in street name and are receiving multiple copies of our Annual Report and Proxy Statement, you can request householding by contacting your broker or other holder of record.

The Bank will deliver promptly, upon written or oral request, a separate copy of this proxy statement and our 2008 annual report to a stockholder at a shared address to which a single copy of the documents was delivered. A stockholder who wishes to receive a separate copy of the proxy statement and annual report, now or in the future, should submit this request by writing to The Connecticut Bank and Trust Company, 58 State House Square, Hartford, Connecticut 06103 or calling (860) 748-4251.

Whether or not you plan to attend the Annual Meeting, please vote by marking, signing, dating and promptly returning the enclosed proxy card in the enclosed envelope.

BY ORDER OF THE BOARD  
OF DIRECTORS



Anson C. Hall  
Secretary

Hartford, Connecticut  
April 7, 2009