

Safety. Security. Strength.



“Congratulations on behalf of the citizens of Connecticut for your selection as Community Banker of the Year by the American Banker!”

“As...the largest state-chartered bank in Connecticut, you have demonstrated your commitment to the community while balancing the goal of expansion with the need for financial strength. You have successfully avoided the pitfalls that have recently plagued the banking industry while continuing to expand the bank’s community footprint...”

M. Jodi Rell, Governor of Connecticut

Excerpted from the proclamation issued on December 4, 2008, on the occasion of *American Banker* naming Peyton Patterson a “2008 Community Banker of the Year”

Dear Shareholder:

I write to you today with great corporate pride and also with a keen understanding of the challenges that beset our current economy.

Looking back on 2008, it was an unprecedented year for the banking industry, one marked by the collapse of several once-respected financial institutions. We also watched basic business models and risk-management practices come into question as companies saw their shareholder value erode.

Despite this environment, NewAlliance's conservative approach to lending and capital management was rewarded. Our strong capital position allowed us to increase our lending to individuals and businesses while our larger competitors were forced to retrench. Simultaneously, depositors sought out strong institutions, fueling our deposit growth.

In addition, we were able to deliver to you a 16.8% total shareholder return — a measure of the market's confidence in us and our continued dividend. Notably, because of our capital strength, we declined participation in the Federal government's Troubled Asset Relief Program (TARP), which would have reduced our earnings and restricted our business.

Against this backdrop, I'll now share a few of the most significant highlights of our 2008 performance.

2008 Business Priorities and Financial Performance

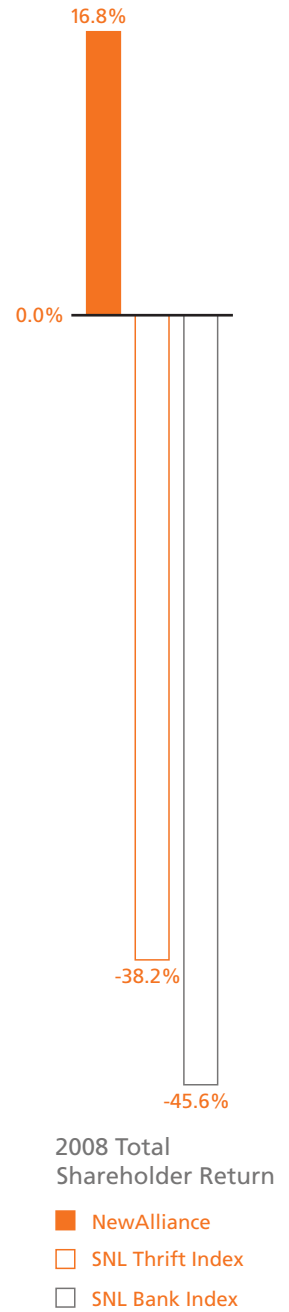
Our focus last year centered on sustaining our performance while protecting credit quality in a weakening economy. Specifically, we sought to strengthen balance sheet profitability, invest in technology and redesign operating processes to improve efficiency and our customers' experience with us.

Our company's financial performance improved in 2008, as measured by both net income and earnings per share. For the year ended December 31, 2008, NewAlliance Bancshares, Inc.'s net income was \$45.3 million, or 45 cents per share. This compared to net income of \$23.8 million, or 23 cents per share, for the year ended December 31, 2007. In 2007, our earnings had been impacted by the restructuring of our investment portfolio, merger-related charges and a tax reserve adjustment. Without these charges, earnings per share would have been 46 cents.

Business momentum was quite strong as customers sought a "safe haven" for their loans, deposits and investments. I am pleased to report that loan originations *increased* over 2007 levels, with nearly \$1.3 billion in new loans, an increase of 15.5%. This strong growth was led by unprecedented mortgage and consumer loan originations to borrowers in our Connecticut and Massachusetts communities. As a result, total loans outstanding grew by 5.0%, up \$235 million.

Core deposits grew by 15.7%, led by record growth in our FDIC-insured savings accounts that provided a safe and competitive return to consumers and businesses alike. Taken together, this strong loan and deposit growth, coupled with pricing discipline, allowed us to improve our net interest margin by 13 basis points to 2.61%.

Lastly, our brokerage business showed a 16.3% increase in fee income as customers chose from a variety of investment and insurance products to complement their overall banking relationships with us.



“Maintaining strong credit quality and at the heart of what sets NewAlliance

Maintaining disciplined expense management, while always looking to invest in and streamline our operating processes, has long been an important focus. To that end, 2008 expenses remained essentially flat with the prior year, net of non-recurring items related to severance and consulting expense for a profit improvement program that began last year.

Investing in Our Franchise

Investing in our franchise is an important element of “building a better bank” for our customers and employees. 2008 witnessed several important projects that were undertaken to expand our products and services and streamline workflows.

We completed a branch-wide platform upgrade; expanded ways to bring banking products and services to our customers via our web site, including e-statements and new account opening; and introduced a new cash rewards program for our NewAlliance Visa® debit card that increased debit card income by 14.4% over the previous year.

Trust Company of Connecticut, A Division of NewAlliance Bank, opened a new office in Westport, Connecticut, to serve the trust, investment management and estate administration needs of customers in Fairfield County. They also added staff to their strong relationship management team, one that is distinguished by its depth, stability and longevity. NewAlliance Investments Inc., Member FINRA, SIPC, the other arm of our wealth management business, also had a productive year despite one of the most challenging investment climates in decades.

Most notably, and with a look to being more competitive in the future, we began an exciting reengineering of some bank-wide processes that we believe will make us more efficient and improve the customer experience. Continuing our quest to “build a better bank,” teams of employees are identifying short-term improvements plus longer-term best practices to help us achieve financial results that rank among the best in our peer group. We’ve already made progress and expect implementation to begin in the middle of 2009.

Protecting the Franchise through Sound Risk Management

Managing risk in a prudent manner is at the core of NewAlliance’s culture and corporate governance practices. Our management, as well as our Board of Directors, are committed to balancing risk with long-term financial rewards for the company.

Maintaining strong credit quality and consistent underwriting standards are at the heart of what sets NewAlliance apart from our competitors. Our vigilance and conservative underwriting, combined with routine and rigorous account monitoring, make us one of the nation’s top financial institutions for credit quality.

Adhering to our credit quality standards shouldn’t come at the expense of making loans and supporting the local economies and businesses that we serve. In 2008, we sustained our superior credit quality while originating a record \$678.2 million in residential mortgage loans. We were also recognized as the top Small Business Administration (SBA) lender in Connecticut.



Loan Growth
(Total loans, in billions)



Deposit Growth
(Total deposits, in billions)

consistent underwriting standards are apart from our competitors.”

Finally, we remained committed to our communities in 2008, with over \$219 million in community lending, including loans to low-to-moderate income individuals and small businesses.

Looking Ahead

Before turning to the future, I'd like to mention a special award the Bank received that I believe characterizes last year's successes and achievements.

In December, I was pleased and honored to be named a "Community Banker of the Year" by *American Banker* magazine. Acknowledging this award, Connecticut Governor M. Jodi Rell stated in her proclamation:

"You have demonstrated your commitment to the community while balancing the goal of expansion with the need for financial strength."

I accepted this honor with tremendous pride on behalf of ALL the employees of NewAlliance. It is due to their focus and hard work that we were recognized for achieving so much.

Before closing, I'd like to end on a few personal notes. Richard Grossi served as a director of this company from 1989 until his retirement this past April, and I want to thank him for the wisdom and guidance he's given me during these years. I also want to note the passing of our long-time Board member, Cornell Scott, who retired from NewAlliance in 2007. His presence in our community is sadly missed.

Although we anticipate that the challenges of 2008 will continue throughout 2009, we have set our priorities to strengthen our margin, aggressively manage credit quality and maintain flat expenses. Because NewAlliance entered 2009 with a strong balance sheet and healthy capital levels, we are at a competitive advantage. That being said, you have my commitment and the commitment of our dedicated employees and our Board of Directors to continue to earn your confidence by growing our franchise and focusing on our core earnings.

With warm regards,



Peyton R. Patterson
Chairman, President and Chief Executive Officer



Why Should NewAlliance Be Your Bank?



Trust Company of Connecticut Officers — James W. Dombrauskas, First Vice President & Senior Trust Officer; William T. Donahue, President; and Gerald A. Long, First Vice President and Chief Investment Officer (back) with newly opened Westport office staff: James N. Donaldson, Vice President, Relationship Manager; and Christine R. Sherwood, Senior Account Administrator (front).

NewAlliance offers a diverse variety of checking, savings and credit products supported by 89 banking offices located across Connecticut and western Massachusetts.

Because we know our customers' money and time are important, we continuously develop new ways to provide value and convenience. For example, in 2008 we launched NewAlliance "...something extra" which offers cash rewards for all debit card purchases. Our online banking products now allow customers to open savings accounts and CDs and also go paperless with e-statements and check imaging services. Our in-branch mortgage application enables customers to work directly with a branch manager to apply online to finance or refinance their mortgages. And we can now provide an answer to consumer loan requests in as little as 10 minutes.

We also seek ways to use technology to improve the banking experience as well as our own operating efficiencies. This past year, we upgraded our branch sales and service platforms, allowing us to not only streamline our processes but also reduce wait time and strengthen our customer relationships.

In 2008, we began a major two-year initiative we call *Building a Better Bank*. Employee teams are identifying short-term efficiency improvements plus longer-term best practices to rank among the best in our peer group. Our teams are looking for ways to maximize market opportunities and build business momentum; improve the customer experience; enhance staff productivity and sales effectiveness; refocus spending to improve effectiveness of our expenditures; and optimize our branch network and other delivery channels to provide better service and convenience to our customers.

As a full-service financial institution, our wealth management services are important at all stages of life, from opening your first 401(k), to trust and estate management. NewAlliance has both respected expertise and diverse products and services in the areas of investments, insurance, trust administration, retirement products and estate planning. NewAlliance Investments, Inc., Member FINRA, SIPC, and Trust Company of Connecticut, A Division of NewAlliance Bank, offer independent advice and support to individuals and businesses.

Despite our fiercely competitive environment and the challenges facing all financial institutions, we work to serve our customers through innovation, market insights, best management practices and by remaining a bank that is strong and secure.



NewAlliance's web site attracted more than 5,000,000 visitors in 2008, including business and personal customers who use it for e-statements, opening accounts, bill pay and to transfer funds and make loan payments.

"After more than 20 years in banking, I knew it was important to be part of a company with integrity, one that puts the safety and security of its customers first and that cares about its communities. That's why I joined NewAlliance."

Jean McGran, Regional Manager, joined NewAlliance in 2008

Opposite:

Katie Black, Head Teller, and Karl Heitz, Customer Service Representative, work in our Stratford, Connecticut branch office, our newest expansion in 2008.



New



 Renaissance Bank
KATIE

Why Bring Your Business Banking to NewAlliance?



Goodwin College constructed their new River Campus along the Connecticut River in East Hartford with financing from NewAlliance Bank.



The 6,000-square-foot library and media center in Goodwin College's new academic center demonstrates the college's commitment to providing an inviting and visually-dynamic environment for learning.

When a business chooses a bank, it seeks a partner and advisor to help it thrive and grow. At NewAlliance, business banking combines access to capital, account service and expertise, flexible cash management tools and bankers who know you, your industry and your marketplace.

Goodwin College, located in East Hartford, Connecticut, is an example of how NewAlliance works with our business customers. Goodwin has more than 1,500 full- and part-time students, many of whom are non-traditional students: more than half are the first in their families to attend college, and the student body includes both recent high school graduates as well as adult professionals. Goodwin offers degree programs in business administration, environmental studies, human services, general studies and other professional areas that are responsive to the region's economy and job market. For example, Goodwin graduates the second highest number of nurses of any academic institution in the state of Connecticut.

Goodwin had been a commercial customer of NewAlliance Bank for nearly a decade when in 2007 its explosive growth prompted the school to initiate a major project to construct a new campus. The college had purchased riverfront property that was home to a defunct oil terminal and took steps to redevelop the site in partnership with state and federal environmental agencies. But it also needed private financial support.

Goodwin College solicited proposals from NewAlliance plus four other area banks. The school sought a sizable mortgage to help finance its construction of a new 109,000-square-foot, six-story main building that would be built along a 2.5-mile stretch of the Connecticut River, on a spot that would first require the removal of oil tanks and a complex environmental clean-up.

NewAlliance competed to keep and grow our relationship with Goodwin College and won. In addition to the construction loan, the bank has since provided additional loans for the main building's interior build-out.

The new Goodwin College main building, a hub of academic and student life overlooking the Connecticut River, opened for classes in January 2009.

"NewAlliance knew our industry and they knew us, which meant that right from the start we were on the same team. Because these are smart bankers, NewAlliance also made us a better customer by showing us how to improve our financial reporting and how to successfully undertake a project of this scale. They also shared our commitment to creating this new campus for our community. As a result, we all won."

Mark Scheinberg, President, Goodwin College

Opposite:

More than 1,500 students, many the first in their families to go to college, attend classes in Goodwin College's new 109,000-square-foot academic and student center.



Why NewAlliance Is Recognized as a Regional Community Bank



Michael J. Brett, Executive Director, Hartford Area Habitat for Humanity, and Robert Landfear, Vice President, Commercial Lending, for NewAlliance Bank, at the Habitat office.



Debra Watson, Senior Vice President and Chief Compliance Officer for NewAlliance Bank, was recently named President of the Board for Habitat for Humanity of Greater New Haven. She is seen here on site at one of Habitat New Haven's current projects.

Throughout our 170-year history, NewAlliance has believed that being a good neighbor was both the right thing to do and also good business. As an example of our approach to community banking, NewAlliance has supported Habitat for Humanity for more than a decade.

Habitat for Humanity is an international not-for-profit organization that builds and restores decent, safe and affordable housing for people in need. We support several Habitat affiliates as they work to eliminate substandard housing and re-build communities, one house at a time, across our Massachusetts and Connecticut market areas.

NewAlliance's assistance to Greater Springfield (Massachusetts) Habitat for Humanity has taken a variety of forms — direct grants, innovative lending and volunteerism by bank employees. In 2008, the bank provided Habitat with innovative financing through an Accelerated Asset Recovery Program: NewAlliance purchased \$372,942 in mortgages originated through the Springfield affiliate that can then put the capital back to work building new and rehabilitated housing. And in direct support, NewAlliance Foundation provided a grant of \$10,000 for the construction of new houses.

For Habitat for Humanity of Greater New Haven (Connecticut), NewAlliance sponsored their applications for direct grants from the Federal Home Loan Bank of Boston's Affordable Housing Program to repair and construct new single-family homes. Bank employees also worked on construction teams, and in an example of volunteer leadership, NewAlliance's Senior Vice President Debra Watson was elected President of the New Haven board for 2009. This affiliate also received a direct grant of \$25,000 from NewAlliance Foundation to support the construction of two single-family homes.

Elsewhere in our marketplace, for the Hartford (Connecticut) Area Habitat for Humanity, NewAlliance provided two commercial mortgages that allowed Habitat to purchase building lots on which to construct new homes. In addition, Habitat for Humanity of Coastal Fairfield County received a NewAlliance Foundation grant of \$15,000 to provide support services to families in Stamford, Connecticut, who are becoming owners in a new Habitat condominium project.

Supporting community organizations that are essential safety nets when our neighbors need assistance is gratifying and also informing, enabling NewAlliance to see firsthand the changing economic, social and business conditions in our marketplace.

"Without volunteers, donors and organizations like NewAlliance Bank, we could not provide homeownership opportunities to local families in need. We are grateful to NewAlliance Bank and the NewAlliance Foundation, for all they do in support of our mission."

Jennifer Schimmel, Executive Director, Greater Springfield Habitat for Humanity

Opposite:

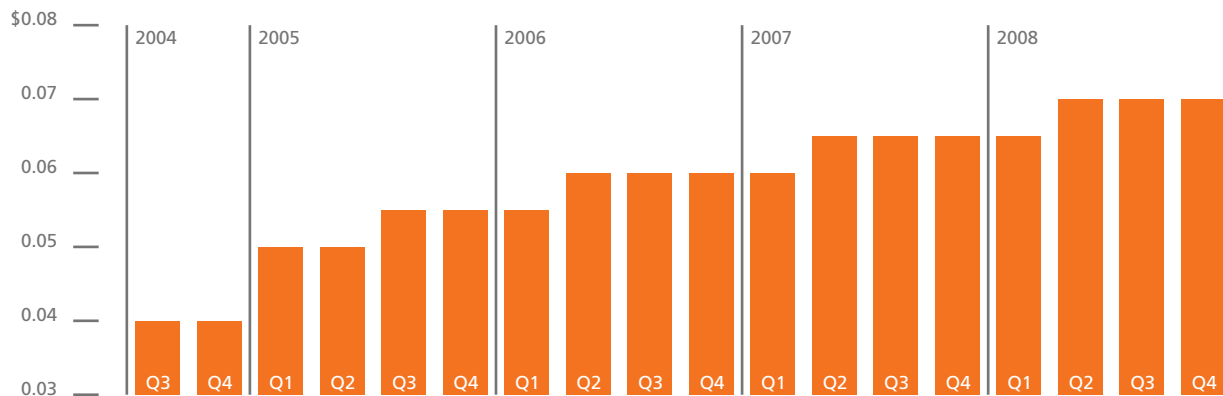
Carmen Gonzalez and her family now live in and own a home built by volunteers from Greater Springfield Habitat for Humanity that was partially financed with a grant from the NewAlliance Foundation.



Why Invest in NewAlliance?

NewAlliance provides shareholder value by producing results through the consistent practice of these basic tenets of sound management:

- We have made managing risk an enterprise-wide effort and the bedrock of our culture.
- We believe in a clear and consistent business model with a focus on the communities where we live and work.
- We operate our company with transparency in both financial reporting as well as our corporate governance principles and policies.
- We believe in placing our customers' security ahead of any lure of short-term profits.
- We apply consistent credit policies throughout the economic cycle.
- We maintain an exceptional capital position, indicating our strength and allowing us to focus on growth.
- We have provided consistent and increasing dividends to our shareholders since becoming a public company.



NewAlliance Dividend History

“We continue to be impressed with NewAlliance’s strong credit quality and hefty capital position.”

Mark Fitzgibbons, CFA, Principal, Director of Research; Sandler O’Neill + Partners
January 2009

“Given what we view as the company’s strong capital position, conservative growth strategy, disciplined balance sheet management, and favorable market positioning, the outlook for NewAlliance appears relatively positive.”

Collyn Bement Gilbert, Managing Director, Equity Research; Stifel, Nicolaus & Company, Inc.
January 2009

“While other banks have entered into higher-risk loans and harmed their earnings and capital base, this company has steered clear. It has maintained a healthy deposit franchise that continues to hold value.”

Christopher Marinac, CFA, Managing Principal & Research Analyst; FIG Partners, LLC
October 2008

“NewAlliance has avoided many of the pitfalls of the recent financial crisis and has maintained strong fundamental appeal.”

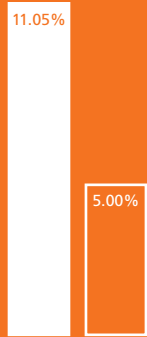
Anthony Polini, Senior Vice President, Financial Services; Raymond James and Associates, Inc.
January 2009

Financial Highlights

Year Ended December 31,

(Dollars in thousands, except share data)

	2008	2007
Net interest income before provision for loan losses	\$ 190,116	\$ 175,037
Net income	45,296	23,793
Shares outstanding (end of period)	107,058,509	108,851,592
Shareholders' equity (end of period)	\$ 1,381,216	\$ 1,407,107
Book value per share (end of period)	12.90	12.93
Tangible book value per share (end of period)	7.57	7.56
Ratio & other information:		
Net interest margin (net interest income as a % of average earning assets)	2.61%	2.48%
Net interest spread (yield on earning assets minus yield on interest-bearing liabilities)	2.13%	1.91%
Return on average assets	0.55	0.30
Return on average equity	3.22	1.69
At period end:		
Tier 1 Leverage Capital ratio	11.05%	10.92%
Tangible equity/tangible assets	10.48	10.79
Total risk-based capital ratio	19.80	19.58
Non-performing loans	\$ 38,331	\$ 16,386
Total non-performing assets	40,354	17,283
Non-performing loans as a % of total loans	0.77%	0.35%
Non-performing assets as a % of total assets	0.49	0.21
Allowance for loan losses	\$ 49,911	\$ 43,813
Banking offices	89	88



2008 Year End Tier I Leverage Capital Ratio

- NewAlliance
- Well-Capitalized Benchmark

Common Stock Prices

Market prices for NewAlliance Bancshares, Inc.'s common stock and dividends per quarter during 2008 are as follows:

2008 Quarters Ended:	Dividends Declared Per Share	Market Prices		
		High	Low	Close
12/31/08	\$.07	\$15.10	\$11.33	\$13.17
9/30/08	\$.07	\$16.00	\$11.66	\$15.03
6/30/08	\$.07	\$13.71	\$12.38	\$12.48
3/31/08	\$.065	\$13.08	\$10.34	\$12.26

As of December 31, 2008, the Company had 11,199 registered shareholders. This number does not reflect the number of individual or institutional investors holding stock in nominal names through banks, brokerage firms or others.

Shareholder Information

Board of Directors

Peyton R. Patterson

Chairman, President and Chief Executive Officer
NewAlliance Bancshares, Inc. and NewAlliance Bank

Douglas K. Anderson^{C, T, \$}

Former President and Chief Operating Officer
Savings Bank of Manchester

Roxanne J. Coady^{A, L, \$}

Founder, President and Chief Executive Officer
R.J. Julia Booksellers, Ltd.

John F. Croweak^{C, T, \$}

Former Chairman and Chief Executive Officer
Anthem Blue Cross & Blue Shield of Connecticut

Sheila B. Flanagan^{L, T}

Executive Director
SBM Charitable Foundation, Inc.

Carlton L. Highsmith^L

Founder, President and Chief Executive Officer
Specialized Packing Group Inc.

Robert J. Lyons, Jr.^{A, L, \$}

President and Chief Executive Officer
The Bilco Company

Eric A. Marziali^{C, G}

President and Chief Executive Officer
United Abrasives, Inc.

Julia M. McNamara^G

Lead Director
President
Albertus Magnus College

Gerald B. Rosenberg^{A, T}

Former Senior Vice President, Executive Development
Bayer HealthCare

Joseph H. Rossi^{L, T, \$}

Former President and Chief Executive Officer
Alliance Bancorp of New England

Nathaniel D. Woodson^{A, G, \$}

Former Chairman, President and
Chief Executive Officer
UIL Holdings Corporation and
United Illuminating Company

Joseph A. Zaccagnino^{C, G}

Former President and Chief Executive Officer
Yale New Haven Health System and
Yale-New Haven Hospital

A = Member of Audit, Compliance and CRA Committee

C = Member of Compensation Committee

G = Member of Governance Committee

L = Member of Loan Committee

T = Member of Trust Committee

\$ = Financial Expert

Officers

Peyton R. Patterson

Chairman, President and Chief Executive Officer

Merrill B. Blanksteen

Executive Vice President, Chief Financial Officer and
Treasurer

Gail E.D. Brathwaite

Executive Vice President and Chief Operating Officer

Donald T. Chaffee

Executive Vice President and Chief Credit Officer

Diane L. Wishnafski

Executive Vice President, Business and Retail Services

Mark Gibson

Executive Vice President and Chief Marketing Officer

Koon-Ping Chan

Executive Vice President and Chief Risk Officer

Paul A. McCraven

Senior Vice President, Community Development Banking

Annual Meeting

The Annual Meeting of the Shareholders of
NewAlliance Bancshares, Inc. will be held on Monday,
April 20, 2009, at 10:00 a.m., at the Crowne Plaza in
Cromwell, 100 Berlin Road, Cromwell, CT 06416.

Corporate Headquarters

195 Church Street
New Haven, CT 06510
203-789-2767
800-892-2096

Investor Relations Contact

Judith E. Falango
First Vice President, Investor Relations
and Corporate Secretary
203-789-2814
800-892-2096
investorrelations@newalliancebank.com

Transfer Agent and Registrar

If you want to transfer your stock, change
ownership, or change your address, or if you
have lost your stock certificates please contact:
American Stock Transfer & Trust Co.
Shareholder Services
59 Maiden Lane – Lobby Level
New York, NY 10038
800-937-5449
info@amstock.com

Independent

Certified Public Accountants

PricewaterhouseCoopers LLP
185 Asylum Street, Suite 2400
Hartford, CT 06103-3404

Research Coverage

Barclays Capital Inc.
BAS/Merrill Lynch
FIG Partners, LLC
Friedman, Billings, Ramsey & Co.
Keefe Bruyette & Woods, Inc.
Morgan Stanley
Raymond James and Associates, Inc.
RBC Capital Markets
Sandler O'Neill + Partners
Sidoti & Company, LLC
Sterne, Agee & Leach, Inc.
Stifel, Nicolaus & Company, Inc.

Stock Trading Information

NewAlliance Bancshares, Inc. is traded on the
New York Stock Exchange under the symbol NAL.
NAL's specialist firm is LaBranche & Co Inc.

Additional Information

Annual Report on Form 10-K can be obtained from
www.newalliancebank.com or will be furnished
upon written request without charge to persons who
are beneficial owners of securities of the Company
as of the record date for the Annual Meeting of
Shareholders.

Please direct requests to:

Judith E. Falango
First Vice President, Investor Relations
and Corporate Secretary
NewAlliance Bank
195 Church Street
New Haven, CT 06510
203-789-2814
800-892-2096
investorrelations@newalliancebank.com

Web Site

For your convenience, the financial data contained
in this annual report and subsequent quarterly
performance information can be obtained at
www.newalliancebank.com.

NewAlliance Bancshares, Inc. is the bank holding company of its wholly owned subsidiary, NewAlliance Bank. NewAlliance Bank is a community bank that serves the personal finance, business banking and wealth management needs of consumers and businesses across Connecticut and western Massachusetts.

The Company

- NewAlliance Bancshares, Inc., formed in 2003, listed on NYSE in 2004 under the symbol "NAL";
- NewAlliance Bank, founded in 1838 as New Haven Savings Bank;
- Trust Company of Connecticut, A Division of NewAlliance Bank, provides investment management, trust and estate administration services to help individuals, families and nonprofit organizations grow and protect their wealth;
- NewAlliance Investments Inc., Member FINRA, SIPC, a wholly-owned subsidiary of NewAlliance Bancshares, Inc., offers investment and insurance products to individuals and businesses.

At December 31, 2008:

Total Assets	\$8.3 billion
Total Deposits	\$4.4 billion
Banking Offices	89

Asset Ranking Among:

New England-Based Banks:	Fourth
Connecticut-Based Banks:	Third

For information on specific lines of business, including Personal Banking, Business Banking, Community Banking, and Wealth Management, please visit www.newalliancebank.com.



NewAlliance Bancshares

NewAlliance Bank
195 Church Street
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800 892 2096

Member FDIC
Equal Housing Lender
NewAlliance Bancshares, Inc.
Equal Opportunity Employer