

WEBSTER FINANCIAL CORP

Form 424B3

May 28, 2009

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**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to<br>be<br>Registered | Proposed<br>Maximum<br>Offering<br>Price Per<br>Security | Proposed<br>Maximum<br>Aggregate<br>Offering<br>Price | Amount of<br>Registration<br>Fee (1) |
|--|-------------------------------|--|---|--------------------------------------|
| Common stock, par value \$0.01 per share           | 7,800,000                     | \$ 6.46(2)   | \$ 50,388,000(2)                                      | \$ 2,812                             |

- (1) Pursuant to Rule 457(p) under the Securities Act of 1933, unused filing fees of \$65,590 have already been paid with respect to unsold securities that were previously registered pursuant to a Registration Statement on Form S-3 (No. 333-114091 filed by Webster Financial Corporation on March 31, 2004, and have been carried forward, of which \$2,812 offset against the registration fee due for this offering and of which \$26,622 remains available for future registration fees. No additional registration fee has been paid with respect to this offering.
- (2) Pursuant to Rule 457(c) under the Securities Act of 1933, as amended, such price is based on the average high and low prices for the common stock on May 21, 2009, as reported on the New York Stock Exchange.

**Filed pursuant to Rule 424(b)(3)**

**Registration Statement No. 333-155929**

**PROSPECTUS SUPPLEMENT**

**(To prospectus dated December 4, 2008)**

**WEBSTER FINANCIAL CORPORATION**

**DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN**

**7,800,000 Shares of Common Stock**

This prospectus supplement relates to shares of common stock we may offer and sell from time to time according to the terms of the Webster Financial Corporation Dividend Reinvestment and Stock Purchase Plan (the "Plan"). This Plan replaces the former Webster Financial Corporation Dividend Reinvestment Plan. *Participants in the former Webster Financial Corporation Dividend Reinvestment Plan are automatically enrolled as participants in the Plan.* Participants should retain this prospectus supplement for future reference.

The Plan provides participants with a convenient and economical means of purchasing shares of our common stock by reinvesting the cash dividends paid on our common stock and by making additional optional cash purchases. In addition, new investors may make an initial investment in our common stock under the Plan. The minimum purchase amount for initial cash purchases is \$250 and for subsequent optional cash purchases is \$50. The maximum aggregate purchase per transaction is \$5,000 and the maximum limit for both initial and optional cash purchases is \$60,000 per year, unless we grant a waiver of these amounts. This prospectus supplement describes and constitutes the Plan.

Your participation in the Plan is entirely voluntary, and you may terminate your participation at any time. If you do not elect to participate in the Plan, you will continue to receive cash dividends, if and when declared by our Board of Directors, in the usual manner.

Shares of common stock will be (i) purchased on the open market or (ii) purchased directly from us from authorized but unissued shares or from treasury shares.

We have appointed The Bank of New York Mellon, along with its affiliate BNY Mellon Shareowner Services (together, the "Plan Administrator") to serve as the administrator of the Plan. You may enroll in the Plan through the Plan Administrator's website ([www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner))

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by clicking on Investor ServiceDirect<sup>®</sup>, or by calling 1-877-279-4322 toll free and responding to the appropriate prompts. You may also enroll in the Plan by obtaining an enrollment form from the Plan Administrator and returning the completed form to the Plan Administrator.

Our common stock is listed on the New York Stock Exchange and trades on the exchange under the symbol WBS. On May 27, 2009, the last sale price of our common stock as reported on the New York Stock Exchange was \$6.86 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page S-4 of this prospectus supplement and the risk factors that are incorporated by reference in this prospectus supplement from our periodic reports filed with the Securities and Exchange Commission, for information that you should consider before purchasing the securities offered by this prospectus supplement.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

**You should rely only on the information contained or incorporated by reference in the prospectus or this prospectus supplement. We have not authorized anyone to provide you with different information. You should not assume that the information in the prospectus or this prospectus supplement is accurate as of any date other than the date on the front of such documents.**

The date of this prospectus supplement is May 28, 2009.

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### **ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement and the accompanying prospectus form part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC. This prospectus supplement, which does not include all of the information in the registration statement, provides you with a general description of the Plan and the securities offered under the Plan. The registration statement, prospectus and the exhibits to the registration statement provide additional information about us and the securities offered. The registration statement can be read at the SEC web site or at the SEC offices mentioned under the heading *Where You Can Find More Information*.

When acquiring any securities discussed in this prospectus supplement, you should rely on the information provided in this prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering the securities in any state or jurisdiction where the offer is prohibited. You should not assume that the information in this prospectus supplement or any document incorporated by reference is accurate or complete at any date other than the date indicated on the cover page of this document.

If the information set forth in this prospectus supplement differs in any way from the information set forth in the prospectus, you should rely on the information set forth in this prospectus supplement.

All references in this prospectus supplement to Webster, we, us, our or similar references mean Webster Financial Corporation and its successors, and include our consolidated subsidiaries where the context so requires.

### **WHERE YOU CAN FIND MORE INFORMATION**

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any materials we file with the SEC at the Public Reference Room of the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, we file many of our documents electronically with the SEC, and you may access those documents over the Internet. The SEC maintains a web site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's web site is <http://www.sec.gov>. Documents we have filed with the SEC are also available on our website at [www.websteronline.com](http://www.websteronline.com). Except as expressly stated herein, information contained on our web site does not constitute a part of this prospectus supplement and is not incorporated by reference herein.

### **INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement, except for any information that is superseded by other information that is included in or incorporated by reference into this document.

This prospectus supplement incorporates by reference the documents listed below that we have previously filed with the SEC (File No. 001-31486). These documents contain important information about us:

our Annual Report on Form 10-K for the year ended December 31, 2008, filed on March 2, 2009;

our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, filed on May 8, 2009;

our Current Reports on Form 8-K filed with the SEC on January 15, 2009, January 22, 2009, February 19, 2009, February 24, 2009, March 6, 2009, March 10, 2009 and March 19, 2009 (except, with

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respect to each of the foregoing, for portions of such reports which were deemed to be furnished and not filed); and

the description of our common stock contained in our Registration Statement on Form S-4, as amended, filed with the SEC on March 24, 2000.

We incorporate by reference any additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC), from the date of the registration statement of which this prospectus supplement is part until the termination of the offering of the securities. These documents may include annual, quarterly and current reports, as well as proxy statements. Any material that we later file with the SEC will automatically update and replace the information previously filed with the SEC. These documents are available to you without charge. See *Where You Can Find More Information*.

You may obtain copies of these documents, other than exhibits, free of charge by contacting Mark S. Lyon, Senior Vice President and Assistant Secretary, at our principal office, which is located at 145 Bank Street, Waterbury, Connecticut, 06702, or by telephone at (203) 578-2563.

**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement, the prospectus and the information included or incorporated by reference in them includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words believes, expects, anticipates, estimates, forecasts, intends, plans, targets, potentially, probably, projects, outlook or similar conditional verbs such as may, will, should, would and could. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including:

changes in general business, industry or economic conditions or competition;

changes in any applicable law, rule, regulation, policy, guideline or practice governing or affecting financial holding companies and their subsidiaries or with respect to tax or accounting principals or otherwise;

adverse changes or conditions in capital and financial markets;

changes in interest rates;

higher than expected costs or other difficulties related to integration of combined or merged businesses;

the inability to realize expected cost savings or achieve other anticipated benefits in connection with business combinations and other acquisitions;

changes in the quality or composition of our loan and investment portfolios;

increased competition;

deposit attrition;

changes in the cost of funds, demand for loan products or demand for financial services; and

other economic, competitive, governmental or technological factors affecting our operations, markets, products, services and prices. Some of these and other factors are discussed in our annual and quarterly reports previously filed with the SEC. Such developments could have an adverse impact on our financial position and our results of operations.

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The forward-looking statements are based upon managements' beliefs and assumptions and are made as of the date of this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

### **RISK FACTORS**

Investment in our securities involves a high degree of risk. Before purchasing the securities offered by this prospectus supplement you should carefully consider the risk factors incorporated by reference in this prospectus supplement from our Annual Report on Form 10-K for the year ended December 31, 2008, as well as the risks, uncertainties and additional information set forth in our SEC reports on Forms 10-K, 10-Q and 8-K and in the other documents incorporated by reference in this prospectus supplement. For a description of these reports and documents, and information about where you can find them, see *Where You Can Find More Information* and *Incorporation of Certain Documents By Reference*. Additional risks not presently known or that are currently deemed immaterial could also materially and adversely affect our financial condition, results of operations, business and prospects. This prospectus supplement and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described in the documents incorporated herein by reference.

### **ABOUT WEBSTER FINANCIAL CORPORATION**

Webster Financial Corporation, through Webster Bank, National Association, or Webster Bank, and various non-banking subsidiaries delivers financial services to individuals, families and businesses throughout southern New England and eastern New York State. We also offer equipment financing, commercial real estate lending, asset-based lending and insurance premium financing on a regional and national basis. Webster Bank provides commercial banking, retail banking, consumer financing, mortgage banking, and trust and investment services through 181 banking offices, 492 ATMS and its Internet website ([www.websteronline.com](http://www.websteronline.com)). Through its HSA Bank division ([www.hsabank.com](http://www.hsabank.com)), Webster Bank offers health savings accounts on a nationwide basis.

On a consolidated basis, as of March 31, 2009, we had approximately \$17.3 billion in assets, approximately \$12.1 billion in loans, approximately \$12.7 billion in total deposits and approximately \$1.9 billion in total stockholders' equity.

Our common stock is traded on the New York Stock Exchange under the ticker symbol WBS. Our principal executive offices are located at 145 Bank Street, Waterbury, Connecticut 06702. Our telephone number is (203) 465-4364. Our website is [www.websteronline.com](http://www.websteronline.com). References to our website and those of our subsidiaries are not intended to be active links and the information on such websites is not, and you must not consider the information to be, a part of this prospectus supplement.

### **USE OF PROCEEDS**

We will receive proceeds from the sale of common stock that the Plan Administrator purchases directly from us. We will not receive proceeds from the sale of common stock that the Plan Administrator purchases in the open market or in privately negotiated transactions. We intend to use the net proceeds from our sale of common stock that the Plan Administrator purchases directly from us to fund our business operations and for general corporate purposes. We cannot estimate either the number of shares of common stock or the prices of the shares that we will sell in connection with the plan.

### **DESCRIPTION OF OUR DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN**

The following questions and answers explain and constitute our Dividend Reinvestment and Stock Purchase Plan. If you are a stockholder and do not participate in the Plan, you will receive cash dividends in the

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usual manner, as and when we declare and pay them. All references in this prospectus supplement to common stock refer to our common stock, par value \$0.01 per share.

*This Plan replaces the former Webster Financial Corporation Dividend Reinvestment Plan and this prospectus supplement constitutes notice of termination of the former plan. If you participated in the former plan at the time of the Plan's adoption, then you automatically are a participant in this Plan in the same manner, and to the same extent, as you participated in the former plan, unless you elect to terminate your participation in this Plan or wish to change your participation in some way (e.g., opt for partial reinvestment rather than full reinvestment of your Webster dividends).*

## **PURPOSE**

### **1. What is the purpose of the plan?**

The primary purpose of the Plan is to provide both our existing stockholders and new investors with a simple, convenient and economical means of purchasing shares of our common stock, including through new cash purchases and the reinvestment of dividends on shares held in your Plan account. The Plan also provides us with an economical and flexible mechanism to raise additional capital for general corporate purposes through the sale of our common stock.

## **ADVANTAGES AND DISADVANTAGES**

### **2. What are the advantages of participation in the Plan?**

You do not need to be a current stockholder, nor do you need to have a broker, to buy our common stock through the Plan.

You can start investing with a relatively small amount of money, or with a single larger investment whichever you prefer.

You may send a check to the Plan Administrator or arrange for funds to be deducted from your savings or checking account.

Dividends and optional cash purchases can be fully invested in additional shares of our common stock because the Plan permits fractional shares to be credited to your accounts. Dividends on fractional shares may also be reinvested in additional shares.

If you are already a stockholder, you can consolidate all your holdings of our common stock into a single account. You can deposit your stock certificates into your Plan account or, if you hold shares with a broker, you can transfer those shares into your own name and deposit them into your Plan account.

The Plan offers you flexibility when you decide to sell your shares. You may request the sale of some or all of your shares through the Plan Administrator at any time. Or, if you prefer to have complete control over timing and price at which you sell, you may withdraw your shares from the Plan, at no cost to you, and sell them through a broker of your choice.

### **3. What are the disadvantages of participation in the Plan?**



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Because the prices at which shares are purchased are determined as of specified dates or as of dates otherwise beyond your control, you may lose some advantages otherwise available to you in being able to select the timing of your investments. For example, because the price charged to you for shares

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purchased on the open market is the average price paid by the Plan Administrator to obtain shares for all participants who acquire shares through the Plan on the same day, you may pay a higher price for shares purchased under the Plan than for shares purchased on the investment date outside of the Plan.

We will not pay interest on funds we hold pending investment.

Your reinvestment of cash dividends will result in you being treated for federal income tax purposes as having received a dividend on the dividend payment date, to the extent of our earnings and profits. The dividend may give rise to a liability for the payment of income tax without providing you with immediate cash to pay the tax when it becomes due.

Sales of shares for participants are irrevocable and will be made at market prices at the time of sale. You will not be able to control the timing of such sales or to place limit orders specifying the prices at which you are willing to sell your shares.

To sell your shares through a broker of your choice, you must first arrange to obtain a physical stock certificate from the Plan Administrator and have the certificate delivered to you, or ask the Plan Administrator to transfer shares held for you in the Plan directly to your broker. The Plan Administrator will promptly process your instructions, but you should leave ample time for preparation and receipt of your stock certificate if you decide to go that route.

You may not pledge shares of common stock deposited in your Plan account unless you withdraw the shares from the Plan.

Shares held in the Plan by the Plan Administrator are not covered by the customer protection provisions of the Securities Investor Protection Act of 1970 relating to customers of failed securities broker-dealer firms.

If you direct the Plan to sell less than all of your shares of common stock held by the Plan, you will not be able to specifically identify which shares are sold for purposes of determining whether the sale results in short-term or long-term gain or loss for income tax purposes.

## **ADMINISTRATION**

### **4. Who administers the Plan for the participant?**

The Plan is administered by The Bank of New York Mellon along with its affiliate, BNY Mellon Shareowner Services, a corporation independent of, and not affiliated with, us. The Plan Administrator:

acts as your agent;

keeps records of all Plan accounts;

sends your account statements to you;

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buys and sells, on your behalf, all shares of common stock under the Plan; and

performs other duties relating to the Plan.

Please refer to Question 33 herein for the Plan Administrator's web site, phone numbers and addresses.

**Successor to the Plan Administrator:** We may replace the Plan Administrator at any time. The Plan Administrator may resign as Plan Administrator at any time. In either case, we will appoint a successor Plan Administrator, and will notify you of the change.

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### PARTICIPATION

#### 5. Who is eligible to participate in the Plan?

Any person or legal entity is eligible to participate in the Plan. You do not have to be a current stockholder, nor do you have to reside or be located in the U.S. or be a U.S. citizen. However, you must become a stockholder of record in order to participate in the dividend reinvestment component of the Plan. In all cases, optional cash purchases of shares through the plan must be made in U.S. currency drawn on a U.S. bank. In addition, before investing in our common stock, each participant who resides or is located outside the U.S. is responsible for reviewing the laws of his or her country of residence or other applicable laws to determine if there are any restrictions on his or her ability to invest through the Plan.

#### 6. How can I participate in the Plan?

Eligible stockholders as well as new investors can enroll either by going to the Plan Administrator's web site or by requesting an enrollment form from the Plan Administrator and returning the completed form by mail. An automated voice response system is also available for eligible stockholders to elect dividend reinvestment of their dividends. Please refer to Question 33 herein for the Plan Administrator's web site, phone numbers and addresses.

### DIVIDEND REINVESTMENT

#### 7. How does the reinvestment process work?

As a participant in the Plan, you may elect to reinvest all, part or none of the dividends paid on your Webster common stock, and your preference should be indicated on the enrollment form. If you complete and return an enrollment form without selecting one of these three options, *all* of your dividends will be automatically reinvested in shares of Webster.

**Full dividend reinvestment:** If you select this option, all of the cash dividends paid on the shares you enroll in the Plan will automatically be reinvested to purchase additional shares of Webster stock.

**Partial dividend reinvestment:** If you select this option, a portion of your cash dividends will be paid to you in cash, and the remaining portions of your dividends will be automatically reinvested to purchase additional shares of Webster common stock. If you choose partial reinvestment, you must specify on the enrollment form the number of whole shares on which you wish to continue to receive cash dividends by check or to have directly deposited into your designated checking or savings account, as further described below. The remaining dividends will be automatically reinvested.

**No dividend reinvestment:** If you select this option, all of your dividends will be paid to you in cash. You may choose to have your cash dividends directly deposited into your designated checking or savings account or sent to you by check.

To arrange to have your dividends directly deposited into your designated bank account, you must complete and return a direct deposit authorization form. You may request an authorization form by calling the Plan Administrator at 1-877-279-4322, or you may authorize the direct deposit of dividends when you enroll in the Plan online, or access your account online at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).

#### 8. When will the reinvestment of my dividends begin?

The reinvestment of your dividends will begin with the first quarterly cash dividend that we pay following your enrollment, but only if your enrollment is received by the record date for that dividend. If your enrollment is received between a record date and a payable date, the reinvestment of your dividends will commence with the dividend payment in the following quarter.

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### **9. Can I deposit stock certificates for safekeeping with the Plan Administrator?**

You may deposit any or all of your Webster stock certificates for safekeeping. This added feature relieves you of the worry associated with the possibility of loss, theft or destruction of the certificates. This service is provided to Plan participants without charge.

## **INITIAL AND OPTIONAL CASH PURCHASES.**

### **10. When and how can I make initial or optional cash purchases?**

New investors may make an initial cash purchase when enrolling in the Plan by enclosing a check with their enrollment form, or by authorizing an automatic debit from a designated bank account when enrolling online at the Plan Administrator's web site. In both cases, the minimum initial cash purchase amount is \$250.

As a Plan participant, you may also make optional cash purchases of our common stock. The minimum cash purchase accepted per transaction is \$50. You may make purchases up to a maximum of \$5,000 per transaction and the maximum limit for both initial and optional purchases is \$60,000 per year, unless we grant you a waiver of these amounts. The purchase, less the appropriate service fee as set forth in the schedule in Question 12, will be applied toward the purchase of shares for your account as promptly as practicable, usually within five (5) business days upon receipt of funds by the Plan Administrator.

Your cash purchases may be commingled by the Plan Administrator with dividends and with other participants' cash purchases for the purpose of buying shares of common stock. You cannot specify the prices or timing of purchases, nor can you make any other limitations on the purchase of shares other than those specified under these terms and conditions. No interest will be paid on optional cash purchases pending investment.

If you choose to submit a check, be sure to use the contribution form that appears on your Plan statement, and mail it to the address specified on the form. Alternatively, if you wish to make regular monthly purchases, you may authorize automatic deductions from your bank account. This feature enables you to make ongoing investments in an amount that is comfortable for you, without having to write a check. You also may authorize individual debits from your bank account through the Plan Administrator's web site at [www.bnymellon.com/shareowner](http://www.bnymellon.com/shareowner).

In the event that your option cash purchase check or EFT is returned unpaid for any reason, you will be charged a \$35.00 return fee. Further, the Plan Administrator will remove from your account shares that were purchased in anticipation of the collection of such funds plus the return fee. These shares will be sold to recover any uncollected funds and the return fee. If the net proceeds of the sale of such shares are insufficient to recover in full the uncollected amounts plus the return fee, the Plan Administrator reserves the right to sell such additional shares from any of your accounts maintained by the Plan Administrator as may be necessary to recover in full the uncollected balance plus the return fee.

### **11. Am I obligated to make cash purchases if I enroll in the Plan?**

No. Cash purchases are entirely voluntary. You may supplement the reinvestment of your dividends with optional cash purchases as often as you like, or not at all. Or you may buy shares with optional cash purchases and choose not to reinvest any or all of your dividends.

## **FEES**

### **12. What fees may I incur by participating in the Plan?**

Dividends are reinvested at no charge to Plan Participants. However, you will be charged a service fee for each optional cash investment. The amount of the service fee will vary, depending on the form of payment and the frequency of purchases, as follows:

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| <b>Method of Payment</b> | <b>Per Investment</b> |
|--------------------------|-----------------------|
| By Check                 | \$ 5.00               |
| By Electronic Debit      | \$ 2.00               |

In addition, you will incur a trading fee of \$0.06 per share for shares acquired on the open market with reinvested dividends, initial and optional cash purchases. A \$15.00 transaction fee, plus a trading fee of \$0.10 per share, will be charged each time Plan shares are sold on your behalf.

**PURCHASE OF SHARES****13. What is the source of the common stock that may be purchased through the Plan?**

At our discretion, share purchases will be made on the open market or directly from Webster. Shares purchased from Webster may come from our authorized but unissued shares or from our treasury shares. Share purchases on the open market may be made on any stock exchange where our common stock is traded or through negotiated transactions, on such terms as the Plan Administrator determines. Neither we nor you will have any authority to direct the date, time, or price at which shares may be purchased by the Plan Administrator.

**14. How will shares be purchased under the Plan?**

Upon receipt of your funds, the Plan Administrator will invest initial and additional cash purchases as promptly as practicable, normally within five (5) business days.

Shares will be posted to your account in whole and fractional shares, computed to four decimal places. A confirmation of your transaction will be sent by e-mail or via a paper statement to the Internet or postal address you give us when you enroll in the Plan.

In the unlikely event that, due to unusual market conditions, the Plan Administrator is unable to invest the funds within thirty-five (35) calendar days, the Plan Administrator will return the funds to you by check. No interest will be paid on funds held by the Plan Administrator pending investment.

For automatic monthly purchases, the amounts you have authorized will be withdrawn from your bank account on the 24<sup>th</sup> day of each month, or on the next succeeding business day if the 24<sup>th</sup> falls on a weekend or a holiday. The funds will be credited to your Plan account and normally invested within five (5) business days after receipt by the Plan Administrator.

The Plan Administrator will use your cash to purchase as many full and fractional shares as possible.

**15. How will the price for my shares be determined?**

For shares purchased on the open market, the purchase price will be the average price that the Plan Administrator pays to obtain shares for all participants who acquire shares through the Plan for the same investment date. For shares purchased directly from Webster, the purchase price will be 100% of the average of the high and low sales prices of our common stock, as reported in the New York Stock Exchange Composite Transactions listing, on the investment date, less any discount that we may decide to offer.

**16. Will shares be offered to Plan participants at a discount?**

We will establish a waiver discount only for shares that are purchased directly from us pursuant to a waiver request. For each pricing period, we may establish a discount from the market price applicable to optional cash purchases and initial investments made pursuant to a request for waiver (please see Question 17). This waiver discount, if any, will range from 0% to 5% of the purchase price and may vary for each pricing

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period. The waiver discount, if any, will be established at our sole discretion after a review of current market conditions, the level of participation in the Plan, the attractiveness of obtaining additional funds through the sale of our common shares as compared to other sources of funds, and our need for additional funds. You may obtain information regarding the

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maximum waiver discount, if any, by contacting the Plan Administrator at (201) 680-5300 or [waivers@bnymellon.com](mailto:waivers@bnymellon.com). Setting a waiver discount for a particular pricing period will not affect the setting of a waiver discount for any subsequent pricing period. The waiver discount, if any, will apply only to optional cash purchases and initial investments in excess of \$60,000. The waiver discount, if any, will apply to the entire optional cash purchase or initial investment made pursuant to a waiver and not just the portion in excess of \$60,000.

**17. May I invest more than the Plan maximums of \$5,000 per transaction and \$60,000 per account per year?**

Yes, if you request a waiver of these limits and we grant your waiver request. Upon receipt of a written waiver form from an investor, we will consider waiving the maximum transaction or annual investment limit. Grants of waiver requests will be made in our sole discretion based on a variety of factors, which may include: our current and projected capital needs, prevailing market prices of our common stock and other securities, and general economic and market conditions.

Shares purchased in excess of the Plan maximum investment amounts of \$5,000 per transaction and \$60,000 per year will be priced as follows:

Investments for which a waiver has been granted will be made subject to a pricing period, which will generally consist of one (1) to fifteen (15) separate days during which trading of our common stock is reported on the New York Stock Exchange. Each of these separate days will be an investment date, and an equal proportion of the investment amount will be invested on each trading day during such pricing period, subject to the qualifications listed below. The purchase price for shares acquired on a particular investment date will be equal to 100% (subject to change as provided below) of the volume-weighted average price (less any applicable discount), rounded to four decimal places, of our common stock as reported by the New York Stock Exchange only, obtained from Bloomberg, LP for that investment date. Funds for such investments must be received by the Plan Administrator not later than the business day before the first day of the pricing period.

We may establish a minimum, or threshold, price for any pricing period that the volume-weighted average price, rounded to four decimal places, of our common stock must equal or exceed during each trading day of the pricing period for investments made pursuant to a waiver request.

If we decide to establish a threshold price for a particular pricing period, the threshold price for any investments made pursuant to a request for waiver will be a stated dollar amount that the volume-weighted average price, rounded to four decimal places, of our common stock, as reported by the New York Stock Exchange for each trading day in the relevant pricing period, must equal or exceed. If the threshold price is not satisfied for a trading day in the pricing period, then that trading day and the trading prices for that day will be excluded from the pricing period.

We will only establish a threshold price if shares will be purchased directly from us in connection with the relevant pricing period (please see first bullet above). If we have established a threshold price with respect to the relevant pricing period, then we will exclude from the pricing period any trading day that the volume-weighted average price is less than the threshold price and refund that day's proportional investment amount. For example, if the threshold price is not met for two (2) of the trading days in a ten-day pricing period, then we will return 20% of the funds you submitted in connection with your waiver request, without interest, unless we have activated the pricing period extension feature for the pricing period, as described below.

Neither we nor the Plan Administrator are required to notify you that a threshold price has been established for any pricing period.

We may elect to activate for any particular pricing period a pricing period extension feature which will provide that the initial pricing period be extended by the number of days that the threshold price is not satisfied, subject to a maximum of five (5) trading days. If we elect to activate the pricing period extension feature and the threshold price is satisfied for any additional day that has been added to the initial pricing period, that day will be included as one of the trading days for the pricing period instead of the day on which the threshold price was not met. For example, if the determined pricing period is



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ten (10) days, and the threshold price is not satisfied for three (3) out of those ten (10) days in the initial pricing period, and we had previously announced in the bid-waiver form that the pricing period extension feature was activated, then the pricing period will be automatically extended, and if the threshold price is satisfied on the next three (3) trading days (or a subset thereof), then those three (3) days (or subset thereof) will become investment dates in lieu of the three (3) days on which the threshold price was not met. As a result, because there were ten (10) trading days during the initial and extended pricing period on which the threshold price was satisfied, all of the funds that you include with your request for waiver will be invested.

Newly issued shares purchased pursuant to a request for waiver will be posted to participants' accounts within three (3) business days following the end of the applicable pricing period, or, if we elect to activate the continuous settlement feature, within three (3) business days of each separate investment date beginning on the first investment date in the relevant pricing period and ending on the final investment date in the relevant pricing period, with an equal amount being invested on each day, subject to the qualifications set forth above. During any month when we are proposing to grant requests for waiver for one or more investments, we may elect to activate the continuous settlement feature for such investments by announcing in the bid-waiver form that we will be doing so. The purchase price of shares acquired on each investment date will be equal to the volume-weighted average price obtained from Bloomberg, LP (unless such service is unavailable, in which case we will designate another service to be utilized before the beginning of the pricing period), rounded to four decimal places for each of the investment dates during the pricing period, assuming the threshold price is met on that day, less any discount that we may decide to offer. For each pricing period (assuming the threshold price is met on each trading day of that pricing period), we would have a separate settlement of each investment date's purchases, each based on the volume-weighted average price for the trading day relating to each of the investment dates during the pricing period.

Waiver request forms and information regarding the establishment of a threshold price, if any, may be obtained by contacting the Plan Administrator at (201) 680-5300 or [waivers@bnymellon.com](mailto:waivers@bnymellon.com).

**SALE OF PLAN SHARES**

**18. How can I sell the shares of common stock that are held in my Plan account?**

You may request that the Plan Administrator sell some or all of the shares held in your Plan account. The Plan Administrator will aggregate all shares for which requests to sell were received and will sell the whole shares on the open market through a registered broker-dealer selected at its sole discretion. In such event, you will receive proceeds based on the average sale price of all shares sold, less a transaction fee of \$15.00, plus a trading fee of \$0.10 per share. The Plan Administrator will deduct these amounts from the cash proceeds paid to you. Shares being sold for you may be aggregated with those of other Plan participants who have requested sales. If you opt to sell all of the shares held for you in the Plan, your participation in the Plan will be automatically terminated.

Alternatively, you may choose to sell your shares through a broker-dealer of your choice, in which case you will have to request that the Plan Administrator either (a) electronically transfer your shares to your stockbroker, or (b) issue the shares in certificate form for delivery to your stockbroker before settlement of the sale.

The Plan Administrator may determine the price for the fractional shares either by (a) selling shares on the open market through a registered broker-dealer, or (b) using the current price of our common stock on the New York Stock Exchange, or as quoted by a registered broker-dealer on the date of the request.

**19. If I request the sale of the shares held in my Plan account, when will they be sold?**

If you request the sale of shares that are held for you in the Plan, the Plan Administrator will use its best efforts to sell your shares on the open market within five (5) business days after receipt of your sale instructions, or as soon as otherwise practicable. A check in payment of the net proceeds will be mailed to you as soon as practicable after the sale has taken place.

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There can be no assurances with respect to the Plan Administrator's ability to sell your shares and no assurances as to the prices or timing of such sales, or the terms under which such sales may be transacted. Neither we nor the Plan Administrator has any obligation under the Plan, and assume no responsibility, to purchase whole shares credited to your Plan account if such shares cannot be sold by the Plan Administrator.

## **DIVIDENDS**

### **20. How will I be credited with the dividends paid on the shares I have enrolled in the Plan and/or that are being held in my Plan account?**

The Plan Administrator will receive the cash dividends (less the amount of any taxes withheld) paid by us on all whole and fractional shares that are enrolled and/or held in the Plan at the dividend record date, and will credit such dividends to your Plan account on the payable date. The dividends received by the Plan Administrator will automatically be reinvested in shares of our common stock.

### **21. What if I decide that I would like to receive in cash some of the dividends paid on the shares enrolled or held in the Plan, rather than having them reinvested?**

The Plan permits partial reinvestment of dividends. Please see Question 7.

## **REPORTS TO PARTICIPANTS**

### **22. What reports will I receive as a participant in the Plan?**

As soon as practicable after each transaction, you will receive a statement with information about your Plan account, including amounts invested, the purchase and/or sale prices, and the number of shares purchased and/or sold. This statement will provide a record of purchases and sales transacted on your behalf under the Plan and you should retain it for income tax purposes. As a stockholder, you also will receive various communications, including our annual report to stockholders, notices of stockholder meetings, proxy statements, and information for income tax reporting.

## **ISSUANCE AND DEPOSIT OF STOCK CERTIFICATES**

### **23. Will certificates be issued to me for shares of common stock purchased through the Plan?**

Certificates for shares of common stock that are purchased through the Plan will not be issued to you, unless you request that the Plan Administrator do so. All shares will be issued to the Plan Administrator or its nominee(s) as agent, and credited to your Plan account in book entry form. The number of shares credited to your Plan account will appear on your account statements. This convenient process protects against loss, theft, or destruction of stock certificates, and reduces our costs.

Shares credited to your Plan account may not be assigned or pledged in any way. If you wish to assign or pledge the whole shares credited to your account, you must request that certificates for those shares be issued to you in your name.

Upon receipt of your request, the Plan Administrator will issue you a certificate for any number of whole shares credited to your Plan account. Certificates for fractional shares will not be issued under any circumstances.

The name on your Plan account will be identical to the name that appears on the certificate(s) underlying the shares you have enrolled in the Plan and/or that are held for you in the Plan in book entry form. Certificates for whole shares issued to you from the Plan will be registered in the same manner.

### **24. How can I arrange for my stock certificate(s) to be held in safekeeping by the Plan Administrator?**

## Edgar Filing: WEBSTER FINANCIAL CORP - Form 424B3

If you wish to submit your stock certificate(s) to the Plan Administrator for safekeeping, you should mail them (unendorsed) by registered mail, with a note requesting that they be credited to your Plan account.

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If the current market value of the shares represented by the certificate(s) you are mailing to the Plan Administrator exceeds \$3,000, you should insure the certificate(s) for 1% of the current market value, as this is the amount you will be charged for surety protection should your certificate(s) be lost in the mail.

## **TERMINATION OF PLAN PARTICIPATION**

### **25. How do I terminate my participation in the Plan?**

Participation in the Plan is entirely voluntary. You may terminate your participation at any time by providing notice and instructions to the Plan Administrator. Upon receipt, the Plan Administrator, in accordance with your instructions, will either (a) discontinue the reinvestment of the dividends paid on the shares enrolled and/or held in your Plan account, but continue to hold those shares in book form on your behalf; (b) issue a certificate for the whole shares credited to your Plan account and issue a cash payment for any cash in lieu of a fractional share; or (c) sell the whole shares credited to your Plan account and issue a cash payment for the proceeds plus any cash in lieu of a fractional share, less associated trading fees of \$0.10 per share and the \$15.00 transaction fee.

## **TAX INFORMATION**

### **26. What are the tax consequences of my participation in the plan?**

The following is a brief summary of the material federal income tax considerations applicable to the Plan, is for general information only, and does not constitute tax advice. This discussion does not purport to deal with all aspects of taxation that may be relevant to you in light of your personal investment circumstances or to certain types of investors who are subject to special treatment under the Federal income tax laws (including insurance companies, partnerships, tax-exempt organizations, financial institutions or broker dealers, foreign corporations, and persons who are not citizens or residents of the United States). You are encouraged to consult your personal tax advisor as to all federal, state, local, foreign and other tax implications of your participation in the Plan, including in connection with the reinvestment of dividends and purchase of shares under the plan, your tax basis and holding period for shares acquired under the plan and the character, amount and tax treatment of any gain or loss realized on the disposition of shares.

In general, you will recognize dividend income on any dividends payable on shares of common stock that you own. The reinvestment of dividends does not relieve you of any income tax which may be payable on such dividends. When your dividends are reinvested to acquire shares (including any fractional share) directly from us, you will generally be treated as having received a taxable dividend distribution in an amount equal to the fair market value of our common stock purchased for your account under the dividend reinvestment program with those dividends ( Fair Market Value ). We intend to treat the Fair Market Value as equal to the average of the high and low prices of our common stock on the New York Stock Exchange on the dividend payment date. Accordingly, the determination of the amount of the taxable distribution will include any purchase price discount you may receive under the Plan, should we offer such a discount in the future.

When your dividends are reinvested to acquire shares (including any fractional share) purchased in market transactions, you will generally be treated as having received a taxable dividend equal to the amount of cash dividends used to make those purchases, plus the amount of any brokerage fees paid by us in connection with those purchases. If in the future we offer a discount on shares of common stock purchased in market transactions, the amount of the distribution you will be treated as having received will exceed the cash distribution reinvested as a result of any such discount.

If you participate in both the dividend reinvestment program and the stock purchase program features of the plan and you purchase shares of common stock through the stock purchase program, you will be treated for federal income tax purposes as having received a distribution from us with respect to the shares equal to the Fair Market Value on the purchase date of shares less the amount paid by you for such shares (plus any applicable brokerage fees and any other expenses paid by you).

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Although the tax treatment with respect to a stockholder who participates only in the stock purchase program and does not participate in the dividend reinvestment program is not entirely clear, we will report any discount you receive under the Plan as a distribution to you on Form 1099-DIV. You are urged to consult with your tax advisor regarding the tax treatment to you of receiving a discount on cash investments in shares of our common stock through the Plan.

The shares you receive under the dividend reinvestment program will have a tax basis equal to the amount of distributions you are treated as receiving (including any brokerage fees paid by us in connection with the purchases), as described above. Shares acquired through the stock purchase program under the plan should have a tax basis equal to the price actually paid by you for such shares plus any additional amounts that are includible in your taxable income as a result of any discount or any brokerage commissions paid by us. Your holding period for shares acquired pursuant to either program under the Plan will begin on the day following the applicable purchase date.

The distributions you receive under the Plan will be taxable as dividends to the extent of our current or accumulated earnings and profits. Any such dividend may be considered a qualified dividend provided that certain minimum holding period requirements are satisfied. Qualified dividend income received in taxable years beginning before January 1, 2011 by certain non-corporate U.S. holders, including individuals, generally will be subject to reduced rates of taxation. To the extent the distributions are in excess of our current or accumulated earnings and profits, the excess portion will be treated first as a tax-free return of capital, reducing the tax basis in your shares, and to the extent in excess of your tax basis will be taxable as gain realized from the sale of your shares. Some corporate stockholders may be entitled to a dividends received deduction with respect to amounts treated as ordinary dividend income.

You will not realize any taxable income upon receipt of certificates for whole shares credited to your account, either upon your request for certain of those shares or upon termination of participation in the Plan. You will, however, realize gain or loss upon the sale or exchange of shares acquired under the Plan. You will also realize gain or loss upon receipt, following termination of participation in the Plan, of a cash payment for any fractional share equivalent credited to your account. The amount of any such gain or loss will be the difference between the amount that you received for the shares or fractional share equivalent and the tax basis thereof. Assuming that shares have been held as capital assets, such gain or loss will be capital in nature. Capital gains of individuals derived with respect to capital assets held for more than one year are generally eligible for reduced rate of taxation. The deductibility of capital losses is subject to limitations.

The Plan Administrator will report to you for tax purposes the dividends treated as distributed to you as described above. Such information will also be furnished to the Internal Revenue Service to the extent required by law.

If you are a foreign stockholder whose dividends are subject to United States income tax withholding or a domestic stockholder whose dividends are subject to backup withholding taxes, the Plan Administrator will reinvest an amount equal to the dividend less the amount of any tax required to be withheld. Amounts withheld from dividends will be paid to the United States Treasury and the affected participants will be advised of the amount withheld.

The information in this section is based on the Internal Revenue Code of 1986, as amended, Treasury Regulations thereunder, current administrative interpretations and practices of the Internal Revenue Service and court decisions, as of the date of this prospectus supplement. Future legislation, Treasury Regulations, administrative interpretations and practices, or court decisions could significantly change the current law or adversely affect existing interpretations of current law, possibly with retroactive effect.

## **OTHER INFORMATION**

### **27. What happens if I decide to sell or transfer all of the certificated shares enrolled in the Plan but not the shares that are held in my Plan account?**

If you sell or transfer all of the certificated shares enrolled in the Plan, but continue to hold shares in your

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Plan account, the cash dividends on the shares held in your Plan account will continue to be reinvested, unless you instruct the Plan Administrator to terminate your participation in the Plan.

**28. If Webster issues additional shares of common stock in connection with a stock dividend or a stock split, how will I receive the additional shares?**

Any shares representing stock dividends or stock splits that we distribute on shares of our common stock that you have enrolled in the Plan and/or that are being held in your Plan account will be credited to your Plan account.

**29. How will I be able to vote the shares held in my Plan account?**

The shares credited to your Plan account will be automatically added to the shares covered by the proxy provided to you with respect to your certificated and book entry form of common stock, and may be voted by you pursuant to such proxy.

**30. What are the responsibilities of Webster and the Plan Administrator under the Plan?**

Except as described below, the Plan Administrator has no responsibility with respect to the preparation or the contents of this Plan. Neither we nor the Plan Administrator or its nominee(s), in administering the Plan, will be liable for any act done in good faith. Neither we nor the Plan Administrator will be liable for any good faith omission to act, including, without limitation, any claims of liability arising out of: (a) failure to terminate a participant's account upon the participant's death before the receipt of notice in writing of the death; (b) the prices and times at which shares of common stock are purchased or sold for the participant's account or the terms under which such purchases or sales are made; or (c) fluctuations in the market value of our common stock. Neither we nor the Plan Administrator