

WEBSTER FINANCIAL CORP

Form 424B2

June 15, 2007

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Filed Pursuant To Rule 424(b)(2)
 Registration Nos. 333-143668
 333-143668-01

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Offered	Amount to be Offered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee (1)
7.65% Fixed to Floating Rate Trust Preferred Securities	200,000	\$1,000	\$200,000,000	\$6,140

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Webster Capital Trust IV
\$200,000,000
7.65% Fixed to Floating Rate Trust Preferred Securities
(liquidation amount \$1,000 per security)
fully and unconditionally guaranteed, as described herein, by

Webster Financial Corporation

Webster Capital Trust IV, a Delaware statutory trust, will issue the Trust Preferred Securities. Each Trust Preferred Security represents an undivided beneficial interest in the Trust. The only assets of the Trust will be the 7.65% Fixed to Floating Rate Junior Subordinated Notes issued by Webster Financial Corporation, which we refer to as the *junior subordinated notes*. The Trust will pay distributions on the Trust Preferred Securities only from the proceeds, if any, of interest payments on the junior subordinated notes.

The junior subordinated notes will bear interest from the date they are issued until June 15, 2017 at the annual rate of 7.65% of their principal amount, payable semi-annually in arrears on each June 15 and December 15, beginning on December 15, 2007. From and including June 15, 2017, the junior subordinated notes will bear interest payable quarterly in arrears on each March 15, June 15, September 15 and December 15, beginning September 15, 2017, at a floating annual rate equal to three-month LIBOR plus 1.89% until June 15, 2037, the initial scheduled maturity date for the junior subordinated notes. If any junior subordinated notes remain outstanding after June 15, 2037, they will bear interest from and including that date at a floating annual rate equal to one-month LIBOR plus 2.89% payable monthly in arrears on the 15th day of each month until repaid, provided that if we have elected to extend the scheduled maturity date for the junior subordinated notes, then the junior subordinated notes will bear interest for the period from and including June 15, 2037 to but excluding the scheduled maturity date at a floating annual rate equal to three-month LIBOR plus 2.89% payable quarterly in arrears on the quarterly interest payment dates referred to above, and thereafter at a floating annual rate equal to one-month LIBOR plus 2.89% payable monthly in arrears on the

15th day of each month until repaid. We have the right, on one or more occasions, to defer the payment of interest on the junior subordinated notes for one or more consecutive interest periods through the earlier of the first period in which we pay current interest and five years without being subject to our obligations under the alternative payment mechanism described in this prospectus and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default. In the event of our bankruptcy, holders of the junior subordinated notes will have a limited claim for deferred interest.

The scheduled maturity date for the junior subordinated notes is initially June 15, 2037, but may be extended at our option for up to two additional 10-year periods upon the satisfaction of certain criteria described in this prospectus. The principal amount of the junior subordinated notes will become due on the scheduled maturity date to the extent that we have received proceeds from the sale of certain qualifying capital securities during a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. We will use our commercially reasonable efforts, subject to certain market disruption events, to sell enough qualifying capital securities to permit repayment of the junior subordinated notes in full on the scheduled maturity date. If any amount is not paid on the scheduled maturity date, it will remain outstanding and bear interest at a floating annual rate equal to one-month LIBOR plus 2.89% payable monthly in arrears and we will continue to use our commercially reasonable efforts on a monthly basis to sell enough qualifying capital securities to permit repayment of the junior subordinated notes in full. We must pay any remaining principal and interest in full on the junior subordinated notes on the final repayment date whether or not we have sold qualifying capital securities. The final repayment date for the junior subordinated notes is initially June 15, 2067 but may be extended at our option for up to two additional 10-year periods upon the satisfaction of certain criteria described in this prospectus. We may elect to extend the scheduled maturity date for the junior subordinated notes whether or not we also elect to extend the final repayment date, and we may elect to extend the final repayment date whether or not we also elect to extend the scheduled maturity date.

At our option, the junior subordinated notes may be redeemed at any time in whole or in part at the redemption prices set forth herein.

The junior subordinated notes will be unsecured and deeply subordinated upon liquidation to all existing and future senior and subordinated debt of Webster Financial Corporation, including to junior subordinated debt securities underlying our outstanding traditional trust preferred securities, but will rank equally upon liquidation with any future debt that by its terms does not rank senior upon liquidation to the junior subordinated notes and with our trade creditors, and will be effectively subordinated to all liabilities of our subsidiaries. As a result, the Trust Preferred Securities also will be effectively subordinated to the same debt and liabilities. Webster Financial Corporation will guarantee the Trust Preferred Securities on a subordinated basis to the extent described in this prospectus.

We do not intend to apply for listing of the Trust Preferred Securities on any securities exchange.

The Trust Preferred Securities and the junior subordinated notes are not deposits or other obligations of a bank. They are not insured by the FDIC or any other government agency.

Investing in the Trust Preferred Securities involves risks. See Risk Factors beginning on page 11 of this prospectus.

	Per Trust Preferred Security	Total
Public Offering Price(1)	\$996.72	\$199,344,000
Underwriting Commission(2)	\$10.00	\$2,000,000
Proceeds to Webster	\$986.72	\$197,344,000

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- (1) Plus accrued distributions from June 20, 2007 to the date of delivery if settlement occurs after that date.
 - (2) In view of the fact that the proceeds of the sale of the Trust Preferred Securities will be invested in the junior subordinated notes, we have agreed to pay the underwriters, as compensation for arranging the investment therein of such proceeds, \$10.00 per Trust Preferred Security (or \$2,000,000 in the aggregate). See Underwriting.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Trust Preferred Securities in book-entry form only through the facilities of The Depository Trust Company against payment in New York, New York on June 20, 2007.

Joint Bookrunners
Merrill Lynch & Co.
Structuring Advisor

Keefe, Bruyette & Woods

Lehman Brothers

June 13, 2007

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You should read this prospectus together with additional information described below under the heading Where You Can Find More Information.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus to *Webster*, *we*, *us*, *our* or similar references mean Webster Financial Corporation and its subsidiaries, and references to the Trust mean Webster Capital Trust IV. In this regard, when we refer to *Webster*, *we*, *us*, *our* or similar references in relation to our obligations under the junior subordinated notes, such references mean Webster Financial Corporation excluding any of its subsidiaries.

You should rely only on the information contained in or incorporated by reference in this prospectus. This prospectus may be used only for the purpose for which it has been prepared. No one is authorized to give information other than that contained in this prospectus and in the documents referred to in this prospectus and which are made available to the public. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

You should not assume that the information appearing in this prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since that date. This prospectus does not constitute an offer, or an invitation on our behalf or on behalf of the underwriters, to subscribe for and purchase any of the securities and may

not be used for or in connection with an offer or solicitation by anyone in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

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WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the *Exchange Act*). Accordingly, we file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or *SEC*. You may read and copy any reports, statements or other information that we may file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Room 1580, 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. The SEC maintains an Internet site that contains reports, proxy and information statements and other information about issuers that file electronically with the SEC. The address of the SEC's Internet site is <http://www.sec.gov>.

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be a part of this prospectus, and the information we later file with the SEC will automatically update information previously contained in this prospectus or incorporated by reference in this prospectus, and any statement contained in this prospectus or in a document incorporated by reference in this prospectus will be deemed modified or superseded for purposes of this prospectus to the extent that a later statement contained or incorporated by reference in this prospectus is inconsistent with such earlier statement.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC (excluding any portion of any such document that has been furnished and deemed not to be filed with the SEC under the Exchange Act):

Report	Period of Report or Date Filed
Annual Report on Form 10-K (including information incorporated by reference in the Form 10-K from our definitive proxy statement for the 2007 annual meeting of stockholders, which was filed on March 9, 2007)	Year ended December 31, 2006, filed February 27, 2007
Quarterly Report on Form 10-Q	Filed May 4, 2007
Current Reports on Form 8-K	Filed June 5, 2007, May 1, 2007, April 19, 2007 (only with respect to Item 8.01), April 4, 2007, February 28, 2007 and February 14, 2007

We incorporate by reference these documents and any future documents we may file with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any document or portion thereof that has been furnished and deemed not to be filed with the SEC under the Exchange Act).

These documents are available without charge to you on the Internet at <http://www.websteronline.com> or if you call or write to: Terrence K. Mangan, Senior Vice President, Investor Relations, Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702, telephone: (203) 578-2202.

We have also filed a registration statement with the SEC relating to the securities offered by this prospectus. This prospectus, which constitutes part of the registration statement, does not contain all of the information presented or incorporated by reference in the registration statement and its exhibits. You may obtain from the SEC a copy of the registration statement and exhibits that we filed with the SEC when we registered the Trust Preferred Securities. The

registration statement may contain additional information that may be important to you.

The Trust has no separate financial statements. The statements would not be material to holders of the securities because the Trust has no independent operations.

Unless otherwise indicated, currency amounts in this prospectus are stated in U.S. dollars.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the information included or incorporated by reference in this prospectus 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, probably, projects, outlook or similar expressions or future or conditional verbs such as may, will, should, 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 issues or otherwise;
- adverse changes or conditions in capital and financial markets;
- changes in monetary and fiscal policies of the federal government;
- changes in interest rates and fluctuating investment returns;
- 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 Webster's 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.

The forward-looking statements are based upon managements' beliefs and assumptions and are made as of the date of this prospectus. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus 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 or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

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SUMMARY INFORMATION

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus. As a result, it does not contain all of the information that may be important to you or that you should consider before investing in the Trust Preferred Securities or the junior subordinated notes. You should read this entire prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information.

Webster Financial Corporation

Webster Financial Corporation, (referred to in this prospectus as *Webster* or *we* or *us*) through its subsidiaries, Webster Bank, National Association, or *Webster Bank*, and Webster Insurance, Inc., or *Webster Insurance*, delivers financial services to individuals, families and businesses throughout southern New England and eastern New York State, as well as equipment financing, asset-based lending, mortgage origination and insurance premium financing throughout the United States. We provide commercial banking, retail banking, health savings accounts, consumer financing, mortgage banking, trust and investment services. As of March 31, 2007, we had 177 banking offices and 334 ATMs. In addition, we provide our clients with technology-based banking channels through telephone banking and on our Internet website (www.websteronline.com).

On a consolidated basis, as of March 31, 2007, we had approximately \$16.9 billion in assets, approximately \$12.3 billion in loans, approximately \$12.6 billion in total deposits and approximately \$1.9 billion in total shareholders equity.

In September 2006, Webster management announced a strategic review which began in the fourth quarter of 2006 and is expected to be completed by the end of the second quarter of 2007. This strategic review is looking at all of Webster's segments and lines of business to focus on core competencies, identify operational efficiencies and position Webster to realize its vision of becoming New England's bank. This process has encompassed evaluating the contribution, growth potential, fit and alignment of each segment and line of business with Webster's goals and mission.

The strategic review has been undertaken to find actions that will improve Webster's operational efficiency and effectiveness. Since the strategic review commenced, Webster has announced a number of structural and other changes, including a balance sheet repositioning in the fourth quarter of 2006 and in the first quarter of 2007, the securitization of residential mortgage loans, closure of People's Mortgage Company, termination of mezzanine lending operations, discontinuance of construction lending outside of Webster Bank's market area, and outsourcing of certain operations of Webster Investment Services. These actions, including the related charges, are expected to positively impact Webster on a going forward basis.

As noted above, Webster expects to complete its strategic review by the end of the second quarter of 2007, and to announce the results of the strategic review in the third quarter of 2007. Management expects the results to include further structural and other changes consistent with both the philosophy and the financial goals reflected in the actions it has been taking since the fourth quarter of 2006. Similar to those previous changes, management also anticipates that the final results of the strategic review will result in additional charges, which cannot be estimated at this time.

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. The reference to our website is not intended to be an active link and the

information on our website is not, and you must not consider the information to be, a part of this prospectus.

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Webster Capital Trust IV

The Trust is a statutory trust organized under Delaware law pursuant to a trust agreement dated as of February 6, 2004 signed by Webster, as sponsor of the Trust, and the property trustee, the Delaware trustee and the administrative trustees and the filing of a certificate of trust with the Delaware Secretary of State. Under its amended and restated trust agreement, the exclusive purposes of the Trust are:

issuing and selling the Trust Preferred Securities and common securities representing undivided beneficial interests in the Trust;

using the gross proceeds from the sale of the Trust Preferred Securities and the common securities to purchase the junior subordinated notes; and

engaging in those activities necessary or incidental thereto.

The Trust's business and affairs will be conducted by its trustees, each appointed by us as sponsor of the Trust. The trustees will be The Bank of New York as the *property trustee*, The Bank of New York (Delaware), as the *Delaware trustee*, and three individual trustees, or *administrative trustees*, who are employees or officers of or affiliated with us.

The principal executive office of the Trust is located c/o Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702, and the Trust's telephone number is (203) 465-4364.

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The Trust Preferred Securities

Each Trust Preferred Security represents an undivided beneficial interest in the Trust.

The Trust will sell the Trust Preferred Securities to the public and its common securities to Webster. The Trust will use the proceeds from those sales to purchase \$200,010,000 aggregate principal amount of 7.65% Fixed to Floating Rate Junior Subordinated Notes of Webster, which we refer to in this prospectus as the *junior subordinated notes*. Webster will pay interest on the junior subordinated notes at the same rate and on the same dates as the Trust makes payments on the Trust Preferred Securities. The Trust will use the payments it receives on the junior subordinated notes to make the corresponding payments on the Trust Preferred Securities.

Distributions

If you purchase Trust Preferred Securities, you will be entitled to receive periodic distributions on the stated liquidation amount of \$1,000 per Trust Preferred Security (the *liquidation amount*) on the same payment dates and in the same amounts as we pay interest on a principal amount of junior subordinated notes equal to the liquidation amount of such Trust Preferred Security. Distributions will accumulate from June 20, 2007. The Trust will make distribution payments on the Trust Preferred Securities at the annual rate of 7.65% of the liquidation amount of the Trust Preferred Securities semi-annually in arrears, on each June 15 and December 15, beginning on December 15, 2007 and continuing to and including June 15, 2017. Thereafter, the Trust will make distribution payments on the Trust Preferred Securities at an annual floating rate equal to three-month LIBOR plus 1.89% of the liquidation amount of the Trust Preferred Securities quarterly in arrears, on each March 15, June 15, September 15 and December 15, beginning on September 15, 2017 and continuing to June 15, 2037, the initial scheduled maturity date for the junior subordinated notes. If any junior subordinated notes remain outstanding after June 15, 2037, they will bear interest from and including that date at an annual floating rate equal to one-month LIBOR plus 2.89% payable monthly in arrears on the 15th day of each month until repaid, provided that if the scheduled maturity date for the junior subordinated notes has been extended, then for the period from and including June 15, 2037 to but excluding the scheduled maturity date the junior subordinated notes will bear interest at a floating annual rate equal to three-month LIBOR plus 2.89% payable quarterly in arrears on the quarterly interest payment dates referred to above and thereafter they will bear interest from and including the scheduled maturity date at an annual floating rate equal to one-month LIBOR plus 2.89% payable monthly in arrears on the 15th day of each month until repaid, and, accordingly, the Trust will make corresponding monthly or quarterly distributions on the Trust Preferred Securities. If we defer payment of interest on the junior subordinated notes, distributions by the Trust on the Trust Preferred Securities will also be deferred.

Deferral of Distributions

We have the right, on one or more occasions, to defer the payment of interest on the junior subordinated notes for one or more consecutive interest periods that do not exceed five years without being subject to our obligations described under *Description of the Junior Subordinated Notes Alternative Payment Mechanism*, and for one or more consecutive interest periods that do not exceed 10 years without giving rise to an event of default under the terms of the junior subordinated notes or the Trust Preferred Securities. However, no interest deferral may extend beyond the repayment or redemption of the junior subordinated notes.

If we exercise our right to defer interest payments on the junior subordinated notes, the Trust will also defer paying a corresponding amount of distributions on the Trust Preferred Securities during that period of deferral.

Although neither we nor the Trust will be required to make any interest or distribution payments during a deferral period other than pursuant to the alternative payment mechanism, interest on the junior subordinated notes will

continue to accrue during deferral periods and, as a result, distributions on the Trust Preferred Securities will continue to accumulate at the then applicable interest rate on the junior subordinated notes, compounded on each distribution date.

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Following the earlier of (i) the fifth anniversary of the commencement of a deferral period or (ii) a payment of current interest on the junior subordinated notes, we will be required, with certain exceptions, to pay deferred interest pursuant to the alternative payment mechanism described under Description of the Junior Subordinated Notes Alternative Payment Mechanism. At any time during a deferral period, we may not pay deferred interest except pursuant to the alternative payment mechanism, subject to limited exceptions. However, we may pay current interest on any interest payment date out of any source of funds free of the limitations of the alternative payment mechanism, even if that interest payment date is during a deferral period.

If we defer payments of interest on the junior subordinated notes, the junior subordinated notes will be treated as being issued with original issue discount for United States federal income tax purposes. This means that you must include interest income with respect to the deferred distributions on your Trust Preferred Securities in gross income for United States federal income tax purposes, even though neither we nor the Trust will make actual payments on the junior subordinated notes, or on the Trust Preferred Securities, as the case may be, during a deferral period. See Certain United States Federal Income Tax Consequences United States Holders Interest Income and Original Issue Discount.

Redemption of Trust Preferred Securities

The Trust will use the proceeds of any repayment or redemption of the junior subordinated notes to redeem, on a proportionate basis, an equal amount of Trust Preferred Securities and common securities.

For a description of our rights to redeem the junior subordinated notes, see Description of the Junior Subordinated Notes Redemption below.

Liquidation of the Trust and Distribution of Junior Subordinated Notes to Holders

We may elect to dissolve the Trust at any time and, after satisfaction of the Trust's liabilities, to cause the property trustee to distribute the junior subordinated notes to the holders of the Trust Preferred Securities and common securities. However, if then required under the then-applicable risk-based capital guidelines or policies of the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of Boston, or any successor federal bank regulatory agency having primary jurisdiction over us (collectively referred to as the *Federal Reserve*) applicable to bank holding companies, we must obtain the approval of the Federal Reserve prior to making that election.

Further Issues

The Trust has the right to issue additional Trust Preferred Securities of this series in the future, subject to the conditions described under Description of the Trust Preferred Securities Further Issues. Any such additional Trust Preferred Securities will have the same terms as the Trust Preferred Securities being offered by this prospectus but may be offered at a different offering price and accrue distributions from a different date than the Trust Preferred Securities being offered hereby. If issued, any such additional Trust Preferred Securities will become part of the same series as the Trust Preferred Securities being offered hereby.

Book-Entry

The Trust Preferred Securities will be represented by one or more global securities registered in the name of and deposited with The Depository Trust Company (*DTC*) or its nominee. This means that you will not receive a certificate for your Trust Preferred Securities and Trust Preferred Securities will not be registered in your name, except under certain limited circumstances described below in Book-Entry System.

No Listing

We do not intend to apply to list the Trust Preferred Securities on any securities exchange.

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The Junior Subordinated Notes

Repayment of Principal

We must repay the principal amount of the junior subordinated notes, together with accrued and unpaid interest, on the scheduled maturity date, or if that date is not a business day, the next business day, subject to the limitations described below. The scheduled maturity date will initially be June 15, 2037 but may be extended at our option up to two times, in each case for an additional 10-year period, on June 15, 2017 and June 15, 2027, and as a result the scheduled maturity date may be extended to June 15, 2047 or June 15, 2057, in each case upon the satisfaction of certain criteria described under *Description of the Junior Subordinated Notes* *Repayment of Principal*.

We are required to repay the junior subordinated notes on the scheduled maturity date to the extent of the net proceeds that we have raised from the issuance of *qualifying capital securities*, as described under *Replacement Capital Covenant*, during a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. If we have not raised sufficient net proceeds to permit repayment of all principal and accrued and unpaid interest on the junior subordinated notes on the scheduled maturity date, we will apply any available proceeds to repay the junior subordinated notes and the unpaid portion will remain outstanding and bear interest payable monthly until repaid. We will be required to repay the unpaid portion of the junior subordinated notes on each subsequent interest payment date to the extent of the net proceeds we receive from any subsequent issuance of qualifying capital securities or upon the earliest to occur of the redemption of the junior subordinated notes, an event of default which results in an acceleration of the junior subordinated notes or the final repayment date.

We will use our commercially reasonable efforts, subject to a *market disruption event*, as described under *Description of the Junior Subordinated Notes* *Market Disruption Events*, to raise sufficient net proceeds from the issuance of qualifying capital securities in a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to the scheduled maturity date to permit repayment of the junior subordinated notes in full on the scheduled maturity date in accordance with the terms of the indenture under which the junior subordinated notes will be issued. If we are unable for any reason to raise sufficient proceeds, we will use our commercially reasonable efforts, subject to a market disruption event, to raise sufficient proceeds from the sale of qualifying capital securities to permit repayment of the junior subordinated notes on the following monthly interest payment date, and on each monthly interest payment date thereafter, until the junior subordinated notes are paid in full.

Any unpaid principal amount of the junior subordinated notes, together with accrued and unpaid interest, will be due and payable on the final repayment date, regardless of the amount of qualifying capital securities we have issued and sold by that time. The final repayment date for the junior subordinated is initially June 15, 2067 (or if this day is not a business day, the following business day), but may be extended at our option up to two times, in each case for an additional 10-year period, on June 15, 2017 and June 15, 2027, and as a result the final repayment date may be extended to June 15, 2077 or June 15, 2087, in each case upon the satisfaction of certain criteria described under *Description of the Junior Subordinated Notes* *Repayment of Principal*. We may elect to extend the scheduled maturity date for the junior subordinated notes whether or not we also elect to extend the final repayment date, and we may elect to extend the final repayment date whether or not we also elect to extend the scheduled maturity date for the junior subordinated notes.

Although under the replacement capital covenant the principal amount of junior subordinated notes that we may repay may be based on the net cash proceeds from certain issuances of common stock, rights to acquire common stock, debt exchangeable for common equity, debt exchangeable for preferred equity, mandatorily convertible preferred stock and REIT preferred securities in addition to qualifying capital securities, we have no obligation to issue any securities other than qualifying capital securities or to use the proceeds of the issuance of any other securities to repay the junior subordinated notes on the scheduled maturity date or at any time thereafter.

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Interest

Interest on the junior subordinated notes will accrue during the period commencing on and including June 20, 2007 to but excluding June 15, 2017 at the annual rate of 7.65%. Webster will pay such interest semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2007. From and including June 15, 2017 to but excluding June 15, 2037, the initial scheduled maturity date for the junior subordinated notes, the junior subordinated notes will bear interest at a floating annual rate equal to three-month LIBOR plus 1.89%. Webster will pay such interest quarterly in arrears on March 15, June 15, September 15 and December 15, commencing September 15, 2017. If any junior subordinated notes remain outstanding after June 15, 2037, they will bear interest from and including that date at a floating annual rate equal to one-month LIBOR plus 2.89%, payable monthly in arrears on the 15th day of each month until repaid, provided that if we have elected to extend the scheduled maturity date for the junior subordinated notes, then the junior subordinated notes will bear interest for the period from and including June 15, 2037 to but excluding the scheduled maturity date at a floating annual rate equal to three-month LIBOR plus 2.89% payable quarterly in arrears on the quarterly interest payment dates referred to above, and thereafter they will bear interest from and including the scheduled maturity date at a floating annual rate equal to one-month LIBOR plus 2.89%, payable monthly in arrears on the 15th day of each month until repaid.

Subordination

The junior subordinated notes will be unsecured and will be deeply subordinated upon liquidation to all of our existing and future senior and subordinated debt, including to junior subordinated debt securities underlying our outstanding traditional trust preferred securities, but will rank equally upon liquidation with any future debt that by its terms does not rank senior upon liquidation to the junior subordinated notes and with our trade creditors, and will be effectively subordinated to all liabilities of our subsidiaries. Substantially all of our existing indebtedness is senior and subordinated debt. As of March 31, 2007, our indebtedness for money borrowed ranking senior to the junior subordinated notes upon liquidation, on a non-consolidated basis, totaled approximately \$431.9 million (which included approximately \$256.7 million of junior subordinated debt securities underlying then outstanding traditional trust preferred securities of which approximately \$156.7 million was subsequently prepaid by us), and our subsidiaries direct borrowings and deposit liabilities that would effectively rank senior to the junior subordinated notes totaled approximately \$13.8 billion. See *Description of the Junior Subordinated Notes Subordination* for the definition of *senior and subordinated debt*.

Certain Payment Restrictions Applicable to Webster

During any period in which we have given written notice of our election to defer interest payments on the junior subordinated notes but the related deferral period has not yet commenced or a deferral period is continuing, we generally may not, and generally may not permit any subsidiary of ours to, make payments on or redeem or repurchase our capital stock or our debt securities or guarantees ranking *pari passu* with or junior to the junior subordinated notes, subject to certain limited exceptions. In addition, if any deferral period lasts longer than one year, the restrictions described under *Description of the Junior Subordinated Notes Dividend and Other Payment Stoppages* during Interest Deferral and under *Certain Other Circumstances* on our ability to redeem or repurchase any of our common stock will continue until the first anniversary of the date on which all deferred interest has been paid.

Redemption of Junior Subordinated Notes

Prior to June 15, 2017, we may elect to redeem any or all of the junior subordinated notes at one or more times for a make-whole redemption price calculated as described under *Description of the Junior Subordinated Notes Redemption*. In addition, prior to June 15, 2017, we may elect to redeem all, but not less than all, of the junior subordinated notes for a price equal to (i) their principal amount if certain changes occur relating to the capital

treatment of the Trust Preferred Securities or to investment company laws or (ii) a make-whole redemption price (determined with a higher discount rate than the make-whole referred to above) if certain changes occur relating to the tax treatment of or rating agency equity credit accorded to the

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Trust Preferred Securities, in each case plus accrued and unpaid interest. For a description of the changes that would permit such a redemption and the applicable redemption amounts, see [Description of the Junior Subordinated Notes Redemption](#) below.

On and after June 15, 2017 and prior to the scheduled maturity date, we may elect to redeem any or all of the junior subordinated notes at one or more times on an optional par redemption date. When we refer to an *optional par redemption date*, we mean June 15, 2017 and each date thereafter that is the fifth anniversary of a prior optional par redemption date. In addition, on and after June 15, 2017 and prior to the scheduled maturity date, we may elect to redeem all, but not less than all, of the junior subordinated notes, if certain changes occur relating to (i) the capital treatment or the tax treatment of the Trust Preferred Securities, or (ii) investment company laws. If we redeem the junior subordinated notes on or after June 15, 2017 and prior to the scheduled maturity date on an optional par redemption date or as described in the preceding sentence, we will pay a redemption price equal to the principal amount of the junior subordinated notes that we redeem plus accrued and unpaid interest. We may also elect to redeem any or all of the junior subordinated notes after June 15, 2017 on a date that is not an optional par redemption date other than the date noted in the second preceding sentence at one or more times for a make-whole redemption price calculated as described under [Description of the Junior Subordinated Notes Redemption](#). On and after the scheduled maturity date, we may redeem any or all of the junior subordinated notes at any time at a redemption price equal to the principal amount of the junior subordinated notes that we redeem plus accrued and unpaid interest.

Any redemption of the junior subordinated notes will be subject to the limitations described under [Replacement Capital Covenant](#) below. In addition, if required under then-applicable capital guidelines or policies of the Federal Reserve, we will obtain the approval of the Federal Reserve prior to exercising the redemption rights described above. Under current guidelines, Federal Reserve approval is generally required for redemption of the Trust Preferred Securities; however, such approval is not currently required in connection with the repayment of the junior subordinated notes on or after the scheduled maturity date as described under [Description of the Junior Subordinated Notes Repayment of the Principal](#) below.

Events of Default

The following events are events of default with respect to the junior subordinated notes:

default in the payment of interest, including compounded interest, in full on any junior subordinated notes for a period of 30 days after the conclusion of a 10-year period following the commencement of any deferral period;

certain events of bankruptcy, insolvency or reorganization involving Webster; or

receivership of a major subsidiary depository institution of Webster within the meaning of the Federal Reserve's risk-based capital guidelines applicable to bank holding companies. As of the date of this prospectus, Webster Bank is Webster's only major subsidiary depository institution.

Subject to the last sentence of this paragraph, if an event of default under the indenture occurs and continues, the indenture trustee or the holders of at least 25% in aggregate principal amount of the outstanding junior subordinated notes may declare the entire principal and all accrued but unpaid interest of all junior subordinated notes to be due and payable immediately. If the indenture trustee or the holders of junior subordinated notes do not make such declaration and the junior subordinated notes are beneficially owned by the Trust or trustee of the Trust, the property trustee or the holders of at least 25% in aggregate liquidation amount of the Trust Preferred Securities shall have such right. If an event of default arises from certain events of bankruptcy, insolvency or reorganization involving us, the principal amount and all accrued and unpaid interest on the junior subordinated notes will become due and payable immediately

without declaration from the trustee or any holder of the junior subordinated notes.

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Replacement Capital Covenant

Webster will enter into a replacement capital covenant for the benefit of persons that buy a specified series of its long-term indebtedness ranking senior to the junior subordinated notes (or in certain limited cases, long-term indebtedness of its largest depository institution subsidiary at the relevant time, which is currently Webster Bank), after such series of indebtedness is designated as covered debt and certain notices have been given and certain disclosures have been made, as required by the replacement capital covenant, in which it will agree that it will not repay, redeem or purchase, nor will any of its subsidiaries purchase, the junior subordinated notes or Trust Preferred Securities from anyone other than Webster or its subsidiaries at any time prior to the date that is the later of (x) 10 years after the scheduled maturity date and (y) 20 years prior to the final repayment date, unless:

in the case of a redemption or purchase prior to the scheduled maturity date, Webster has obtained the prior approval of the Federal Reserve if such approval is then required under the Federal Reserve's risk-based capital guidelines or policies applicable to bank holding companies; and

the principal amount repaid or the applicable redemption or purchase price does not exceed a maximum amount determined by reference to:

the aggregate amount of net cash proceeds Webster and its subsidiaries have received from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity, REIT preferred securities and certain qualifying capital securities; or

the market value of any Webster common stock that Webster or its subsidiaries have delivered as consideration for property or assets in an arm's-length transaction or issued in connection with the conversion or exchange of any convertible or exchangeable securities, other than securities for which Webster or any of its subsidiaries has received equity credit from any rating agency,

in each case within the applicable measurement period.

The replacement capital covenant, including the definitions of the various types of replacement capital securities referred to above and other important terms, is described in more detail under Replacement Capital Covenant.

If an event of default resulting in the acceleration of the junior subordinated notes occurs, Webster will not have to comply with the replacement capital covenant. Webster's covenant in the replacement capital covenant will run only to the benefit of certain covered debtholders. It may not be enforced by the holders of the Trust Preferred Securities or the junior subordinated notes. The initial series of indebtedness benefiting from the replacement capital covenant is Webster's 5.125% Senior Notes due April 15, 2014, which have CUSIP No. 947890AF6.

Guarantee by Webster

We will fully and unconditionally guarantee payment of amounts due under the Trust Preferred Securities on a subordinated basis and to the extent the Trust has funds available for payment of those amounts. We refer to this obligation as the *guarantee*. However, the guarantee does not cover payments if the Trust does not have sufficient funds to make the distribution payments, including, for example, if we have failed to pay to the Trust amounts due under the junior subordinated notes.

As issuer of the junior subordinated notes, we are also obligated to pay the expenses and other obligations of the Trust, other than its obligations to make payments on the Trust Preferred Securities.

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The following is selected consolidated financial data for Webster at or for the years ended December 31, 2006, 2005 and 2004 and at or for the three months ended March 31, 2007 and 2006.

The selected consolidated financial data for each of the years ended December 31, 2006, 2005 and 2004 are derived from Webster's audited consolidated financial statements. Our consolidated financial statements for each of the three fiscal years ended December 31, 2006, 2005 and 2004 were audited by an independent registered public accounting firm. The selected consolidated financial data for Webster for the three-month periods ended March 31, 2007 and 2006 are derived from Webster's unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the period ended March 31, 2007 and, in our opinion, such financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the data for those periods. Our results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results which may be expected for the year as a whole. The summary below should be read in conjunction with our unaudited consolidated financial statements, the related notes thereto, and the other detailed information included in our Quarterly Report on Form 10-Q for the period ended March 31, 2007 and our audited consolidated financial statements, the related notes thereto, and the other detailed information included in our 2006 Annual Report on Form 10-K.

	At or for the Three Months		At or for the Year Ended December 31,		
	Ended March 31,	2006	2006	2005	2004
	2007				
	<i>(Dollars in Thousands, except per share data)</i>				
STATEMENT OF CONDITION					
Total assets	\$ 16,879,200	\$ 17,907,186	\$ 17,097,471	\$ 17,836,562	\$ 17,020,597
Loans, net	12,157,881	12,444,254	12,775,772	12,138,800	11,562,663
Securities	2,476,507	3,590,127	1,962,733	3,700,585	3,724,019
Goodwill and other intangible assets	823,200	698,557	825,012	698,570	694,165
Deposits	12,558,390	12,078,277	12,458,396	11,631,145	10,571,288
Federal Home Loan Bank advances and other borrowings	2,222,602	4,022,125	2,590,075	4,377,297	4,698,833
Preferred stock of subsidiary corporation	9,577	9,577	9,577	9,577	9,577
Shareholders' equity	1,905,014	1,640,762	1,876,863	1,647,226	1,543,974
STATEMENT OF INCOME					
Interest income	248,693	240,508	1,014,738	871,847	732,108
Interest expense	120,612	110,349	506,188	354,506	263,947
Net interest income	128,081	130,159	508,550	517,341	468,161
Provision for credit losses	3,000	2,000	11,000	9,500	18,000
Other non-interest income	56,880	54,190	218,061	217,252	205,394
Loss on write-down of securities available for sale to fair value			48,879		

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Gain on sale of securities, net	541	1,012	1,289	3,633	14,313
Non-interest expenses	131,280	119,171	474,948	455,570	447,137
Income before income taxes	51,222	64,190	193,073	273,156	222,731
Income taxes	16,186	20,338	59,283	87,301	68,898
Net income	\$ 35,036	\$ 43,852	\$ 133,790	\$ 185,855	\$ 153,833

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	At or for the Three Months		At or for the Year Ended December 31,		
	Ended March 31,	2006	2006	2005	2004
	2007				
<i>(Dollars in Thousands, except per share data)</i>					
Per Share Data					
Net income per share basic	\$ 0.62	\$ 0.83	\$ 2.50	\$ 3.47	\$ 3.05
Net income per share diluted	0.62	0.82	2.47	3.43	3.00
Dividends declared per common share	0.27	0.25	1.06	0.98	0.90
Book value per common share	33.70	31.09	33.30	30.70	28.79
Tangible book value per common share	19.46	18.18	19.00	18.03	16.30
Diluted weighted average shares (000 s)	56,762	53,703	54,065	54,236	51,352
Key Performance Ratios					
Return on average assets	0.83%	0.99%	0.75%	1.06%	0.94%
Return on average shareholders equity	7.38	10.55	7.79	11.52	11.14
Net interest margin	3.41	3.24	3.16	3.29	3.11
Interest rate spread	3.32	3.19	3.09	3.25	3.09
Non-interest income as a percentage of total revenue	30.95	29.78	25.11	29.92	31.94
Average shareholders equity to average assets	11.26	9.36	9.61	9.23	8.40
Asset Quality Ratios					
Allowance for credit losses to total loans	1.24%	1.24%	1.20%	1.27%	1.28%
Allowance for loan losses to total loans	1.18	1.16	1.14	1.19	1.28
Net charge-offs (recoveries)/average loans (annualized)	0.17	0.05	0.13	0.03	0.10
Nonperforming loans/total loans	0.48	0.46	0.46	0.49	0.30
Nonperforming assets/total loans plus OREO	0.53	0.48	0.48	0.54	0.33
Capital Ratios					
Risk-based Tier 1 capital ratio	9.33%	8.43%	8.93%	8.52%	8.36%
Risk-based total capital ratio	11.90%	10.99%	11.45%	11.10%	11.16%
Tier 1 leverage ratio	8.08%	6.89%	7.44%	6.85%	6.36%
Market Price:					
High	\$ 51.24	\$ 49.55	\$ 50.44	\$ 50.65	\$ 52.15
Low	46.54	45.25	45.25	43.10	41.35
Close	48.01	48.46	48.72	46.90	50.64

Ratio of Earnings to Fixed Charges¹

	At or for the Three Months		At or for the Year Ended December 31,			
	Ended	2006	2006	2005	2004	2003
	March 31,					
	2007					2002

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Including interest on deposits	1.42	1.58	1.38	1.77	1.84	1.99	1.79
Excluding interest on deposits	2.54	2.33	1.98	2.64	2.54	2.80	2.61

(1) For more information on how these ratios are calculated, see Ratios of Earnings to Fixed Charges on page 23.

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RISK FACTORS

An investment in the Trust Preferred Securities will involve some risks. You should carefully review the following risk factors and other information contained in this prospectus and in the documents incorporated by reference in this prospectus, particularly the risk factors relating to our business contained in our most recent Form 10-K filed with the SEC, before deciding whether this investment is suited to your particular circumstances. In addition, because each Trust Preferred Security sold in the offering will represent a beneficial interest in the Trust, which will own our junior subordinated notes and which will rely on the payments it receives on them to fund all payments on the Trust Preferred Securities, you are also making an investment decision with regard to the junior subordinated notes, and with regard to our guarantee of the Trust's obligations. You should carefully review all the information in this prospectus about all of these securities.

The indenture does not limit the amount of indebtedness for money borrowed we may issue that ranks senior to the junior subordinated notes and our guarantee with respect to the Trust Preferred Securities upon liquidation or in right of payment as to principal or interest.

The junior subordinated notes and our guarantee with respect to the Trust Preferred Securities will be subordinate and junior upon liquidation to our obligations under all of our indebtedness for money borrowed that is not by its terms made *pari passu* with or junior to the junior subordinated notes upon liquidation, but *pari passu* with trade creditors. At March 31, 2007, our indebtedness for money borrowed ranking senior to the junior subordinated notes on liquidation, on a non-consolidated basis, totaled approximately \$431.9 million (which included approximately \$256.7 million of junior subordinated debt securities underlying then outstanding traditional trust preferred securities). After March 31, 2007, we prepaid approximately \$156.7 million of our junior subordinated debt securities underlying traditional trust preferred securities. The indenture does not limit the amount of indebtedness for money borrowed we may issue that ranks senior to or equally with the junior subordinated notes upon liquidation or in right of payment as to principal or interest.

We may not make any payments on the junior subordinated notes or under the guarantee if we have failed to make payment in full of all amounts of principal, and premium, if any, and interest, if any, due on all senior and subordinated debt, or there shall exist any event of default on any senior or subordinated debt that triggers the acceleration thereof. In the event of our bankruptcy or liquidation, our assets must be used to pay off our senior and subordinated debt in full before any payments may be made on the junior subordinated notes or under the guarantee.

The terms of our outstanding junior subordinated debentures prohibit us from making any payment of interest on the junior subordinated notes or the guarantee and from repaying, redeeming or purchasing any junior subordinated notes if we are aware of any event that would be an event of default under the indentures governing our outstanding junior subordinated debentures or at any time we have deferred interest thereunder. In the event of our bankruptcy or liquidation, our assets must be used to pay off our senior and subordinated debt in full before any payments may be made on the junior subordinated notes or under the guarantee.

During an interest deferral period, we may make payments of interest on some securities ranking equally with the junior subordinated notes that are not made pro rata with payments of interest on the junior subordinated notes or other securities that rank equally with the junior subordinated notes, if failure to make these payments would cause us to breach the terms of the instruments governing such securities. The terms of the junior subordinated notes permit us during a deferral period to make any payment of current interest on equally ranking securities that is made pro rata with amounts due on the junior subordinated notes and any payment of deferred interest on equally ranking securities that, if not made, would cause us to breach the terms of the instrument governing such parity securities. Payments in

each case are subject to the limitations described in the last paragraph under Summary of Terms of Junior Subordinated Notes Alternative Payment Mechanism to the extent that it applies.

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The junior subordinated notes beneficially owned by the Trust will be effectively subordinated to the obligations of our subsidiaries.

We receive substantially all of our revenue from dividends from our subsidiaries. Because we are a holding company, our right to participate in any distribution of the assets of our banking or non-banking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or reorganization or otherwise, and thus your ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of any such subsidiary, except to the extent that we may be a creditor of that subsidiary and our claims are recognized. There are legal limitations on the extent to which some of our subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, us or some of our other subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay amounts due under our contracts or otherwise to make any funds available to us. Accordingly, the payments on our junior subordinated notes, and therefore the Trust Preferred Securities, effectively will be subordinated to all existing and future liabilities of our subsidiaries. At March 31, 2007, our subsidiaries' direct borrowings and deposit liabilities totaled approximately \$13.8 billion.

Our ability to make distributions on or redeem the Trust Preferred Securities is restricted.

Federal banking authorities will have the right to examine the Trust and its activities because it is our subsidiary. Under certain circumstances, including any determination that our relationship to the Trust would result in an unsafe and unsound banking practice, these banking authorities have the authority to issue orders which could restrict the Trust's ability to make distributions on or to redeem the Trust Preferred Securities.

We guarantee distributions on the Trust Preferred Securities only if the Trust has cash available.

If you hold any of the Trust Preferred Securities, we will guarantee you, on an unsecured and junior subordinated basis, the payment of the following:

any accumulated and unpaid distributions required to be paid on the Trust Preferred Securities, to the extent the Trust has funds available to make the payment;

the redemption price for any Trust Preferred Securities called for redemption, to the extent the Trust has funds available to make the payment; and

upon a voluntary or involuntary dissolution, winding-up or liquidation of the Trust, other than in connection with a distribution of corresponding assets to holders of Trust Preferred Securities, the lesser of:

the aggregate of the stated liquidation amount and all accumulated and unpaid distributions on the Trust Preferred Securities to the date of payment, to the extent the Trust has funds available to make the payment; and

the amount of assets of the Trust remaining available for distribution to holders of the Trust Preferred Securities upon liquidation of the Trust.

If we do not make a required interest payment on the junior subordinated notes, the Trust will not have sufficient funds to make the related payment on the Trust Preferred Securities. The guarantee does not cover payments on the Trust Preferred Securities when the Trust does not have sufficient funds to make them. If we do not pay any amounts on the junior subordinated notes when due, holders of the Trust Preferred Securities will have to rely on the enforcement by the property trustee of the trustee's rights as owner of the junior subordinated notes, or proceed directly

against us for payment of any amounts due on the junior subordinated notes.

Our obligations under the guarantee are unsecured and are subordinated to and junior in right of payment to all of our secured and senior indebtedness, and will rank on a parity with any similar guarantees issued by us in the future.

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We may extend the scheduled maturity date and the final maturity date; our obligation to repay on the scheduled maturity date is subject to issuance of qualifying capital securities.

Our obligation to repay the junior subordinated notes on the scheduled maturity date (which initially is June 15, 2037 but which may be extended as described in this prospectus) is limited. We are required to repay the junior subordinated notes on the scheduled maturity date to the extent of the net proceeds that we have raised from the issuance of qualifying capital securities (as defined under Replacement Capital Covenant) within a 180-day period ending on a notice date not more than 15 or less than 10 business days prior to such date. If we have not raised sufficient proceeds from the issuance of qualifying capital securities to permit repayment in full of the junior subordinated notes on the scheduled maturity date, the unpaid amount will remain outstanding, and we will be required to repay the unpaid principal amount of the junior subordinated notes on each subsequent interest payment date to the extent of the net proceeds we receive from any subsequent issuance of qualifying capital securities, until (i) we have raised sufficient net proceeds to permit repayment in full in accordance with this requirement, (ii) we redeem the junior subordinated notes, (iii) payment of the junior subordinated notes is accelerated upon the occurrence of an event of default or (iv) the final repayment date for the junior subordinated notes. Our ability to raise proceeds in connection with this obligation to repay the junior subordinated notes will depend on, among other things, market conditions at the time the obligation arises, as well as the acceptability to prospective investors of the terms of these securities. Although we have agreed to use our commercially reasonable efforts to raise sufficient net proceeds from the issuance of qualifying capital securities to repay the junior subordinated notes during the 180-day period referred to above and monthly thereafter until the junior subordinated notes are repaid in full, our failure to use such commercially reasonable efforts, although a breach of the indenture governing the junior subordinated notes that could give rise to a claim for damages, would not be an event of default or give rise to a right of acceleration until the final repayment date, and we will be excused from using our commercially reasonable efforts if certain market disruption events occur. The final repayment date is initially June 15, 2067 but we may extend the final repayment date as described in this prospectus.

Moreover, at or around the time of issuance of the Trust Preferred Securities, we will enter into a replacement capital covenant for the benefit of certain holders of a designated series of our indebtedness that ranks senior to the junior subordinated notes (or in certain limited cases certain holders of a designated series of indebtedness of our largest depository institution subsidiary at the time, which is currently Webster Bank), pursuant to which Webster will covenant that it will not repay, redeem or purchase, nor will any of its subsidiaries purchase, the junior subordinated notes or Trust Preferred Securities from anyone other than Webster or its subsidiaries at any time prior to the date that is the later of (x) 10 years after the scheduled maturity date and (y) 20 years prior to the final repayment date unless during the applicable measurement period the principal amount repaid or the applicable redemption or purchase price does not exceed a maximum amount determined by reference to (i) the aggregate amount of net cash proceeds that Webster and its subsidiaries have received from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity, REIT preferred securities and certain qualifying capital securities and (ii) the market value of any Webster common stock that Webster or its subsidiaries have delivered as consideration for property or assets in an arm's-length transaction or issued in connection with the conversion or exchange of any convertible or exchangeable securities, other than securities for which Webster or any of its subsidiaries has received equity credit from any rating agency. Although under the replacement capital covenant, the principal amount of junior subordinated notes that we may repay may be based on the net cash proceeds from certain issuances of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity and REIT preferred securities in addition to qualifying capital securities, we may modify the replacement capital covenant without your consent if the modification does not further restrict our ability to repay the junior subordinated notes in connection with an issuance of qualifying capital securities. In addition, under the indenture we have no obligation to use commercially reasonable efforts to issue any securities that may entitle us under the replacement capital covenant to repay the junior subordinated notes other than qualifying capital securities, nor do we

have any obligation to use the proceeds of the issuance of any securities other than qualifying capital securities to repay

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the junior subordinated notes on the scheduled maturity date or at any time thereafter. See Replacement Capital Covenant.

We have the right to defer interest for 10 years without causing an event of default.

We have the right to defer interest on the junior subordinated notes for one or more consecutive interest periods up to 10 consecutive years. Although we would be subject to the alternative payment mechanism after we have deferred interest for a period of five consecutive years (or such shorter period resulting from our payment of current interest), if we are unable to raise sufficient eligible proceeds, we may fail to pay accrued interest on the junior subordinated notes for a period of up to 10 consecutive years without causing an event of default. During any such deferral period, holders of Trust Preferred Securities will receive limited or no current payments on the Trust Preferred Securities and, so long as we are otherwise in compliance with our obligations, such holders will have no remedies against the Trust or us for nonpayment unless we fail to pay all deferred interest (including compounded interest) at the end of the 10-year deferral period.

Our ability to pay deferred interest is limited by the terms of the alternative payment mechanism, and is subject to market disruption events and other factors beyond our control.

If we elect to defer interest payments, we will not be permitted to pay deferred interest on the junior subordinated notes (and compounded interest thereon) during the deferral period, which may last up to 10 years, from any source other than the issuance of qualifying APM securities unless a supervisory event has occurred and is continuing (*i.e.*, the Federal Reserve has disapproved of such issuance or disapproved of the use of proceeds of such issuance to pay deferred interest) or in certain other limited instances involving a business combination, in which case we will be permitted, but not required, to pay deferred interest with cash from any source, all as described under Description of the Junior Subordinated Notes Alternative Payment Mechanism. Our obligation to issue qualifying APM securities is subject to a number of limitations and exceptions. Our obligation to issue common stock is subject to a cap as described below under The indenture limits our obligation to raise proceeds from the sale of common stock to pay deferred interest during the first five years of a deferral period and generally does not obligate us to issue qualifying warrants. The preferred stock issuance cap limits the net proceeds of the issuance of qualifying preferred stock that we may apply to the payment of deferred interest with respect to all deferral periods to 25% of the aggregate principal amount of the junior subordinated notes initially issued. Additionally, we will not be permitted to sell shares of our common stock, qualifying warrants or mandatorily convertible preferred stock for purposes of paying deferred interest on the junior subordinated notes to the extent that the number of shares of our common stock to be so issued (or which would be issuable upon exercise or conversion of any such qualifying warrants or mandatorily convertible preferred stock) would exceed 10 million shares of common stock, unless we increase this share cap amount as described below under Description of the Junior Subordinated Notes Alternative Payment Mechanism. If we have reached the share cap amount, we may continue to defer interest on the junior subordinated notes, and such deferral will not constitute an event of default unless such deferral period exceeds 10 years.

The occurrence of a market disruption event or supervisory event may prevent or delay a sale of qualifying APM securities pursuant to the alternative payment mechanism and, accordingly, the payment of deferred interest on the junior subordinated notes. Market disruption events include events and circumstances both within and beyond our control, such as the failure to obtain approval of a regulatory body or governmental authority to issue qualifying APM securities or shareholder consent to increase the shares available for issuance in a sufficient amount, in each case notwithstanding our commercially reasonable efforts. Moreover, we may encounter difficulties in successfully marketing our qualifying APM securities, particularly during times we are subject to the restrictions on dividends as a result of the deferral of interest. If we do not sell sufficient qualifying APM securities to fund deferred interest payments in these circumstances (other than as a result of a supervisory event), we will not be permitted to pay deferred interest to the Trust and, accordingly, no payment of distributions may be made on the Trust Preferred

Securities, even if we have

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cash available from other sources. See Description of the Junior Subordinated Notes Option to Defer Interest Payments, Alternative Payment Mechanism and Market Disruption Events.

The terms of our outstanding junior subordinated debentures prohibit us from making any payment of principal or interest on the junior subordinated notes or the guarantee relating to the Trust Preferred Securities and from repaying, redeeming or repurchasing any junior subordinated notes if we have actual knowledge of any event that would be an event of default under any indenture governing those outstanding junior subordinated debentures or at any time when we have deferred interest thereunder.

Rating agencies may change rating methodologies which could negatively impact the trading price of the Trust Preferred Securities.

The rating methodologies for securities with features similar to the Trust Preferred Securities are still developing and the rating agencies may change their methodologies in the future. This may include, for example, the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Trust Preferred Securities, sometimes called notching, as well as other rating methodologies and analytical criteria and assumptions applied by each rating agency to hybrid securities with features similar to the Trust Preferred Securities that are issued by banks and bank holding companies. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Trust Preferred Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Trust Preferred Securities.

We must notify the Federal Reserve before using the alternative payment mechanism and may not use it if the Federal Reserve has disapproved of the issuance of qualifying APM securities or the use of proceeds therefrom.

The indenture for the junior subordinated notes provides that we must notify the Federal Reserve if the alternative payment mechanism is applicable and that we may not sell our qualifying APM securities or apply any eligible equity proceeds to pay interest pursuant to the alternative payment mechanism if a supervisory event has occurred and is continuing (*i.e.*, the Federal Reserve has disapproved of such issuance or disapproved of the use of proceeds of such issuance to pay deferred interest). The Federal Reserve may allow the issuance of qualifying APM securities, but not allow use of the proceeds to pay deferred interest on the junior subordinated notes and require that the proceeds be applied to other purposes, including supporting a troubled bank subsidiary. Accordingly, if we elect to defer interest on the junior subordinated notes and the Federal Reserve disapproves of the issuance of qualifying APM securities or the application of the proceeds to pay deferred interest, we will be unable to pay the deferred interest on the junior subordinated notes.

We may continue to defer interest in the event of Federal Reserve disapproval of all or part of the alternative payment mechanism until 10 years have elapsed since the beginning of the deferral period without triggering an event of default under the indenture. As a result, we could defer interest for up to 10 years without being required to sell qualifying APM securities and apply the proceeds to pay deferred interest.

The indenture limits our obligation to raise proceeds from the sale of common stock to pay deferred interest during the first nine years of a deferral period and generally does not obligate us to issue qualifying warrants.

The indenture limits our obligation to raise proceeds from the sale of shares of common stock to pay deferred interest attributable to the first five years of any deferral period (including compounded interest thereon) prior to the ninth anniversary of the commencement of a deferral period in excess of an amount we refer to as the common equity issuance cap. The common equity issuance cap takes into account all sales of common stock and qualifying warrants under the alternative payment mechanism for that deferral period. Once we reach the common equity issuance cap for a deferral period, we will no longer be obligated to sell common stock to pay deferred interest relating to such deferral

period unless such deferral extends beyond the date which is nine years following the commencement of the relevant deferral period. Although we have the right to sell common stock if we have reached the common equity issuance cap, we have no obligation to do so. In

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addition, the sale of qualifying warrants to raise proceeds to pay deferred interest is an option that we have, but in general we are not obligated to sell qualifying warrants and no party may require us to do so. See Description of the Junior Subordinated Notes Alternative Payment Mechanism.

We have the ability under certain circumstances to narrow the definition of qualifying APM securities.

We may, without the consent of the holders of the Trust Preferred Securities or the junior subordinated notes, amend the definition of qualifying APM securities for the purposes of the alternative payment mechanism to eliminate common stock, qualifying warrants or mandatorily convertible preferred stock (or any combination of two or more of the foregoing) from the definition if we have been advised in writing by a nationally recognized independent accounting firm that there is more than an insubstantial risk that the failure to do so would result in a reduction in our earnings per share as calculated for financial reporting purposes. The elimination of common stock or qualifying warrants (or both) from the definition of qualifying APM securities, together with continued application of the preferred stock cap, may make it more difficult for us to succeed in selling sufficient qualifying APM securities to fund the payment of deferred interest.

Deferral of interest payments could adversely affect the market price and certain tax consequences of the Trust Preferred Securities.

We currently do not intend to exercise our right to defer payments of interest on the junior subordinated notes. However, if we exercise that right in the future, the market price of the Trust Preferred Securities is likely to be affected. As a result of the existence of our deferral right, the market price of the Trust Preferred Securities, payments on which depend solely on payments being made on the junior subordinated notes, may be more volatile than the market prices of other securities that are not subject to optional deferrals. If we do defer interest on the junior subordinated notes and you elect to sell Trust Preferred Securities during the period of that deferral, you may not receive the same return on your investment as a holder that continues to hold its Trust Preferred Securities until the payment of interest at the end of the deferral period. You will also not receive the cash distribution related to any accrued and unpaid interest from the Trust if you sell the Trust Preferred Securities before the record date for any deferred distributions, even if you held the Trust Preferred Securities on the date that the payments would normally have been paid.

If we do defer interest payments on the junior subordinated notes, you will be required to accrue income, in the form of original issue discount, for United States federal income tax purposes during the period of the deferral in respect of your proportionate share of the junior subordinated notes, even if you normally report income when received and even though you may not receive the cash attributable to that income during the deferral period. See Certain United States Federal Income Tax Consequences United States Holders Interest Income and Original Issue Discount.

Claims would be limited upon bankruptcy, insolvency or receivership.

In certain events of our bankruptcy, insolvency or receivership prior to the redemption or repayment of any junior subordinated notes, whether voluntary or not, a holder of junior subordinated notes will have no claim for, and thus no right to receive, deferred and unpaid interest (including compounded interest thereon) that has not been settled through the application of the alternative payment mechanism to the extent the amount of such interest exceeds the sum of (x) the first two years of accumulated and unpaid interest (including compounded interest) on such holder's junior subordinated notes and (y) an amount equal to such holder's pro rata share of the excess, if any, of the preferred stock issuance cap over the aggregate amount of net proceeds from the sale of qualifying preferred stock that we have applied to pay such interest pursuant to the alternative payment mechanism. Each holder of subordinated junior notes is deemed to agree that, to the extent the remaining claim exceeds the amount set forth in clause (x), the amount it receives in respect of such excess shall not exceed the amount it would have received had the claim for such excess

ranked *pari passu* with the interests of the holders, if any, of qualifying preferred stock.

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Holders of the Trust Preferred Securities have limited rights under the junior subordinated notes.

Except as described below, you, as a holder of the Trust Preferred Securities, will not be able to exercise directly any other rights with respect to the junior subordinated notes.

If an event of default under the Trust Agreement were to occur and be continuing, holders of the Trust Preferred Securities would rely on the enforcement by the property trustee of its rights as the registered holder of the junior subordinated notes against us. In addition, the holders of a majority in liquidation amount of the Trust Preferred Securities would have the right to direct the time, method and place of conducting any proceeding for any remedy available to the property trustee or to direct the exercise of any trust or power conferred upon the property trustee under the Trust Agreement, including the right to direct the property trustee to exercise the remedies available to it as the holder of the junior subordinated notes.

The indenture for the junior subordinated notes provides that the indenture trustee must give holders notice of all defaults or events of default within 30 days after it becomes known to the indenture trustee. However, except in the cases of a default or an event of default in payment on the junior subordinated notes, the indenture trustee will be protected in withholding the notice if its responsible officers determine that withholding of the notice is in the interest of such holders.

If the property trustee were to fail to enforce its rights under the junior subordinated notes in respect of an indenture event of default after a record holder of the Trust Preferred Securities had made a written request, that record holder may, to the extent permitted by applicable law, institute a legal proceeding against us to enforce the property trustee's rights under the junior subordinated notes. In addition, if we were to fail to pay interest or principal on the junior subordinated notes on the date that interest or principal is otherwise payable, except for deferrals permitted by the Trust Agreement and the indenture, and this failure to pay were continuing, holders of the Trust Preferred Securities may directly institute a proceeding for enforcement of payment of the principal of or interest on the junior subordinated notes having a principal amount equal to the aggregate liquidation amount of their Trust Preferred Securities (a *direct action*) after the respective due dates specified in the junior subordinated notes. In connection with a direct action, we would have the right under the indenture and the Trust Agreement to set off any payment made to that holder by us.

The property trustee, as holder of the junior subordinated notes on behalf of the Trust, has only limited rights of acceleration.

The property trustee, as holder of the junior subordinated notes on behalf of the Trust, may accelerate payment of the principal and accrued and unpaid interest on the junior subordinated notes only upon the occurrence and continuation of an indenture event of default. An indenture event of default is generally limited to payment defaults after 10 years of interest deferral, and specific events of bankruptcy, insolvency and reorganization relating to us or the receivership of a major subsidiary depository institution of Webster within the meaning of the Federal Reserve's risk-based capital guidelines applicable to bank holding companies. As of the date of this prospectus, Webster Bank is Webster's only major subsidiary depository institution.

Events of default under the indenture with respect to the junior subordinated notes do not include our failure to comply with our other covenants with respect to the junior subordinated notes, including but not limited to our obligations under the alternative payment mechanism, the limitation on the source for payments of deferred interest, the restrictions imposed in connection with any optional deferral of interest payments, our obligation to raise sufficient net proceeds from the issuance of qualifying capital securities to permit the repayment of the junior subordinated notes on or after the scheduled maturity date and our payment obligations under the guarantee. Accordingly, our failure to comply with any such other covenants and obligations would not result in the acceleration of payment of the junior

subordinated notes. Although our noncompliance with such other covenants and obligations would not constitute an event of default, it would constitute a breach of the indenture (or guarantee, as the case may be) and could give rise to a claim against us relating to the specific breach; however, the remedy of holders of the junior subordinated notes may be limited to direct monetary damages (if any). In addition, the indenture does not protect holders from a sudden and dramatic decline in credit quality resulting from takeovers, recapitalizations, or similar restructurings or other highly leveraged transactions.

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The secondary market for the Trust Preferred Securities may be illiquid.

We are unable to predict how the Trust Preferred Securities will trade in the secondary market or whether that market will be liquid or illiquid. There is currently no secondary market for the Trust Preferred Securities. We do not intend to apply to list the Trust Preferred Securities on any securities exchange. We can give you no assurance as to the liquidity of, or any trading markets that may develop for, the Trust Preferred Securities. As Trust Preferred Securities may only be held or transferred in amounts having an aggregate liquidation amount of at least \$1,000, the trading market for Trust Preferred Securities may be less active than markets for securities that may be held or transferred in smaller denominations and may be less liquid.

Changes in demand for capital securities.

Neither we nor the Trust can assure you as to the market prices for the Trust Preferred Securities or the junior subordinated notes that may be distributed in exchange for the Trust Preferred Securities. Investor demand for the Trust Preferred Securities may be greater or less than for traditional trust preferred instruments. Investor demand for securities with the characteristics of the Trust Preferred Securities may change as these characteristics are assessed by market participants, regulators and others. Accordingly, the Trust Preferred Securities that you may purchase, whether pursuant to the offer made by this prospectus or in the secondary market, may trade at a discount to the price that you paid to purchase the Trust Preferred Securities if investor demand for securities with characteristics similar to those of the Trust Preferred Securities decreases over time. Furthermore, if we exchange the Trust Preferred Securities for the junior subordinated notes, demand for the junior subordinated notes may be greater or less than demand for the Trust Preferred Securities.

We may dissolve the Trust at any time.

We may dissolve the Trust at any time, subject to obtaining the prior approval of the Federal Reserve if then required under the Federal Reserve's risk-based capital guidelines applicable to bank holding companies. Upon dissolution of the Trust, junior subordinated notes may be distributed to the holders of the Trust Preferred Securities, as described under Description of the Trust Preferred Securities Redemption or Exchange. Under current U.S. federal income tax law, and assuming, as expected, that the Trust is treated as a grantor trust, such a distribution of junior subordinated notes to you should not be a taxable event. However, if at the time it is dissolved the Trust were characterized for U.S. federal income tax purposes as an association taxable as a corporation, or were otherwise subject to U.S. federal income tax with respect to income accrued or received on the junior subordinated notes, or if there is a change in law, the distribution of the junior subordinated notes to you may be a taxable event.

We may redeem the junior subordinated notes at any time.

We may redeem the junior subordinated notes at any time at the applicable redemption price. That redemption would cause a mandatory redemption of the Trust Preferred Securities. If the Trust Preferred Securities were redeemed, the redemption would be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the Trust Preferred Securities at the same rate as the rate of return on the Trust Preferred Securities. See Description of the Junior Subordinated Notes Redemption below.

Our right to redeem the junior subordinated notes is limited by the replacement capital covenant.

As described above, we may redeem any or all of the junior subordinated notes prior to the final maturity date. However, the replacement capital covenant which is described under Replacement Capital Covenant will limit our right to redeem or purchase junior subordinated notes. In the replacement capital covenant, we will covenant, for the benefit of certain holders of a designated series of our indebtedness that ranks senior to the junior subordinated notes,

that we will not redeem the junior subordinated notes or Trust Preferred Securities on or before the date that is the later of (x) 10 years after the scheduled maturity date and (y) 20 years prior to the final repayment date, subject to certain limitations, unless (during the six months prior to the date we give notice of redemption) the principal amount of junior subordinated notes or

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Trust Preferred Securities that we intend to redeem is less than (i) the aggregate amount of net cash proceeds that Webster and its subsidiaries have received from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity, REIT preferred securities or qualifying capital securities and (ii) the market value of any Webster common stock that Webster or its subsidiaries have delivered as consideration for property or assets in an arm's-length transaction or issued in connection with the conversion or exchange of any convertible or exchangeable securities, other than securities for which Webster or any of its subsidiaries has received equity credit from any rating agency. Accordingly, there could be circumstances in which it would be in the interest of both you and us that some or all of the capital securities be redeemed, and sufficient cash is available for that purpose, but we will be restricted from doing so because we did not obtain proceeds from the sale of common stock, rights to acquire common stock, mandatorily convertible preferred stock, debt exchangeable for common equity, debt exchangeable for preferred equity, REIT preferred securities and certain qualifying capital securities.

Holders of the Trust Preferred Securities will have limited voting rights.

As a holder of Trust Preferred Securities, you will have limited voting rights. You generally will not be entitled to vote to appoint, remove or replace the property trustee, the Delaware trustee or any administrative trustee, all of which will be appointed, removed or replaced by us. However, if an event of default occurs with respect to the junior subordinated notes, you would be entitled to vote to remove, replace or appoint the property trustee and the Delaware trustee.

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WEBSTER FINANCIAL CORPORATION

Webster Financial Corporation (referred to in this prospectus as *Webster*, *we* or *us*) was incorporated under the laws of Delaware in 1986 and is a bank holding company and a financial holding company under the Bank Holding Company Act of 1956, as amended. The principal assets of Webster are all of the outstanding stock of Webster Bank, National Association, or *Webster Bank* and Webster Insurance, Inc., or *Webster Insurance*.

Through our subsidiary, Webster Bank, we provide commercial banking, retail banking, health savings accounts, consumer financing, mortgage banking, trust and investment services. As of March 31, 2007, we provided these services through 177 banking offices and 334 ATMs. In addition, we provide our clients with technology-based banking channels through telephone banking and on our Internet website (www.websteronline.com).

Through our various non-banking financial services subsidiaries, we deliver financial services to individuals, families and businesses throughout southern New England and eastern New York State, as well as equipment financing, asset-based lending, residential and commercial mortgage origination and insurance premium financing on a regional or national basis.

On a consolidated basis, as of March 31, 2007, we had approximately \$16.9 billion in assets, approximately \$12.3 billion in loans, approximately \$12.6 billion in total deposits and approximately \$1.9 billion in total shareholders' equity.

In September 2006, Webster management announced a strategic review which began in the fourth quarter of 2006 and is expected to be completed by the end of the second quarter of 2007. This strategic review is looking at all of Webster's segments and lines of business to focus on core competencies, identify operational efficiencies and position Webster to realize its vision of becoming New England's bank. This process has encompassed evaluating the contribution, growth potential, fit and alignment of each segment and line of business with Webster's goals and mission.

The strategic review has been undertaken to find actions that will improve Webster's operational efficiency and effectiveness. Since the strategic review commenced, Webster has announced a number of structural and other changes, including a balance sheet repositioning in the fourth quarter of 2006 and in the first quarter of 2007, the securitization of residential mortgage loans, closure of People's Mortgage Company, termination of mezzanine lending operations, discontinuance of construction lending outside of Webster Bank's market area, and outsourcing of certain operations of Webster Investment Services. These actions, including the related charges, are expected to positively impact Webster on a going forward basis.

As noted above, Webster expects to complete its strategic review by the end of the second quarter of 2007, and to announce the results of the strategic review in the third quarter of 2007. Management expects the results to include further structural and other changes consistent with both the philosophy and the financial goals reflected in the actions it has been taking since the fourth quarter of 2006. Similar to those previous changes, management also anticipates that the final results of the strategic review will result in additional charges, which cannot be estimated at this time.

Webster, as a bank holding company, is regulated by the Board of Governors of the Federal Reserve System (collectively with the Federal Reserve Bank of Boston, or any successor federal bank regulatory agency having primary jurisdiction over us, the *Federal Reserve*). Webster Bank, as a national bank, is regulated by the Office of the Comptroller of the Currency and is subject to certain regulations of the Federal Deposit Insurance Corporation (*FDIC*) and the Federal Reserve.

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.

If you would like to know more about us, see our documents incorporated by reference in this prospectus as described above in the section Where You Can Find More Information.

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THE TRUST

The following is a summary of some of the terms of the Trust. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of the material terms of the Trust but is not necessarily complete. We refer you to the documents referred to in the following description, copies of which are available upon request as described above under [Where You Can Find More Information](#).

Webster Capital Trust IV, or the *Trust*, is a statutory trust organized under Delaware law pursuant to a trust agreement, dated as of February 6, 2004, signed by us, as sponsor of the Trust, the Delaware trustee, the property trustee and the administrative trustees and the filing of a certificate of trust with the Delaware Secretary of State. The trust agreement will be amended and restated in its entirety by us, the Delaware trustee, the property trustee and the administrative trustees before the issuance of the Trust Preferred Securities. We refer to the trust agreement, as so amended and restated, as the *Trust Agreement*. The Trust Agreement will be qualified as an indenture under the Trust Indenture Act of 1939, as amended, or *Trust Indenture Act*.

Under the Trust Agreement, the exclusive purposes of the Trust are:

issuing and selling the Trust Preferred Securities and common securities representing undivided beneficial interests in the Trust;

using the gross proceeds from the sale of the Trust Preferred Securities and the common securities to purchase junior subordinated notes; and

engaging in those activities necessary or incidental thereto.

We will own all of the Trust's common securities, either directly or indirectly. The common securities rank equally with the Trust Preferred Securities and the Trust will make payment on its Trust securities *pro rata*, except that upon certain events of default under the Trust Agreement relating to payment defaults on the junior subordinated notes, the rights of the holders of the common securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Trust Preferred Securities. We will acquire common securities in an aggregate liquidation amount equal to \$10,000.

The Trust's business and affairs will be conducted by its trustees, each appointed by us as sponsor of the Trust. The trustees will be The Bank of New York, as the property trustee, or *property trustee*, and The Bank of New York (Delaware), as the Delaware trustee, or *Delaware trustee*, and three or more individual trustees, or *administrative trustees*, who are employees or officers of or affiliated with us. The property trustee will act as sole trustee under the Trust Agreement for purposes of compliance with the Trust Indenture Act and will also act as trustee under the guarantee and the indenture. See [Description of the Guarantee](#).

Unless an event of default under the indenture has occurred and is continuing at a time that the Trust owns any junior subordinated notes, the holders of the common securities will be entitled to appoint, remove or replace the property trustee and/or the Delaware trustee.

The property trustee and/or the Delaware trustee may be removed or replaced for cause by the holders of a majority in liquidation amount of the Trust Preferred Securities. In addition, holders of a majority in liquidation amount of the Trust Preferred Securities will be entitled to appoint, remove or replace the property trustee and/or the Delaware trustee if an event of default under the indenture has occurred and is continuing.

The right to vote to appoint, remove or replace the administrative trustees is vested exclusively in the holders of the Trust's common securities, and in no event will the holders of the Trust Preferred Securities have such right.

The Trust is a finance subsidiary of ours within the meaning of Rule 3-10 of Regulation S-X under the Securities Act. As a result, no separate financial statements of the Trust are included in this prospectus, and we do not expect that the Trust will file reports with the SEC under the Exchange Act.

The Trust is perpetual, but may be dissolved earlier as provided in the Trust Agreement.

We will pay all fees and expenses related to the Trust and the offering of the Trust Preferred Securities.

The principal executive office of the Trust is located c/o Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702, and the Trust's telephone number is (203) 465-4364.

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USE OF PROCEEDS

The Trust will invest the proceeds from the sale of the Trust Preferred Securities and all of the proceeds from the sale of the common securities in the junior subordinated notes issued by us. We expect to receive net proceeds from this offering of approximately \$196,482,000, after expenses and underwriting commissions. We intend to use the net proceeds from this offering for general corporate purposes.

REGULATORY CONSIDERATIONS

As a financial holding company and a bank holding company under the Bank Holding Company Act of 1956, as amended, Webster is subject to regulation, supervision and examination by the Federal Reserve. For a discussion of the material elements of the regulatory framework applicable to financial holding companies, bank holding companies and their subsidiaries and specific information relevant to us, please refer to our annual report on Form 10-K for the fiscal year ended December 31, 2006, and any subsequent reports we file with the SEC, which are incorporated by reference in this prospectus. This regulatory framework is intended primarily for the protection of depositors and the federal deposit insurance fund and not for the protection of security holders. As a result of this regulatory framework, our earnings are affected by actions of the Federal Reserve, the FDIC, which insures the deposits of our banking subsidiary within certain limits, and the Office of the Comptroller of the Currency, which regulates our subsidiary national bank.

In addition, there are numerous governmental requirements and regulations that affect our business activities. A change in applicable statutes, regulations or regulatory policy may have a material effect on our business.

Depository institutions, like Webster's bank subsidiary, are also affected by various federal laws, including those relating to consumer protection and similar matters. Webster also has other financial services subsidiaries regulated, supervised and examined by the Federal Reserve, as well as other relevant state and federal regulatory agencies and self-regulatory organizations. Our non-bank subsidiaries may be subject to other laws and regulations of the federal government or the various states in which they are authorized to do business.

Table of Contents**ACCOUNTING AND REGULATORY CAPITAL TREATMENT**

The Trust is a variable interest entity, as defined by Financial Accounting Standards Board (FASB) Interpretation No. 46, Consolidation of Variable Interest Entities, as revised in December 2003 (FIN 46R). In accordance with FIN 46R, the Trust will not be consolidated on our balance sheet. Accordingly, for balance sheet purposes we will recognize the aggregate principal amount, net of discount, of the junior subordinated notes we issue to the Trust as a liability and the amount we invest in the Trust's common securities as an asset. The interest paid on the junior subordinated notes will be recorded as interest expense on our income statement.

On March 1, 2005, the Federal Reserve adopted amendments to its risk-based capital guidelines. Among other things, the amendments confirm the continuing inclusion of outstanding and prospective issuances of trust preferred securities in the Tier 1 capital of bank holding companies, but make the qualitative requirements for trust preferred securities issued on or after April 15, 2005 more restrictive in certain respects and make the quantitative limits applicable to the aggregate amount of trust preferred securities and other restricted core capital elements that may be included in Tier 1 capital of bank holding companies more restrictive. The Trust Preferred Securities will qualify as Tier 1 capital of Webster, subject to applicable limitations.

RATIO OF EARNINGS TO FIXED CHARGES

The following table shows the ratio of earnings to fixed charges of Webster, which includes its subsidiaries, on a consolidated basis. The ratio of earnings to fixed charges has been computed by dividing:

Net income plus all applicable income taxes plus fixed charges, by

Fixed charges.

Fixed charges represent interest expense, either including or excluding interest on deposits as set forth below. Interest expense other than on deposits, includes interest on long-term debt, federal funds purchased and securities sold under agreements to repurchase and other short-term debt.

Ratio of Earnings to Fixed Charges

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
Including interest on deposits	1.42	1.58	1.38	1.77	1.84	1.99	1.79
Excluding interest on deposits	2.54	2.33	1.98	2.64	2.54	2.80	2.61

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The following table sets forth the consolidated capitalization of Webster as of March 31, 2007, as adjusted to give effect to the issuance on June 20, 2007 of \$200,010,000 aggregate principal amount of the junior subordinated notes to Webster Capital Trust IV and the related issuance by Webster Capital Trust IV of \$200,000,000 aggregate liquidation amount of 7.65% Fixed to Floating Rate Trust Preferred Securities. In addition, the As Adjusted column in the table below reflects the redemption of junior subordinated debentures issued by Webster Capital Trust I, Webster Capital Trust II and Eastern Wisconsin Bancshares Capital Trust I which occurred in April 2007. The repayment of these junior subordinated debentures resulted in a reduction of long term debt of \$156.7 million.

A net pretax charge of \$6.9 million was recorded in connection with the redemption of the junior subordinated debentures issued by Webster Capital Trust I and Webster Capital Trust II. The impact of this charge has not been incorporated into the As Adjusted column in the table below. As a result of the redemption of these junior subordinated debentures, Webster reported the impact of the transaction, including the charge previously described, on the Form 8-K, filed with the SEC on April 4, 2007, which has been incorporated by reference into this prospectus.

The following table should be read in conjunction with our consolidated financial statements and notes thereto, as well as our current reports on Form 8-K, incorporated by reference into this prospectus.

	March 31, 2007	
	Actual	As Adjusted
	<i>(Dollars in Thousands)</i>	
Long-term Debt		
Long-term Federal Home Loan Bank advances and repurchase agreements	\$ 1,031,394	\$ 1,031,394
Unamortized premiums	18,222	18,222
Hedge accounting adjustments	(3,337)	(3,337)
Total long-term advances and repurchase agreements	1,046,279	1,046,279
Other long-term debt		
Subordinated notes (due January 2013)	200,000	200,000
Senior notes (due April 2014)	150,000	150,000
Senior notes (due November 2007)	25,200	25,200
Junior subordinated debt to related capital trusts (due 2027-2067):		
Webster Capital Trust I	103,093	
Webster Capital Trust II	51,547	
Webster Capital Trust IV		200,010
Webster Statutory Trust I	77,320	77,320
People's Bancshares Capital Trust II	10,309	10,309
Eastern Wisconsin Bancshares Capital Trust I	2,070	
Eastern Wisconsin Bancshares Capital Trust II	2,070	2,070
NewMil Statutory Trust I	10,310	10,310
	631,919	675,219
Unamortized premiums	1,235	575

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Hedge accounting adjustments	(10,063)	(10,063)
Total other long-term debt	623,091	665,731
Total long-term debt	1,669,370	1,712,010
Shareholders' Equity		
Common Stock	565	565
Paid in Capital	734,100	734,100
Retained Earnings	1,173,924	1,173,924
Less: Treasury Stock	(60)	(60)
Accumulated other comprehensive loss, net	(3,515)	(3,515)
Total shareholders' equity	1,905,014	1,905,014
Total Long-term Debt and Shareholders' Equity	\$ 3,574,384	\$ 3,617,024
Capital Ratios		
Risk-based Tier 1 capital ratio	9.33%	10.02%
Risk-based total capital ratio	11.90%	12.58%
Tier 1 leverage ratio	8.08%	8.68%

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DESCRIPTION OF THE TRUST PREFERRED SECURITIES

The following is a brief description of the terms of the Trust Preferred Securities and of the Trust Agreement under which they are issued. It does not purport to be complete in all respects. This description is subject to and qualified in its entirety by reference to the Trust Agreement, the form of which has been filed as an exhibit to the registration statement of which this prospectus is a part.

General

The Trust Preferred Securities will be issued pursuant to the Trust Agreement. The property trustee, The Bank of New York, will act as indenture trustee for the Trust Preferred Securities under the Trust Agreement for purposes of compliance with the provisions of the Trust Indenture Act. The terms of the Trust Preferred Securities will include those stated in the Trust Agreement, including any amendments thereto, and those made part of the Trust Agreement by the Trust Indenture Act and the Delaware Statutory Trust Act. The Trust will own all of our 7.65% Fixed to Floating Rate Junior Subordinated Notes, or *junior subordinated notes*.

In addition to the Trust Preferred Securities, the Trust Agreement authorizes the administrative trustees of the Trust to issue common securities on behalf of the Trust. We will own directly or indirectly all of the Trust's common securities. The common securities rank on a parity, and payments upon redemption, liquidation or otherwise will be made on a proportionate basis, with the Trust Preferred Securities except as set forth below under **Ranking of Common Securities**. The Trust Agreement does not permit the Trust to issue any securities other than the common securities and the Trust Preferred Securities or to incur any indebtedness.

The payment of distributions out of money held by the Trust, and payments upon redemption of the Trust Preferred Securities or liquidation of the Trust, are guaranteed by us to the extent described under **Description of the Guarantee**. The guarantee, when taken together with our obligations under the junior subordinated notes and the indenture and our obligations under the Trust Agreement, including our obligations to pay costs, expenses, debts and liabilities of the Trust, other than with respect to the common securities and the Trust Preferred Securities, has the effect of providing a full and unconditional guarantee of amounts due on the Trust Preferred Securities. The Bank of New York, as the guarantee trustee, will hold the guarantee for the benefit of the holders of the Trust Preferred Securities. The guarantee does not cover payment of distributions when the Trust does not have sufficient available funds to pay those distributions. In that case, except in the limited circumstances in which the holder may take direct action, the remedy of a holder of the Trust Preferred Securities is to vote to direct the property trustee to enforce the property trustee's rights under the junior subordinated notes.

When we use the term *holder* in this prospectus with respect to registered Trust Preferred Securities, we mean the person in whose name such Trust Preferred Securities is registered in the security register. The Trust Preferred Securities will be held in book-entry form only, as described under **Book-Entry System**, except in the circumstances described in that section, and will be held in the name of The Depository Trust Company (**DTC**) or its nominee.

Distributions

You will be entitled to receive periodic distributions on the stated liquidation amount of \$1,000 per Trust Preferred Security on the same payment dates and in the same amounts as we pay interest on a principal amount of junior subordinated notes equal to the liquidation amount of such Trust Preferred Security. Distributions will accumulate during the period from and including June 20, 2007 to but excluding June 15, 2017 at the annual rate of 7.65%. The Trust will make such distribution payments on the Trust Preferred Securities semi-annually in arrears, on each June 15

and December 15, beginning on December 15, 2007. From and including June 15, 2017 to but excluding June 15, 2037, distributions will accumulate at a floating annual rate equal to three-month LIBOR plus 1.89%. The Trust will make such distribution payments on the Trust Preferred Securities quarterly in arrears on each March 15, June 15, September 15 and December 15, commencing September 15, 2017. If any junior subordinated notes remain outstanding after June 15, 2037, the

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initial scheduled maturity date for the junior subordinated notes, distributions on the Trust Preferred Securities will accumulate from and including that date at a floating annual rate equal to one-month LIBOR plus 2.89% and will be payable monthly in arrears on the 15th date of each month, provided that if we have elected to extend the scheduled maturity date of the junior subordinated notes, then distributions on the Trust Preferred Securities will accumulate for the period from and including June 15, 2037 to but excluding the scheduled maturity date at a floating annual rate equal to three-month LIBOR plus 2.89% payable quarterly in arrears on the quarterly distribution payment dates referred to above, and thereafter at a floating annual rate equal to one-month LIBOR plus 2.89% payable monthly in arrears on the 15th date of each month. If we defer payment of interest on the junior subordinated notes, distributions by the Trust on the Trust Preferred Securities will also be deferred.

On each distribution date, the Trust will pay the applicable distribution to the holders of the Trust Preferred Securities on the record date for that distribution date, which shall be the first day of the month in which the distribution date falls, whether or not a business day. Distributions on the Trust Preferred Securities will be cumulative. The Trust Preferred Securities will be effectively subordinated to the same debts and liabilities to which the junior subordinated notes are subordinated, as described under *Description of the Junior Subordinated Notes* *Subordination*.

For purposes of this prospectus, *business day* means any day other than a Saturday, Sunday or other day on which banking institutions in New York, New York, Waterbury, Connecticut or Wilmington, Delaware are authorized or required by law or executive order to remain closed, provided that, with respect to the payment of interest accrued on the junior subordinated notes for any period commencing on or after June 15, 2017, the day is also a London banking day. A *London banking day* is any day on which commercial banks are open for general business (including dealings in deposits in U.S. dollars) in London.

In the event that any date on which distributions are payable on the Trust Preferred Securities in respect of a distribution period commencing prior to June 15, 2017 is not a business day, then payment of the distribution will be made on the next succeeding business day with full force and effect as if the payment had been made on such date and without any interest or other payment in respect of any such delay. In the event that any date on which distributions are payable on the Trust Preferred Securities in respect of a distribution period commencing on or after June 15, 2017 is not a business day (other than any such date that is also a redemption date for the Trust Preferred Securities), then the distribution date for such distribution will be postponed to the next succeeding business day. Each date on which distributions are payable in accordance with the foregoing is referred to as a *distribution date*. The term *distribution* includes any interest payable on unpaid distributions unless otherwise stated. The period beginning on and including June 20, 2007 and ending on but excluding the first distribution date and each period after that period beginning on and including a distribution date and ending on but excluding the next distribution date is called a *distribution period*. Distributions to which holders of Trust Preferred Securities are entitled but are not paid will accumulate additional distributions at the applicable annual rate at which distributions on the Trust Preferred Securities shall then be accumulating.

The funds available to the Trust for distribution to holders of the Trust Preferred Securities will be limited to payments under the junior subordinated notes. If we do not make interest payments on the junior subordinated notes, the property trustee will not have funds available to pay distributions on the Trust Preferred Securities. The Trust will pay distributions through the property trustee, which will hold amounts received from the junior subordinated notes in a payment account for the benefit of the holders of the Trust Preferred Securities and the common securities.

Deferral of Distributions

We have the right, on one or more occasions, to defer payment of interest on the junior subordinated notes for one or more consecutive interest periods that do not exceed 10 years, as described under *Description of Junior Subordinated Notes* *Option to Defer Interest Payments* below. If we exercise this right, the Trust will also defer paying a

corresponding amount of distributions on the Trust Preferred Securities during that period of deferral. We refer to this period as a deferral period. No deferral period may extend beyond the

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final repayment date of the junior subordinated notes or the earlier repayment or redemption in full of the junior subordinated notes.

Although neither we nor the Trust will be required to make interest or distribution payments during deferral periods other than pursuant to the alternative payment mechanism described under *Description of the Junior Subordinated Notes Alternative Payment Mechanism* below, interest on the junior subordinated notes will continue to accrue during deferral periods and, as a result, distributions on the Trust Preferred Securities will continue to accumulate at the annual rate for the junior subordinated notes, compounded on each interest payment date. References to *accumulated and unpaid distributions* in this prospectus include all accumulated and unpaid distributions, including compounded amounts thereon.

If the Trust defers distributions, the accumulated and unpaid distributions will be paid on the distribution payment date following the last day of the deferral period to the holders on the record date for that distribution payment date. Upon termination of a deferral period and payment of all amounts due on the Trust Preferred Securities, Webster may elect to begin a new deferral period.

If we exercise our deferral right, then during any deferral period, we generally may not make payments on or redeem or repurchase our capital stock or our debt securities or guarantees ranking *pari passu* with or junior to the junior subordinated notes upon liquidation, subject to certain limited exceptions, as described under *Description of the Junior Subordinated Notes Dividend and Other Payment Stoppages during Interest Deferral and under Certain Other Circumstances*.

Redemption

If we repay or redeem the junior subordinated notes, in whole or in part, whether at, prior to or after the scheduled maturity date, the property trustee will use the proceeds of that repayment or redemption to redeem a total amount of Trust Preferred Securities and common securities equal to the amount of junior subordinated notes redeemed or repaid. If then required under the Federal Reserve's then-applicable risk-based capital guidelines applicable to bank holding companies, we will obtain the concurrence or approval of the Federal Reserve prior to any redemption of the Trust Preferred Securities in connection with a redemption of the junior subordinated notes. Under current guidelines, Federal Reserve approval is generally required for redemption of the Trust Preferred Securities; however, such approval is not currently required in connection with a repayment of the junior subordinated notes on or following the scheduled maturity date.

The redemption price per Trust Preferred Security will equal the applicable redemption or repayment price attributed to \$1,000 in principal amount of the junior subordinated notes calculated as described under *Description of the Junior Subordinated Notes Redemption or Repayment of Principal* below, in each case plus accumulated and unpaid distributions to the date of payment. If less than all Trust Preferred Securities and common securities are redeemed, the amount of each to be redeemed will be allocated *pro rata* based upon the total amount of Trust Preferred Securities and common securities outstanding, except in the case of a payment default, as set forth below under *Ranking of Common Securities*.

Redemption Procedures

Notice of any redemption will be mailed by the property trustee at least 30 days but not more than 60 days before the redemption date to the registered address of each holder of Trust Preferred Securities to be redeemed. Notwithstanding the foregoing, notice of any redemption of Trust Preferred Securities relating to the repayment of junior subordinated notes will be mailed at least 10 but not more than 15 business days before the redemption date to the registered address of each holder of Trust Preferred Securities to be redeemed.

If (i) the Trust gives a notice of redemption of Trust Preferred Securities for cash and (ii) we have paid to the property trustee, or the paying agent on behalf of the property trustee, a sufficient amount of cash in connection with the related redemption or maturity of the junior subordinated notes, then on the redemption date, the property trustee, or the paying agent on behalf of the property trustee, will irrevocably deposit with DTC funds sufficient to pay the redemption price for the class of Trust Preferred Securities being redeemed.

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See Book-Entry System. The Trust will also give DTC irrevocable instructions and authority to pay the redemption amount in immediately available funds to the beneficial owners of the global securities representing the Trust Preferred Securities. Distributions to be paid on or before the redemption date for any Trust Preferred Securities called for redemption will be payable to the holders as of the record dates for the related dates of distribution. If the Trust Preferred Securities called for redemption are no longer in book-entry form, the property trustee, to the extent funds are available, will irrevocably deposit with the paying agent for the Trust Preferred Securities funds sufficient to pay the applicable redemption price and will give such paying agent irrevocable instructions and authority to pay the redemption price to the holders thereof upon surrender of their certificates evidencing the Trust Preferred Securities.

If notice of redemption shall have been given and funds deposited as required, then upon the date of such deposit:

all rights of the holders of such Trust Preferred Securities called for redemption will cease, except the right of the holders of such Trust Preferred Securities to receive the redemption price and any distribution payable in respect of the Trust Preferred Securities on or prior to the redemption date, but without interest on such redemption price; and

the Trust Preferred Securities called for redemption will cease to be outstanding.

If any redemption date is not a business day, then the redemption amount will be payable on the next business day (and without any interest or other payment in respect of any such delay).

If payment of the redemption amount for any junior subordinated notes called for redemption is improperly withheld or refused and accordingly the redemption amount of the Trust Preferred Securities is not paid either by the Trust or by us under the guarantee, then interest on the junior subordinated notes will continue to accrue and distributions on the Trust Preferred Securities called for redemption will continue to accumulate at the applicable rate then borne by such Trust Preferred Securities from the original redemption date scheduled to the actual date of payment. In this case, the actual payment date will be considered the redemption date for purposes of calculating the redemption amount.

If less than all of the junior subordinated notes are to be redeemed on a redemption date, then the aggregate liquidation amount of Trust Preferred Securities and common securities to be redeemed shall be allocated *pro rata* to the Trust Preferred Securities and common securities based upon the relative liquidation amounts of such classes, except in the case of a payment default, as set forth below under Ranking of Common Securities. The property trustee will select the particular Trust Preferred Securities to be redeemed on a *pro rata* basis not more than 60 days before the redemption date from the outstanding Trust Preferred Securities not previously called for redemption by any method the property trustee deems fair and appropriate, or if the Trust Preferred Securities are in book-entry only form, in accordance with the procedures of DTC. See Book-Entry System.

For all purposes of the Trust Agreement, unless the context otherwise requires, all provisions relating to the redemption of Trust Preferred Securities shall relate, in the case of any Trust Preferred Securities redeemed or to be redeemed only in part, to the portion of the aggregate liquidation amount of Trust Preferred Securities that has been or is to be redeemed.

Subject to applicable law, including, without limitation, U.S. federal securities laws, and subject to the replacement capital covenant and to the Federal Reserve's risk-based capital guidelines and policies applicable to bank holding companies, we or our affiliates may at any time and from time to time purchase outstanding Trust Preferred Securities by tender, in the open market or by private agreement.

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Optional Liquidation of Trust and Distribution of Junior Subordinated Notes to Holders

Under the Trust Agreement, the Trust shall dissolve upon the first to occur of:

certain events of bankruptcy, dissolution or liquidation of Webster;

the written direction from us, as holder of the Trust's common securities, to the property trustee to dissolve the Trust and distribute a like amount of the junior subordinated notes to the holders of the Trust Preferred Securities and common securities, subject to our having received any required prior approval of the Federal Reserve;

redemption of all of the Trust Preferred Securities as described above under Redemption ; or

the entry of an order for the dissolution of the Trust by a court of competent jurisdiction.

Except as set forth in the next sentence, if a dissolution occurs as a result of any of the events described above (other than an event described in the third bullet point above), the property trustee will liquidate the Trust as expeditiously as possible by distributing, after satisfaction of liabilities to creditors of such Trust as provided by applicable law, to the holders of the Trust Preferred Securities and common securities a like amount of the junior subordinated notes. If the property trustee determines that such distribution is not possible or if the early dissolution occurs as a result of the redemption of Trust Preferred Securities, then the holders will be entitled to receive out of the assets of the Trust available for distribution to holders and after satisfaction of liabilities to creditors of the Trust as provided by applicable law, an amount equal to the aggregate liquidation amount plus accrued and unpaid distributions to the date of payment. If the Trust has insufficient assets available to pay in full such aggregate liquidation distribution, then the amounts payable directly by the Trust on its Trust Preferred Securities and common securities shall be paid on a *pro rata* basis, except as set forth below under Ranking of Common Securities.

After the liquidation date fixed for any distribution of junior subordinated notes to holders of Trust Preferred Securities:

the Trust Preferred Securities will no longer be deemed to be outstanding;

DTC or its nominee, as the record holder of the Trust Preferred Securities, will receive a registered global certificate or certificates representing the junior subordinated notes to be delivered upon such distribution;

any certificates representing the Trust Preferred Securities not held by DTC or its nominee or surrendered to the exchange agent will be deemed to represent junior subordinated notes having a principal amount equal to the stated liquidation amount of such Trust Preferred Securities, and bearing accrued and unpaid interest in an amount equal to the accrued and unpaid distributions on such Trust Preferred Securities until such certificates are so surrendered for transfer or reissuance; and

all rights of the holders of the Trust Preferred Securities will cease, except the right to receive junior subordinated notes upon such surrender.

Under current United States federal income tax law, and assuming, as expected, the Trust is treated as a grantor trust, a distribution of junior subordinated notes in exchange for the Trust Preferred Securities would not be a taxable event to you. See Certain United States Federal Income Tax Consequences United States Holders Receipt of junior subordinated notes upon Liquidation of the Trust below.

Ranking of Common Securities

Payment of distributions on, and the redemption price of and the liquidation distribution in respect of, Trust Preferred Securities and common securities, as applicable, shall be made *pro rata* based on the liquidation amount of the Trust Preferred Securities and common securities, except that upon the occurrence and continuation of a payment default on the junior subordinated notes, the rights of the holders of the

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common securities to payment in respect of distributions and payments upon liquidation, redemption and otherwise will be subordinated to the rights of the holders of the Trust Preferred Securities.

In the case of any event of default under the Trust Agreement resulting from an event of default under the indenture for the junior subordinated notes, we, as holder of the Trust's common securities, will have no right to act with respect to any such event of default under the Trust Agreement until the effect of all such events of default with respect to the Trust Preferred Securities have been cured, waived or otherwise eliminated. Until all events of default under the Trust Agreement with respect to the Trust Preferred Securities have been so cured, waived or otherwise eliminated, the property trustee shall act solely on behalf of the holders of Trust Preferred Securities and not on our behalf, and only the holders of the Trust Preferred Securities will have the right to direct the property trustee to act on their behalf.

If an early dissolution event occurs in respect of the Trust, no liquidation distributions shall be made on the Trust's common securities unless full liquidation distributions are made on the Trust Preferred Securities.

Events of Default under Trust Agreement

Any one of the following events constitutes an event of default under the Trust Agreement, or a *Trust Event of Default*, regardless of the reason for such event of default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

the occurrence of an event of default under the indenture with respect to the junior subordinated notes beneficially owned by the Trust;

the default by the Trust in the payment of any distribution on any Trust security of the Trust when such becomes due and payable, and continuation of such default for a period of 30 days;

the default by the Trust in the payment of any redemption price of any Trust security of the Trust when such becomes due and payable;

the failure to perform or the breach, in any material respect, of any other covenant or warranty of the trustees in the Trust Agreement for 90 days after the defaulting trustee or trustees have received written notice of the failure to perform or breach in the manner specified in such Trust Agreement; or

the occurrence of certain events of bankruptcy or insolvency with respect to the property trustee and our failure to appoint a successor property trustee within 90 days.

Within 30 days after any Trust Event of Default actually known to the property trustee occurs, the property trustee will transmit notice of such Trust Event of Default to the holders of the affected class of Trust securities and to the administrative trustees, unless such Trust Event of Default shall have been cured or waived. We, as sponsor, and the administrative trustees are required to file annually with the property trustee a certificate as to whether or not we or they are in compliance with all the conditions and covenants applicable to us and to them under the Trust Agreement.

The existence of a Trust Event of Default under the Trust Agreement, in and of itself, with respect to the junior subordinated notes does not entitle the holders of the Trust Preferred Securities to accelerate the maturity of such junior subordinated notes.

An event of default under the indenture for the junior subordinated notes entitles the property trustee, as sole holder of the junior subordinated notes, to declare the junior subordinated notes due and payable under the indenture. Not all

breaches of our agreements and obligations in respect of the junior subordinated notes constitute events of default. For a description of what constitutes an event of default, and of remedies available upon the occurrence of an event of default, with respect to the junior subordinated notes, see Description of the Junior Subordinated Notes Events of Default; Waiver and Notice and Relationship among Trust Preferred Securities, Junior Subordinated Notes and Guarantees below.

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Removal of Trustees

Unless an event of default under the indenture has occurred and is continuing, the property trustee and/or the Delaware trustee may be removed at any time by the holder of the Trust's common securities. The property trustee and the Delaware trustee may be removed by the holders of a majority in liquidation amount of the outstanding Trust Preferred Securities for cause or by the holders of a majority in liquidation amount of the Trust Preferred Securities if an event of default under the indenture has occurred and is continuing. In no event will the holders of the Trust Preferred Securities have the right to vote to appoint, remove or replace the administrative trustees, which voting rights are vested exclusively in us, as the holder of the common securities. No resignation or removal of a trustee and no appointment of a successor trustee shall be effective until the acceptance of appointment by the successor trustee in accordance with the provisions of the Trust Agreement.

Co-Trustees and Separate Property Trustee

Unless an event of default under the indenture shall have occurred and be continuing, at any time or from time to time, for the purpose of meeting the legal requirements of the Trust Indenture Act or of any jurisdiction in which any part of the Trust property may at the time be located, we, as the holder of the Trust's common securities, and the administrative trustees shall have the power to appoint one or more persons either to act as a co-trustee, jointly with the property trustee, of all or any part of such Trust property, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such person or persons in such capacity any property, title, right or power deemed necessary or desirable, subject to the provisions of such Trust Agreement. If an event of default under the indenture has occurred and is continuing, the property trustee alone shall have power to make such appointment.

Merger or Consolidation of Trustees

Any person into which the property trustee or the Delaware trustee, if not a natural person, may be merged or converted or with which it may be consolidated, or any person resulting from any merger, conversion or consolidation to which such trustee shall be a party, or any person succeeding to all or substantially all the corporate trust business of such trustee, shall be the successor of such trustee under the Trust Agreement, provided that such person shall be otherwise qualified and eligible.

Mergers, Consolidations, Amalgamations or Replacements of the Trust

The Trust may not merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to us or any other person, except as described below or as otherwise described in the Trust Agreement. The Trust may, at our request, with the consent of the administrative trustees but without the consent of the holders of the Trust Preferred Securities, the property trustee or the Delaware trustee, merge with or into, consolidate, amalgamate, or be replaced by, or convey, transfer or lease its properties and assets substantially as an entirety to, a successor trust organized as such under the laws of any state if:

such successor entity either:

expressly assumes all of the obligations of the Trust with respect to the Trust Preferred Securities, or

substitutes for the Trust Preferred Securities other securities having substantially the same terms as the Trust Preferred Securities, or the *Successor Securities*, so long as the Successor Securities rank the same as the Trust Preferred Securities in priority with respect to distributions

and payments upon liquidation, redemption and otherwise;

a trustee of such successor entity possessing the same powers and duties as the property trustee is appointed to hold the junior subordinated notes then held by or on behalf of the property trustee;

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such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not cause the Trust Preferred Securities, including any Successor Securities, to be downgraded by any nationally recognized statistical rating organization;

such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of Trust Preferred Securities, including any Successor Securities, in any material respect;

such successor entity has purposes substantially identical to those of the Trust;

prior to such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, the Trust has received a written opinion from counsel to the Trust experienced in such matters to the effect that:

such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease does not adversely affect the rights, preferences and privileges of the holders of Trust Preferred Securities, including any Successor Securities, in any material respect, and

following such merger, consolidation, amalgamation, replacement, conveyance, transfer or lease, neither the Trust nor such successor entity will be required to register as an investment company under the Investment Company Act of 1940, or *Investment Company Act* ; and

we or any permitted successor or assignee own all of the common securities of such successor entity and guarantee the obligations of such successor entity under the Successor Securities at least to the extent provided by the guarantee.

Notwithstanding the foregoing, the Trust may not, except with the consent of holders of 100% in liquidation amount of the Trust Preferred Securities, consolidate, amalgamate, merge with or into, or be replaced by or convey, transfer or lease its properties and assets substantially as an entirety to any other entity or permit any other entity to consolidate, amalgamate, merge with or into, or replace it if such consolidation, amalgamation, merger, replacement, conveyance, transfer or lease would cause the Trust or the successor entity to be classified as other than one or more grantor trusts or agency arrangements or to be classified as an association or a partnership for U.S. federal income tax purposes.

Voting Rights; Amendment of the Trust Agreement

Except as provided herein and under Description of the Guarantee Amendments and Assignment and as otherwise required by law and the Trust Agreement, the holders of the Trust Preferred Securities will have no voting rights or control over the administration, operation or management of the Trust or the obligations of the parties to the Trust Agreement, including in respect of junior subordinated notes owned by the Trust. Under the Trust Agreement, however, the property trustee will be required to obtain their consent before exercising some of its rights in respect of these securities.

Trust Agreement. We and the administrative trustees may amend the Trust Agreement, without the consent of the holders of the Trust Preferred Securities, the property trustee or the Delaware trustee, to do any of the following, unless in the case of the first two bullets below such amendment will materially and adversely affect the interests of any holder of Trust Preferred Securities or the property trustee or the Delaware trustee or impose any additional duty or obligation on the property trustee or the Delaware trustee:

cure any ambiguity, correct or supplement any provisions in the Trust Agreement that may be inconsistent with any other provision, or to make any other provisions with respect to matters or

questions arising under such Trust Agreement, which may not be inconsistent with the other provisions of the Trust Agreement;

modify, eliminate or add to any provisions of the Trust Agreement to such extent as shall be necessary to ensure that the Trust will be classified for U.S. federal income tax purposes as one or more grantor trusts or agency arrangements and not as an association or a partnership at all

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times that any Trust securities are outstanding, to ensure that the Trust will not be required to register as an investment company under the Investment Company Act or to ensure the treatment of the Trust Preferred Securities as Tier 1 capital under prevailing Federal Reserve rules and regulations;

require that holders that are not U.S. persons for U.S. federal income tax purposes irrevocably appoint a U.S. person to exercise any voting rights to ensure that the Trust will not be treated as a foreign trust for U.S. federal income tax purposes; or

conform the terms of the Trust Agreement to the description of the Trust Agreement, the Trust Preferred Securities and the Trust's common securities in this prospectus, in the manner provided in the Trust Agreement.

Any such amendment shall become effective when written notice thereof is given to the property trustee, the Delaware trustee and the holders of the Trust Preferred Securities.

In addition, we and the administrative trustees may generally amend the Trust Agreement with:

the consent of holders representing not less than a majority, based upon liquidation amounts, of the outstanding Trust Preferred Securities affected by the amendments; and

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