WEBSTER FINANCIAL CORP
Form 424B2
June 05, 2008

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)

File Number 333-114091

Subject to Completion

Preliminary Prospectus Supplement dated June 5, 2008

PROSPECTUS SUPPLEMENT

(To prospectus dated April 1, 2004)

225,000 Shares

Webster Financial Corporation

% Series A Non-Cumulative Perpetual

Convertible Preferred Stock

Webster Financial Corporation is offering 225,000 shares of our % Series A Non-Cumulative Perpetual Convertible Preferred Stock, which we refer to as the Preferred Stock.

Dividends on the Preferred Stock will be payable quarterly in arrears, when, as and if authorized and declared by our board of directors, at an annual rate of % per year on the liquidation preference of $1,000 per share. The dividend payment dates will be the fifteenth day of each March, June, September and December, commencing on September 15, 2008.

Dividends on the Preferred Stock will be non-cumulative. If for any reason our board of directors does not authorize and declare full cash dividends on the Preferred Stock for a quarterly dividend period, we will have no obligation to pay any dividends for that period, whether or not our board of directors authorizes and declares dividends on the Preferred Stock for any subsequent dividend period. However, with certain limited exceptions, if we have not declared and paid or set aside for payment full quarterly dividends on the Preferred Stock for a particular dividend period, we may not declare or pay dividends on, or redeem, purchase or acquire, our common stock or other junior securities during the next succeeding dividend period.

Each share of the Preferred Stock may be converted at any time, at the option of the holder, into shares of our common stock (which reflects an approximate initial conversion price of $ per share of our common stock) plus cash in lieu of fractional shares, subject to anti-dilution adjustments. The conversion rate will be adjusted as described herein upon the occurrence of certain make-whole acquisition transactions and other events.

The Preferred Stock is not redeemable by us at any time. On or after June 15, 2013, if the closing price of our common stock exceeds 130% of the conversion price for 20 trading days during any 30 consecutive trading day period, including the last trading day of such period, ending on the trading day preceding the date we give notice of mandatory conversion, we may at our option cause some or all of the Preferred Stock to be automatically converted into common stock at the then prevailing conversion rate.

Prior to this offering, there has been no public market for the Preferred Stock. The Preferred Stock will not be listed on any securities exchange or included in any automated quotation system. Our common stock is listed on the New York Stock Exchange under the symbol WBS. On June 4, 2008, the closing sale price of our common stock on the New York Stock Exchange was $25.62 per share.

The shares of the Preferred Stock are not savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Investing in the shares of the Preferred Stock involves risks. See Risk Factors beginning on page S-11 of this prospectus supplement and Risk Factors beginning on page S-12 of our Annual Report on Form 10-K for the year ended December 31, 2007.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Webster Financial Corporation	$	$

We have granted the underwriters an option, exercisable within 30 days from the date of this prospectus supplement, to purchase up to an additional 25,000 shares of the Preferred Stock at the public offering price less the underwriting discount, solely to cover overallotments, if any.

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

We will deliver the shares of Preferred Stock in book-entry only form through the facilities of The Depository Trust Company on or about June , 2008.

Merrill Lynch & Co.
Sole Bookrunning Manager

JPMorgan
Co-Manager

Sandler O Neill + Partners, L.P.
Co-Manager

The date of this prospectus supplement is June , 2008.

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Prospectus Supplement

Prospectus

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. 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. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of the offering. The second part is the prospectus, which describes more general information, some of which may not apply to the offering. You should read both this prospectus supplement and the accompanying prospectus, together with additional information described under the heading Where You Can Find More Information.

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

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

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the information included or incorporated by reference in this prospectus supplement may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words believes, expects, anticipates, estimates, forecasts, intends, plans, targets, potentially, probably, projects, expressions or future or conditional verbs such as may, will, should, would and could. These forward-looking statements are subject to know 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;
- the effects of any mergers, acquisitions or other business combinations;
- 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, other acquisitions or other initiatives;
- 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 management s beliefs and assumptions and are made as of the date of this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

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 supplement, and the information we later file with the SEC will automatically update information previously contained in this prospectus supplement or incorporated by reference in this prospectus supplement, and any statement contained in this prospectus supplement or in a document incorporated by reference in this prospectus supplement will be deemed modified or superseded for purposes of this prospectus supplement to the extent that a later statement contained or incorporated by reference in this prospectus supplement is inconsistent with such earlier statement.

This prospectus supplement 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 2008 annual meeting of stockholders, which was filed on March 7, 2008)	Year ended December 31, 2007, filed February 28, 2008
Quarterly Report on Form 10-Q	Quarter ended March 31, 2008, filed May 9, 2008
Current Reports on Form 8-K	Filed April 25, 2008; February 27, 2008; February 5, 2008 and February 4, 2008

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 supplement and the accompanying prospectus. This prospectus supplement, 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 Preferred Stock. The registration statement may contain additional information that may be important to you.

SUMMARY

This summary highlights information contained elsewhere in, or incorporated by reference into, this prospectus supplement. 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 Preferred Stock. You should read this entire prospectus supplement and accompanying prospectus, including the Risk Factors section and the documents incorporated by reference, which are described under Where You Can Find More Information in this prospectus supplement.

Webster Financial Corporation

Webster Financial Corporation, through Webster Bank, National Association, and its non-banking financial services subsidiaries, delivers financial services to individuals, families and businesses throughout southern New England and eastern New York State, as well as equipment financing, commercial real estate lending, asset-based lending and insurance premium financing on a regional or national basis. We provide commercial banking, retail banking, health savings accounts, consumer financing, mortgage banking, trust and investment services. As of March 31, 2008, we had 181 banking offices and 484 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, 2008, we had approximately $17.2 billion in assets, $12.4 billion in loans, net, $12.1 billion in total deposits and $1.7 billion in total stockholders equity.

Our common stock is traded on the New York Stock Exchange under the ticker symbol WBS. Our principal executive offices are located at 145 Bank Street, Waterbury, Connecticut 06702. Our telephone number is (203) 465-4364. Our website is www.websteronline.com. 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 supplement.

The Offering

The following information about the Preferred Stock summarizes, and should be read in conjunction with, the information contained elsewhere in this prospectus supplement and in the accompanying prospectus, including the section Description of Preferred Stock in the accompanying prospectus. As used in this section, the terms Webster, us, we or our refer to Webster Financial Corporation and not any of its subsidiaries.

Issuer	Webster Financial Corporation, a Delaware corporation.
Securities Offered	225,000 shares (or 250,000 shares if the underwriters overallotment option is exercised in full) of % Series A Non-Cumulative Perpetual Convertible Preferred Stock.
Dividends	Dividends on the Preferred Stock will be payable quarterly in arrears, when, as and if authorized and declared by our board of directors out of legally available funds at an annual rate of % on the liquidation preference of $1,000 per share.

Dividends on the Preferred Stock will be non-cumulative. If for any reason our board of directors does not authorize and declare full cash dividends on the Preferred Stock for a quarterly dividend period, we will have no obligation to pay any dividends for that period, whether or not our board of directors authorizes and declares dividends on the Preferred Stock for any subsequent dividend period.

Dividend Payment Dates	March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2008. If a scheduled dividend payment date falls on a day that is not a business day, the dividend will be paid on the next business day as if it were paid on the scheduled dividend payment date, and no interest or other amount will accrue on the dividend so payable for the period from and after that dividend payment date to the date the dividend is paid.
Dividend Stopper	So long as any share of Preferred Stock remains outstanding,

- no dividend will be declared and paid or set aside for payment and no distribution will be declared and made or set aside for payment on any junior securities (as defined below under Description of Preferred Stock General) (other than a dividend payable solely in shares of junior securities) and

- no shares of junior securities will be repurchased, redeemed, or otherwise acquired for consideration by us, directly or indirectly (other than (a) as a result of a reclassification of junior securities for or into other junior securities, or the exchange or conversion of one share of junior securities for or into another share of junior securities, (b) repurchases in support of our employee benefit and compensation programs and (c) through the use of the proceeds of a substantially contemporaneous sale of other shares of junior securities), unless, in each case, the full dividends for the most recent dividend payment date on all outstanding shares of the Preferred Stock and parity securities (as defined below under Description of Preferred Stock General) have been paid or declared and a sum sufficient for the payment of those dividends has been set aside.

Except as provided below, for so long as any share of Preferred Stock remains outstanding, we will not declare, pay, or set aside for payment, dividends on any parity securities for any period unless we have paid in full, or declared and set aside payment in full, in respect of all dividends for the then-current dividend period for all outstanding shares of Preferred Stock. To the extent that we declare dividends on the Preferred Stock and on any parity securities but do not make full payment of such declared dividends, we will allocate the dividend payments on a *pro rata* basis among the holders of the shares of Preferred Stock and the holders of any parity securities. For purposes of calculating the *pro rata* allocation of partial dividend payments, we will allocate those payments so that the respective amounts of those payments bear the same ratio to each other as all accrued and unpaid dividends per share on the Preferred Stock and all parity securities bear to each other.

Redemption	The Preferred Stock is not redeemable by us at any time.
Maturity	Perpetual.
Conversion Right	Each share of the Preferred Stock may be converted at any time, at the option of the holder, into shares of our common stock (which reflects an approximate initial conversion price of $ per share of our common stock) plus cash in lieu of fractional shares, subject to anti-dilution adjustments and subject to the limitations set forth below under Limitation on Beneficial Ownership.

If the conversion date is on or prior to the record date for any declared cash dividend on the Preferred Stock for the dividend period in which you elect to convert, you will not receive any declared cash dividends for that dividend period. If the conversion date is after the record date for any declared cash dividend on the Preferred Stock and prior to the corresponding dividend payment date, you will receive that cash dividend on the relevant dividend payment date if you were the holder of record on the record date for that dividend; however, whether or not you were the holder of record on the record date, if you convert after a record date and prior to the related dividend payment date, you must pay to the conversion agent when you convert your shares of the Preferred Stock an amount in cash equal to the full dividend actually paid on such dividend payment date on the shares being converted, unless your shares are being converted as a consequence of a mandatory conversion at our option, a make-whole acquisition or a fundamental change as described below.

Mandatory Conversion at Our Option	On or after June 15, 2013, we may, at our option, at any time or from time to time, cause some or all of the Preferred Stock to be converted into shares of our common stock at the then applicable conversion rate. We may exercise our conversion right if, for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, ending on the trading day preceding the date we give notice of mandatory conversion, the closing price of our common stock exceeds 130% of the then applicable conversion price of the Preferred Stock.
Conversion upon Certain Acquisitions	The following provisions will apply if one of the following events occurs:

- a person or group within the meaning of Section 13(d) of the Exchange Act files a Schedule TO or any schedule, form or report under the Exchange Act disclosing that such person or group has become the direct or indirect ultimate beneficial owner, as defined in Rule 13d-3 under the Exchange Act, of our common equity representing more than 50% of the total voting power of all shares of our capital stock entitled to vote generally in the election of our directors; or

- consummation of any consolidation or merger of us or similar transaction or any sale, lease or other transfer in one transaction or a series of transactions of all or substantially all of the consolidated assets of us and our subsidiaries, taken as a whole, to any person other than one of our subsidiaries, in each case pursuant to which our common stock will be converted into, or receive a distribution of the proceeds in, cash, securities or other property, other than pursuant to a transaction in which the persons that beneficially owned (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, voting shares immediately prior to such transaction beneficially own, directly or indirectly, voting shares representing a majority of the total voting power of all outstanding classes of voting shares of the continuing or surviving person immediately after the transaction.

These transactions are referred to as *make-whole acquisitions* ; except that a make-whole acquisition will not be deemed to have occurred if at least 90% of the consideration received by holders of our common stock in the transaction or transactions consists of shares of common stock or American Depositary Receipts in respect of common stock that is traded on a U.S. national securities exchange or that will be so traded when issued or exchanged.

Upon a make-whole acquisition, we will, under certain circumstances, be required to pay a make-whole adjustment in the form of an increase in the conversion rate upon any conversions of the Preferred Stock that occur during the period beginning on the effective date of the make-whole acquisition and ending on the date that is 30 days after the effective date as described herein. The make-whole adjustment will be payable in shares of our common stock or the consideration into which our common stock has been converted or exchanged in connection with the make-whole acquisition.

The amount of the make-whole adjustment, if any, will be based on the stock price and the effective date of the make-whole acquisition. A description of how the make-whole adjustment will be determined and a table showing the make-whole adjustment that would apply at various stock prices and effective dates is set forth under Description of Preferred Stock Conversion upon Fundamental Change.

Conversion upon Fundamental Change	If the reference price (as defined under Description of Preferred Stock Conversion upon Fundamental Change) in connection with a fundamental change (as defined under Description of Preferred Stock Conversion upon Fundamental Change) is less than the applicable conversion price, each share of the Preferred Stock may be converted during the period beginning on the effective date of the fundamental change and ending on the date that is 30 days after the effective date of such fundamental change at an adjusted conversion price equal to the greater of (1) the reference price and (2) $, which we refer to as the base price, which is 50% of the closing price of our common stock on the date of this prospectus supplement, subject to adjustment. If the reference price is less than the base price, holders will receive a maximum of shares of our common stock per share of the Preferred Stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Preferred Stock. In lieu of issuing common stock upon conversion in the event of a fundamental change, we may at our option, and if we obtain any necessary regulatory approval, make a cash payment equal to the reference price for each share of common stock otherwise issuable upon conversion. See Description of Preferred Stock Conversion upon Fundamental Change.
Limitation on Beneficial Ownership	Notwithstanding the foregoing, no holder of the Preferred Stock will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a beneficial owner (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of our common stock outstanding at such time. Any purported delivery of shares of our common stock upon conversion of the Preferred Stock shall be void and have no effect to the extent (but only to the extent) that such delivery would result in the converting holder becoming the beneficial owner of more than 9.9% of the shares of common stock outstanding at such time. If any delivery of shares of our common stock owed to a holder upon conversion of the Preferred Stock is not made, in whole or in part, as a result of this limitation, our obligation to make such delivery shall not be

extinguished and we shall deliver such shares as promptly as practicable after any such holder gives notice to us that such delivery would not result in it being the beneficial owner of more than 9.9% of the shares of common stock outstanding at such time. This limitation on beneficial ownership shall not constrain in any event our ability to exercise our right to cause the Preferred Stock to convert mandatorily.

Reorganization Events (Including Mergers)

The following provisions apply in the event of certain *reorganization events*, which include, subject to certain exceptions:

- any consolidation or merger of us with or into another person in each case pursuant to which our common stock will be converted into cash, securities or other property;
- any sale, transfer, lease or conveyance to another person of all or substantially all of our property and assets in each case pursuant to which our common stock will receive a distribution of cash, securities or other property; or
- certain reclassifications of our common stock or statutory exchanges of our securities.

Each share of the Preferred Stock outstanding immediately prior to such reorganization event, without the consent of the holders of the Preferred Stock, will become convertible into the kind and amount of securities, cash, and other property or assets that a holder (that was not the counterparty to the reorganization event or an affiliate of such other party) of a number of shares of our common stock equal to the conversion rate per share of Preferred Stock prior to the reorganization event would have owned or been entitled to receive upon the reorganization event. See Description of Preferred Stock Reorganization Events.

Anti-Dilution Adjustments

The conversion rate may be adjusted in the event of, among other things:

- increases in cash dividends on our common stock;
- dividends or distributions in common stock or other property;
- certain issuances of stock purchase rights;
- certain self tender offers; or
- subdivisions, splits and combinations of the common stock.

See Description of Preferred Stock Anti-Dilution Adjustments.

Liquidation Rights

Upon our voluntary or involuntary liquidation, dissolution or winding-up, holders of the Preferred Stock will be entitled to receive, out of our assets that are legally available for distribution to stockholders, before any distribution is made to holders of our common stock or other junior securities, a liquidating distribution in the amount of $1,000 per share of the Preferred Stock plus any

	declared and unpaid dividends, without accumulation of any undeclared dividends. Distributions will be made *pro rata* as to the Preferred Stock and any other parity securities and only to the extent of our assets, if any, that are available after satisfaction of all liabilities to creditors.
Voting Rights	The holders of the Preferred Stock do not have voting rights, except with respect to certain fundamental changes in the terms of the Preferred Stock, in the case of certain dividend arrearages and except as specifically required by Delaware law. For more information about voting rights, see Description of Preferred Stock Voting Rights.
Ranking	The Preferred Stock will rank, with respect to the payment of dividends and distributions upon liquidation, dissolution or winding-up, senior to our common stock and each other class or series of capital stock we may issue in the future the terms of which do not expressly provide that it ranks on a parity with or senior to the Preferred Stock as to dividend rights and rights on liquidation, dissolution or winding-up of Webster Financial Corporation. The Preferred Stock will rank on a parity with each class or series of capital stock we may issue in the future the terms of which expressly provide that such class or series will rank on a parity with the Preferred Stock as to dividend rights and rights on liquidation, dissolution or winding-up of Webster Financial Corporation.
Preemptive Rights	None.
Use of Proceeds	We expect to receive net proceeds from the offering of the Preferred Stock of approximately $ million (or approximately $ million if the underwriters exercise their overallotment option in full), after underwriting commissions and expenses. We intend to use the net proceeds of the offering of the Preferred Stock for general corporate purposes, including to increase liquidity and to provide for additional capital. See Use of Proceeds.
Certain U.S. Federal Income Tax Considerations	For a discussion of certain U.S. federal income tax considerations of purchasing, owning, converting and disposing of the Preferred Stock and of owning and disposing of our common stock received in respect thereof, see Certain U.S. Federal Income Tax Considerations. Dividends received by non-corporate U.S. Holders, including individuals, in taxable years beginning before January 1, 2011 generally will be subject to reduced rates of taxation, subject to certain conditions and limitations. Dividends paid to corporate U.S. Holders generally should be eligible for the dividends-received deduction, subject to certain conditions and limitations. Dividends paid to Non-U.S. Holders generally should be subject to U.S. federal withholding tax at a 30% rate, unless such rate is reduced by an applicable tax treaty.

No Listing	The Preferred Stock will not be listed on any securities exchange or included in any automated quotation system.
Risk Factors	For a discussion of risks and uncertainties involved with an investment in our Preferred Stock and our common stock, see Risk Factors beginning on page S-11 of this prospectus supplement and Risk Factors beginning on page 14 of our Annual Report on Form 10-K for the year ended December 31, 2007.

RISK FACTORS

An investment in the Preferred Stock is subject to certain risks. You should carefully review the following risk factors and other information contained in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including under the caption Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, before deciding whether this investment is suited to your particular circumstances.

Risks Relating to Webster

Our results of operations are affected by economic conditions locally and nationally.

Decreases in real estate values could adversely affect the value of property used as collateral for our loans. No assurance can be given that the original appraised values are reflective of current market conditions. Adverse changes in the economy caused by inflation, recession, unemployment or other factors beyond our control may also have a negative effect on the ability of our borrowers to make timely loan payments, which would have an adverse impact on our earnings. Consequently, deterioration in economic conditions, particularly in Connecticut, could have a material adverse impact on the quality of our loan portfolio, which could result in an increase in delinquencies. An increase in delinquencies would cause a decrease in our interest income as well as an adverse impact on our loan loss experience, which would cause an increase in our allowance for loan losses. Such deterioration could also adversely impact the demand for our products and services, and, accordingly, our results of operations.

The second half of 2007 and the year 2008 to date have been highlighted by significant disruption and volatility in the financial and capital marketplaces. This turbulence has been attributable to a variety of factors, including the fallout associated with the subprime mortgage market. One aspect of this fallout has been significant deterioration in the activity of the secondary residential mortgage market. The disruptions have been exacerbated by the continued decline of the real estate and housing market along with significant mortgage loan related losses incurred by many lending institutions. In addition, the significant decline in national economic growth, during the fourth quarter of 2007 and the first quarter of 2008 have led to a national economy bordering on recession. Webster is not immune to negative consequences arising from overall economic weakness and, in particular, a sharp downturn in the housing industry locally and nationally. During the second half of 2007 and through the first quarter of 2008, we have experienced an increase in non-performing loans and net loan charge-offs. No assurance can be given that these conditions will improve or will not worsen or that such conditions will not result in a further increase in delinquencies, which would cause a decrease in our interest income, or continue to have an adverse impact on our loan loss experience, which would cause an increase in our allowance for credit losses.

Among our critical accounting policies are the valuation of goodwill and other intangible assets (including the evaluation of those assets for potential impairment write-downs) and the identification of declines in value of securities that are other-than-temporary. Our critical accounting policies are important to the portrayal of our financial condition and results of operations, and they require management s most subjective and complex judgments. While we apply these policies on a quarterly basis, the related accounting estimates are susceptible to significant near-term changes. For example, the fair values of certain securities in our portfolio have been adversely impacted by the continued significant disruption in the financial markets. Also, the stock prices of many financial services companies declined during the first quarter of 2008, and have continued to do so in the second quarter. We have been affected by these market conditions and our market capitalization was less than our book value (shareholders equity) as of the date of this prospectus supplement. If these conditions and trends continue, we may be required to record impairment charges to reduce the carrying amounts of one or more of our asset categories such as goodwill, other intangibles and securities.

Our business strategy of shifting our asset mix to reduce the residential mortgage loan portfolio and increase commercial and consumer loans involves risks.

In recent years, we have focused on shifting our asset mix to reduce the residential mortgage loan portfolio and increase commercial and consumer loans. In 2006 and 2007, we securitized a total of approximately $1.0 billion and sold $250 million of our residential mortgage loans. Residential mortgages were $3.6 billion at the end of 2007, a decrease of 17.7%, compared to $4.42 billion at December 31, 2006. At the end of 2007, commercial loans were $5.6 billion, including (1) commercial and industrial loans at $3.5 billion, up 3.8% compared to balances at December 31, 2006, and (2) commercial real estate loans at $2.1 billion, up 8.1% compared to balances at December 31, 2006. Consumer loans in the continuing consumer loan portfolio, primarily home equity loans and lines, remained flat year over year with a total continuing portfolio balance of $2.9 billion at both December 31, 2007 and 2006. Commercial, commercial real estate and consumer loans comprised 70.8% of total loans at December 31, 2007 compared to 65.8% at December 31, 2006. Residential mortgages at March 31, 2008 remained flat as compared to the balance at December 31, 2007 with a total continuing portfolio balance of $3.6 billion. As of March 31, 2008, commercial loans were $5.8 billion, including (1) commercial and industrial loans at $3.6 billion, up 1.6% compared to balances at December 31, 2007 and (2) commercial real estate loans at $2.2 billion, up 6.6% compared to balances at December 31, 2007. Consumer loans in the continuing portfolio were $2.9 billion at March 31, 2008 down 1.6% compared to balances at December 31, 2007. Commercial, commercial real estate and consumer loans comprised 71.2% of total loans at March 31, 2008 compared to 70.8% at December 31, 2007. Commercial and consumer lending typically results in greater yields than traditional residential mortgage lending; however, it also entails more credit risk. Generally speaking, the losses on commercial and consumer portfolios are more volatile and less predictable than residential mortgage lending, and, consequently, the credit risk associated with such portfolios is higher.

Our allowance for credit losses may be insufficient.

We maintain an allowance for credit losses, which is established through a provision for credit losses charged to operations, that represents management s best estimate of probable losses within the existing portfolio of loans and unfunded credit commitments. In the judgment of management, the allowance is necessary to reserve for estimated credit losses and risks inherent in the loan portfolio and unfunded commitments. The level of the allowance reflects management s continuing evaluation of: industry concentrations; specific credit risks; loan loss experience; current loan portfolio quality; present economic, political and regulatory conditions; and unidentified losses inherent in the current loan portfolio. The determination of the appropriate level of the allowance for credit losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks and future trends, all of which may undergo material changes. Changes in economic conditions affecting borrowers, new information regarding existing loans, identification of additional problem loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. In addition, bank regulatory agencies periodically review Webster s allowance for credit losses and may require an increase in the provision for credit losses or the recognition of further loan charge-offs, based on judgments different than those of management. If charge-offs in future periods exceed the allowance for credit losses, we will need additional provisions to increase the allowance for credit losses. Any increases in the allowance for credit losses will result in a decrease in net income and, possibly, capital, and may have a material adverse effect on our financial condition and results of operations. See the section captioned Allowance for Credit Losses in Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2007, incorporated by reference in this prospectus supplement, for further discussion related to the process for determining the appropriate level of the allowance for credit losses.

We are subject to extensive government regulation and supervision.

Webster, primarily through Webster Bank and certain non-bank subsidiaries, is subject to extensive federal and state regulation and supervision. Banking regulations are primarily intended to protect depositors funds, federal deposit insurance funds and the banking system as a whole, not shareholders. These regulations affect our lending practices, capital structure, investment practices, dividend policy and growth, among other things. Congress and federal regulatory agencies continually review banking laws, regulations and policies for possible changes. Changes to statutes, regulations or regulatory policies, including changes in interpretation or implementation of statutes, regulations or policies, could affect us in substantial and unpredictable ways. Such changes could subject us to additional costs, limit the types of financial services and products that we may offer and/or increase the ability of non-banks to offer competing financial services and products, among other things. Failure to comply with laws, regulations or policies could result in sanctions by regulatory agencies, civil money penalties and/or reputation damage, which could have a material adverse effect on our business, financial condition and results of operations. While we have policies and procedures designed to prevent any such violations, there can be no assurance that such violations will not occur. See Regulatory Considerations in this prospectus supplement for further information.

Our business strategy of growth through acquisitions could have an impact on our earnings and results of operations, which may negatively impact the value of our stock.

From time to time in the ordinary course of business, we engage in discussions with potential acquisition targets. We intend to continue to seek suitable acquisition candidates as part of our business strategy. The consummation of any future acquisitions may dilute stockholder value.

Although our business strategy emphasizes organic expansion combined with acquisitions, there can be no assurance that, in the future, we will successfully identify suitable acquisition candidates, complete acquisitions and successfully integrate acquired operations into our existing operations or expand into new markets. There can be no assurance that acquisitions will not have an adverse effect upon our operating results while the operations of the acquired businesses are being integrated into our operations. In addition, once integrated, acquired operations may not achieve levels of profitability comparable to those achieved by our existing operations, or otherwise perform as expected. Further, transaction-related expenses may adversely affect our earnings. These adverse effects on our earnings and results of operations may have a negative impact on the value of our stock.

Risks Relating to the Offering

The Preferred Stock is equity and is subordinate to all of our existing and future indebtedness; our ability to declare dividends on the Preferred Stock may be limited.

Shares of the Preferred Stock are equity interests in Webster and do not constitute indebtedness. As such, shares of the Preferred Stock will rank junior to all indebtedness and other non-equity claims on Webster with respect to assets available to satisfy claims on Webster, including in a liquidation of Webster. Additionally, unlike indebtedness, where principal and interest would customarily be payable on specified due dates, in the case of preferred stock like the Preferred Stock (1) dividends are payable only when, as and if authorized and declared by our board of directors and (2) as a corporation, we are subject to restrictions on payments of dividends and, in the case of redeemable preferred stock, the redemption price out of lawfully available funds.

As a bank holding company, Webster s ability to declare and pay dividends is dependent on certain federal regulatory considerations. Webster is an entity separate and distinct from its principal subsidiary, Webster Bank, and depends upon dividends from Webster Bank to meet its obligations to pay the principal of and interest on its outstanding debt obligations and to pay corporate expenses. Webster Bank s ability to pay dividends is subject to its ability to earn net income and to meet certain regulatory requirements. See Regulatory Considerations and Note 15 of the Notes to Consolidated Financial Statements included in our Annual Report on Form 10-K for the year ended December 31, 2007.

Dividends on the Preferred Stock are non-cumulative.

Dividends on the Preferred Stock are non-cumulative. Consequently, if our board of directors does not authorize and declare a dividend for any dividend period, holders of the Preferred Stock will not be entitled to receive a dividend for such period, and such undeclared dividend will not accrue and be payable. We will have no obligation to pay dividends for a dividend period after the dividend payment date for such period if our board of directors does not authorize and declare such dividend before the related dividend payment date, whether or not dividends are authorized and declared for any subsequent dividend period with respect to the Preferred Stock. Our board of directors may determine that it would be in our best interests to pay less than the full amount of the stated dividends on the Preferred Stock or no dividend for any quarter even if funds are available. Factors that would be considered by our board of directors in making this determination are our financial condition and capital needs, the impact of current and pending legislation and regulations, economic conditions, tax considerations, and such other factors as our board of directors may deem relevant.

If we are deferring payments on our outstanding junior subordinated notes or under certain other circumstances as set forth in the respective indentures governing those securities, we will be prohibited from making distributions on or purchasing the Preferred Stock.

Subject to certain exceptions, the terms of our outstanding junior subordinated notes prohibit us from declaring or paying any dividends or distributions on our capital stock, including the Preferred Stock, or redeeming, purchasing, acquiring, or making a liquidation payment on our capital stock, at any time when we have deferred payment of interest on those junior subordinated notes or under certain other circumstances set forth in the respective indentures governing those securities. Without notice to or consent from the holders of the Preferred Stock, we may issue additional series of junior subordinated notes in the future with terms similar to our existing junior subordinated notes or enter into other financing agreements that limit our ability to purchase or to pay cash dividends on our capital stock, including the Preferred Stock.

The market price of the Preferred Stock will be directly affected by the market price of our common stock, which may be volatile.

To the extent that a secondary market for the Preferred Stock develops, we believe that the market price of the Preferred Stock will be significantly affected by the market price of our common stock. We cannot predict how the shares of our common stock will trade in the future. This may result in greater volatility in the market price of the Preferred Stock than would be expected for nonconvertible preferred stock. The market price of our common stock will likely continue to fluctuate in response to a number of factors including the following, most of which are beyond our control:

- actual or anticipated quarterly fluctuations in our operating and financial results;

- developments related to investigations, proceedings or litigation that involve us;

- changes in financial estimates and recommendations by financial analysts;

- dispositions, acquisitions and financings;

- actions of our current stockholders, including sales of common stock by existing stockholders and our directors and executive officers;

- changes in the ratings of our other securities;

- fluctuations in the stock price and operating results of our competitors;

- regulatory developments; and

- developments related to the financial services industry.

The market price of our common stock may also be affected by market conditions affecting the stock markets in general, including price and trading fluctuations on the New York Stock Exchange. These conditions may result in (i) volatility in the level of, and fluctuations in, the market prices of stocks generally and, in turn, our common stock and (ii) sales of substantial amounts of our common stock in the market, in each case that could be unrelated or disproportionate to changes in our operating performance. These broad market fluctuations may adversely affect the market prices of our common stock, and, in turn, the Preferred Stock.

In addition, we expect that the market price of the Preferred Stock will be influenced by yield and interest rates in the capital markets, our creditworthiness and the occurrence of events affecting us that do not require an adjustment to the conversion rate.

There may be future sales of additional common stock or preferred stock or other dilution of our equity, which may adversely affect the market price of our common stock or the Preferred Stock.

Except as described under Underwriting, we are not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. The market price of our common stock or preferred stock, including the Preferred Stock, could decline as a result of sales of a large number of shares of common stock or preferred stock or similar securities in the market after this offering or the perception that such sales could occur.

Each share of Preferred Stock will be convertible at the option of the holder thereof into shares of our common stock, subject to anti-dilution adjustments. The conversion of some or all of the Preferred Stock will dilute the ownership interest of our existing common stockholders. Any sales in the public market of our common stock issuable upon such conversion could adversely affect prevailing market prices of the outstanding shares of our common stock and the Preferred Stock. In addition, the existence of our Preferred Stock may encourage short selling or arbitrage trading activity by market participants because the conversion of our Preferred Stock could depress the price of our equity securities.

The Preferred Stock may be junior in rights and preferences to our future preferred stock.

Subject to approval by at least two-thirds of the shares of our Preferred Stock then outstanding and any class or series of parity securities then outstanding, voting together as a single class, we may issue preferred stock in the future the terms of which are expressly senior to the Preferred Stock. The terms of any such future preferred stock expressly senior to the Preferred Stock may restrict dividend payments on the Preferred Stock. Unless full dividends for all of our outstanding preferred stock senior to the Preferred Stock have been declared and paid or set aside for payment for the relevant period or periods specified by the terms of such preferred stock, no dividends will be declared or paid and no distribution will be made on any shares of the Preferred Stock, and no shares of the Preferred Stock may be repurchased, redeemed, or otherwise acquired by us, directly or indirectly, for consideration. This could result in dividends on the Preferred Stock not being paid when due to you.

The issuance of additional preferred shares could adversely affect holders of common stock, which may negatively impact your investment.

Our board of directors is authorized to cause us to issue additional classes or series of preferred shares without any action on the part of the stockholders. The board of directors also has the power, without stockholder approval, to set the terms of any such classes or series of preferred shares that may be issued, including voting rights, dividend rights and preferences over the common stock with respect to dividends or upon the liquidation, dissolution or winding-up of our business and other terms. If we issue preferred shares in the future that have a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if we issue preferred shares with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock or the market price of the common stock could be adversely affected. As noted above, a decline in the market price of the common stock may negatively impact the market price for the Preferred Stock.

Provisions of our certificate of incorporation may impair the ability of holders to receive shares of common stock upon conversion.

Our certificate of incorporation provides for certain restrictions on the ability of an individual, firm, corporation or other entity to acquire 10% or more of outstanding shares of our capital stock entitled generally to vote for directors. These restrictions are described under Description of Common Stock Some Important

Charter Provisions in this prospectus supplement. In addition, because we are a bank holding company, purchasers of 10% or more of our common stock (or securities convertible into 10% or more of our common stock) may be required to obtain approvals under the Change in Bank Control Act or Bank Holding Company Act (and in certain cases such approvals may be required at a lesser percentage of ownership). Notwithstanding any other provision of the Preferred Stock, no holder of Preferred Stock will be entitled to receive shares of our common stock upon conversion to the extent (but only to the extent) that such receipt would cause such converting holder to become, directly or indirectly, a beneficial owner (within the meaning of Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder) of more than 9.9% of the shares of our common stock outstanding at such time. See Description of Preferred Stock Limitation on Beneficial Ownership.

Holders of the Preferred Stock will have no rights as holders of common stock until they acquire the common stock.

Prior to the conversion of your Preferred Stock into common stock, you will have no rights with respect to the common stock, including voting rights (except as described under Description of Preferred Stock Voting Rights), rights to respond to tender offers and rights to receive any dividends or other distributions on the common stock, but your investment in the Preferred Stock may be negatively affected by these events. Upon conversion, you will be entitled to exercise the rights of a holder of common stock only as to matters for which the record date occurs on or after the applicable conversion date, subject to the limitations described under Description of Preferred Stock Limitation on Beneficial Ownership. For example, in the event that an amendment is proposed to our Certificate of Incorporation or bylaws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock that may occur as a result of such amendment.

You will have limited voting rights.

Until and unless we are in arrears on our dividend payments on the Preferred Stock for six dividend periods, whether consecutive or not, you will have no voting rights except with respect to certain fundamental changes in the terms of the Preferred Stock and certain other matters and except as may be required by Delaware law. If dividends on the Preferred Stock are not paid in full for six dividend periods, whether consecutive or not, the holders of Preferred Stock, acting as a class with any other parity securities having similar voting rights, will have the right to elect two directors to our board. The terms of office of these directors will end when we have paid or set aside for payment full quarterly dividends for four consecutive dividend periods. See Description of Preferred Stock Voting Rights.

The Preferred Stock is a new series of securities and an active trading market for it may not develop.

Prior to this offering, there has been no public market for the Preferred Stock. The Preferred Stock will not be listed on any securities exchange. There can be no assurance that an active trading market for the Preferred Stock will develop, or, if developed, that an active trading market will be maintained. The underwriters have advised us that they intend to facilitate secondary market trading by making a market in the Preferred Stock. However, the underwriters are not obligated to make a market in the Preferred Stock and may discontinue market making activities at any time. If an active market is not developed or sustained, the market price and liquidity of the Preferred Stock may be adversely affected.

The Preferred Stock will rank junior to all of our and our subsidiaries liabilities in the event of a bankruptcy, liquidation or winding-up.

In the event of bankruptcy, liquidation or winding up, our assets will be available to pay obligations on the Preferred Stock only after all of our liabilities have been paid. In addition, the Preferred Stock will rank in parity with any other series of preferred stock that we may issue the terms of which provide that such preferred stock ranks equally with the Preferred Stock and will effectively rank junior to all existing and future liabilities of our subsidiaries and the capital stock (other than common stock) of the subsidiaries held by entities or persons other than us or entities owned or controlled by us. Our right to participate in any distribution of the assets of our subsidiaries upon any liquidation, reorganization, receivership or conservatorship of any subsidiary (and thus your ability as a holder of the Preferred Stock to benefit indirectly from such distribution) will rank junior to the prior claims of that subsidiary s creditors and equity holders. As of March 31, 2008, we had total consolidated liabilities of approximately $15.5 billion. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying our and our subsidiaries liabilities, to pay amounts due on any or all of the Preferred Stock then outstanding.

The conversion rate of the Preferred Stock may not be adjusted for all dilutive events that may adversely affect the market price of the Preferred Stock or the common stock issuable upon conversion of the Preferred Stock.

The number of shares of our common stock that you are entitled to receive upon conversion of a share of Preferred Stock is subject to adjustment for certain events arising from increases in cash dividends on our common stock, dividends or distributions in common stock or other property, certain issuances of stock purchase rights, certain self tender offers, subdivisions, splits and combinations of the common stock and certain other actions by us that modify our capital structure. See Description of Preferred Stock Anti-Dilution Adjustments. We will not adjust the conversion rate for other events, including offerings of common stock for cash by us or in connection with acquisitions. There can be no assurance that an event that adversely affects the value of the Preferred Stock, but does not result in an adjustment to the conversion rate, will not occur. Further, if any of these other events adversely affects the market price of our common stock, it may also adversely affect the market price of the Preferred Stock. In addition, except as described under Underwriting, we are not restricted from offering common stock in the future or engaging in other transactions that could dilute our common stock.

A change in control with respect to us may not constitute a make-whole acquisition or a fundamental change for the purpose of the Preferred Stock.

The Preferred Stock contains no covenants or other provisions to afford protection to you in the event of a change in control with respect to us, except upon the occurrence of a make-whole acquisition or a fundamental change to the extent described under Description of Preferred Stock Conversion Conversion Upon Certain Acquisitions and Description of Preferred Stock Conversion Conversion Upon Fundamental Change, respectively. However, the terms make-whole acquisition and fundamental change are limited and may not include every change-in-control event that might cause the market price of the Preferred Stock to decline. As a result, your rights under the Preferred Stock may not preserve the value of the Preferred Stock in the event of a change in control with respect to us. In addition, any change in control with respect to us may negatively affect the liquidity, value or volatility of our common stock, negatively impacting the value of the Preferred Stock.

The delivery of additional make-whole shares in respect of conversions following a make-whole acquisition or adjustment to the conversion rate in respect of conversions following a fundamental change may not adequately compensate you.

If a make-whole acquisition occurs prior to conversion, we will, under certain circumstances, increase the conversion rate in respect of any conversions of the Preferred Stock that occur during the period beginning on the effective date of the make-whole acquisition and ending on the date that is 30 days after the effective date by a number of additional shares of common stock. The number of make-whole shares, if any, will be based on the stock price and the effective date of the make-whole acquisition. See Description of Preferred Stock Conversion upon Certain Acquisitions. Although this adjustment is designed to compensate you for the lost option value of your Preferred Stock, it is only an approximation of such lost value and may not adequately compensate you for your actual loss.

In addition, if a fundamental change occurs prior to conversion, we will, under certain circumstances, increase the conversion rate in respect of any conversions of the Preferred Stock that occur during the period beginning on the effective date of the fundamental change and ending on the date that is 30 days after the effective date. See Description of Preferred Stock Conversion upon Fundamental Change. However, if the applicable reference price is less than the base price of $, subject to adjustment, holders will receive a maximum of shares of our common stock per share of Preferred Stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Preferred Stock.

Our obligation to deliver make-whole shares or to adjust the conversion rate in respect of conversions following a fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness, as applied to such payments.

You may be subject to tax upon an adjustment to the conversion rate of the Preferred Stock even though you do not receive a corresponding cash distribution.

The conversion rate of the Preferred Stock is subject to adjustment in certain circumstances, including the payment of cash dividends on our common stock. If the conversion rate is adjusted as a result of a distribution that is taxable to our common stockholders, such as a cash dividend, you will be deemed to have received for U.S. federal income tax purposes a taxable dividend to the extent of our current and accumulated earnings and profits without the receipt of any cash. If you are a Non-U.S Holder (as defined in Certain U.S. Federal Income Tax Considerations), such deemed dividend may be subject to U.S. federal withholding tax at a 30% rate, unless such rate is reduced by an applicable tax treaty. It is possible that U.S. federal tax on the deemed dividend would be withheld from subsequent payments on the Preferred Stock or our common stock. See Certain U.S. Federal Income Tax Considerations.

WEBSTER FINANCIAL CORPORATION

Webster Financial Corporation, a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended, was incorporated under the laws of Delaware in 1986. The principal assets of Webster are all of the outstanding stock of Webster Bank, National Association.

Webster, through Webster Bank and its non-banking financial services subsidiaries, delivers financial services to individuals, families and businesses throughout southern New England and eastern New York State. Webster also offers equipment financing, commercial real estate lending, asset-based lending and insurance premium financing on a regional or national basis. As of March 31, 2008, Webster Bank provided commercial banking, retail banking, consumer financing, mortgage banking, trust and investment services through 181 banking offices, 484 ATMs, telephone banking and on our Internet website. Through its HSA Bank division, Webster Bank offers health savings accounts on a national basis.

Webster, as a bank holding company, is registered with 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) under the Bank Holding Company Act. As such, the Federal Reserve is Webster s primary regulator, and Webster is subject to extensive regulation, supervision and examination by the Federal Reserve. Webster Bank, as a national bank, is regulated by the Office of the Comptroller of the Currency (the OCC) and is subject to certain regulations of the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve. A primary source of liquidity for us is dividend payments from Webster Bank. The notes to our consolidated financial statements contained in our annual and quarterly filings with the SEC, which are incorporated by reference into this prospectus supplement, describe the legal and contractual restrictions on the ability of our subsidiaries to make payment to us of dividends, loans, or advances.

On a consolidated basis, as of March 31, 2008, we had approximately $17.2 billion in assets, $12.4 billion in loans, net, $12.1 billion in total deposits and $1.7 billion in total stockholders equity.

In January 2008, we launched OneWebster, an effort to enhance our revenues and reduce expenses. The effort will be implemented throughout 2008 and into 2009. We anticipate that some job eliminations and other related charges will occur as a result of this initiative. We expect to announce the results of this initiative late in the second quarter of 2008.

Our common stock is traded on the New York Stock Exchange under the 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 supplement as described above in the section Where You Can Find More Information.

USE OF PROCEEDS

We expect to receive net proceeds from the offering of the Preferred Stock of approximately $ million (or approximately $ million, if the underwriters exercise their overallotment option to purchase additional shares of Preferred Stock in full), after underwriting commissions and expenses. We intend to use the net proceeds of the offering of the Preferred Stock for general corporate purposes, including to increase liquidity and to provide for additional capital. The precise amounts and timing of the application of proceeds will depend on the requirements of Webster and its subsidiaries and affiliates.

CAPITALIZATION

The following table sets forth, on a consolidated basis, the unaudited actual and as adjusted capitalization of Webster as of March 31, 2008. The as adjusted capitalization gives effect to the Preferred Stock offered hereby and the application of the proceeds therefrom, assuming that the underwriters do not exercise their option to purchase additional shares of Preferred Stock. You should read the following table together with Consolidated Historical Financial Data and our consolidated financial statements and notes thereto, as well as our current reports on Form 8-K, incorporated by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information.

	At March 31, 2008	
	Actual	**As Adjusted(1)**
	(Dollars in Thousands) *(Unaudited)*	
Liabilities:		
Deposits	$ 12,143,292	$ 12,143,292
Federal Home Loan Bank advances	869,079	869,079
Securities sold under agreements to repurchase and other short-term debt	1,642,320	1,424,620
Long-term debt	666,891	666,891
Reserve for unfunded credit commitments	9,500	9,500
Liabilities held for disposition	806	806
Accrued expenses and other liabilities	185,381	185,381
Total liabilities	$ 15,517,269	$ 15,299,569
Preferred stock of subsidiary corporation	9,577	9,577
Shareholders Equity:		
% Series A Non-Cumulative Perpetual Convertible Preferred Stock offered hereby	$	$ 225,000
Common stock, $.01 par value; Authorized 200,000,000 shares;		
Issued 56,599,164 shares	566	566
Paid-in capital(2)	736,602	729,302
Retained earnings	1,191,315	1,191,315
Less: Treasury Stock, at cost; 4,108,940 shares	(165,544)	(165,544)
Accumulated other comprehensive loss, net	(46,223)	(46,223)
Total shareholders equity	1,716,716	1,934,416
Total Liabilities and Shareholders Equity	$ 17,243,562	$ 17,243,562

(1) Assumes that the net proceeds of this offering will be deposited with Webster Bank, which will apply the funds to reduce short-term borrowings pending their application as described under Use of Proceeds.

(2) Assumes expenses of this offering of approximately $550,000 (excluding underwriting discounts and commissions).

CAPITAL RATIOS

The following table sets forth the actual and as adjusted regulatory capital amounts and ratios of Webster at March 31, 2008. In the table below, the as adjusted regulatory capital amounts and ratios give effect to the Preferred Stock offered hereby and the application of the proceeds therefrom, assuming that the underwriters do not exercise their option to purchase additional shares of Preferred Stock.

	Actual		As Adjusted[1]		Minimum for Well Capitalized Requirements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
	(Dollars in Thousands) (Unaudited)					
At March 31, 2008						
Webster Financial Corporation						
Total risk-based capital	$ 1,631,796	11.4%	$ 1,849,496	12.9%	$ 1,434,572	10.0%
Tier 1 capital	1,292,345	9.0	1,510,045	10.5	860,743	6.0
Tier 1 leverage capital ratio	1,292,345	7.9	1,510,045	9.2	820,502	5.0
Webster Bank, N.A.						
Total risk-based capital	$ 1,585,645	11.2%	$ 1,585,645	11.2%	$ 1,416,886	10.0%
Tier 1 capital	1,248,379	8.8	1,248,379	8.8	850,132	6.0
Tier 1 leverage capital ratio	1,248,379	7.7	1,248,379	7.7	811,772	5.0

(1) Assumes that the net proceeds of this offering will be deposited with Webster Bank, which will apply the funds to reduce short-term borrowings pending their application as described under Use of Proceeds.

RATIOS OF EARNINGS TO FIXED CHARGES

Our historical ratios of earnings to fixed charges for the periods indicated are set forth in the table below. Currently, we have no shares of preferred stock outstanding and we have not paid any dividends on preferred stock in the periods presented. Therefore, the ratio of combined fixed charges and preferred stock dividends to earnings is not different from the ratio of earnings to fixed charges. The ratio of earnings to fixed charges is computed by dividing (1) income from continuing operations before income taxes and fixed charges by (2) total fixed charges. For purposes of computing these ratios:

- earnings consist of income before income taxes plus fixed charges;
- fixed charges, excluding interest on deposits, include interest expense (other than on deposits) and the estimated portion of rental expense attributable to interest, net of income from subleases;
- fixed charges, including interest on deposits, include all interest expense and the estimated portion of rental expense attributable to interest, net of income from subleases; and
- pre-tax earnings required for preferred stock dividends were computed using tax rates for the applicable year.

Ratio of Earnings to Fixed Charges	Three Months Ended March 31, 2008	Year Ended December 31, 2007	2006	2005	2004	2003
Including interest on deposits	1.38	1.33	1.38	1.75	1.82	1.97
Excluding interest on deposits	2.27	2.25	1.98	2.60	2.50	2.77

For purposes of computing the ratios in the above table, earnings represent net income before taxes and securities gains and losses plus fixed charges. Fixed charges include all interest expense. These ratios are presented both including and excluding interest on deposits.

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, 2007, and any subsequent reports we file with the SEC, which are incorporated by reference in this prospectus supplement. 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 OCC, which regulates Webster Bank.

Dividends from Webster Bank are our primary source of funds for payment of principal and interest on our debt and dividends to our stockholders, including holders of the Preferred Stock. There are, however, substantial regulatory restrictions on Webster Bank s ability to pay dividends to us. Under OCC regulations, Webster Bank may pay dividends to Webster without prior regulatory approval so long as it meets its applicable regulatory capital requirements before and after payment of the dividends and its total dividends declared do not exceed net profits for the current year to date as of the declaration date plus net retained profits from the preceding two years less dividends declared in such years. In addition, if, in the opinion of the OCC, the bank would be engaged in an unsafe or unsound practice by paying dividends, the OCC may require that the bank cease and desist from such practice. At March 31, 2008, Webster Bank was in compliance with all applicable minimum capital requirements and had $11.8 million of retained earnings available for the payment of dividends to Webster. Webster must also maintain required capital levels of a bank holding company before it may pay dividends on its stock.

In addition to the foregoing regulatory considerations, 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 Bank, 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.

CONSOLIDATED SELECTED HISTORICAL FINANCIAL DATA

The following table presents selected consolidated financial data for Webster at or for the years ended December 31, 2007, 2006, and 2005 and at or for the three months ended March 31, 2008 and 2007.

The selected consolidated financial data for each of the years ended December 31, 2007, 2006 and 2005 are derived from Webster s audited consolidated financial statements. Our consolidated financial statements for each of the three fiscal years ended December 31, 2007, 2006 and 2005 were audited by an independent registered public accounting firm. The selected consolidated financial data for Webster for the three-month periods ended March 31, 2008 and 2007 are derived from Webster s unaudited consolidated financial statements included in our Quarterly Report on Form 10-Q for the period ended March 31, 2008 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, 2008 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 quarterly period ended March 31, 2008 and our audited consolidated financial statements, the related notes thereto, and the other detailed information included in our 2007 Annual Report on Form 10-K.

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,		
	2008	2007	2007	2006	2005
	(Unaudited)				
	(Dollars in thousands)				
Statement of Condition					
Total assets	$ 17,243,562	$ 16,878,599	$ 17,201,960	$ 17,096,659	$ 17,835,905
Loans, net	12,420,661	12,157,881	12,287,857	12,775,772	12,138,800
Investment securities	2,970,682	2,475,793	2,859,893	1,962,002	3,700,585
Goodwill and other intangible assets	766,467	775,998	768,015	777,659	650,515
Deposits	12,143,292	12,558,390	12,354,158	12,458,396	11,631,145
Federal Home Loan Bank advances and other borrowings	3,178,290	2,222,602	2,940,883	2,590,075	4,377,297
Preferred stock of subsidiary corporation	9,577	9,577	9,577	9,577	9,577
Shareholders equity	1,716,716	1,902,285	1,736,632	1,874,134	1,644,497
Statement of Income					
Interest income	232,004	248,693	995,595	1,014,738	871,847
Interest expense	107,148	120,612	487,403	506,188	354,506
Net interest income	124,856	128,081	508,192	508,550	517,341
Provision for credit losses	15,800	3,000	67,750	11,000	9,500
Other non-interest income	48,268	46,813	200,591	179,195	172,862
Loss on write-down of securities available for sale to fair value				(48,879)	
Gain (loss) on sale of securities, net	(421)	541	1,721	1,289	3,633
Non-interest expenses	116,111	121,161	483,970	436,335	416,767
Income from continuing operations before income taxes	40,792	51,274	158,784	192,820	267,569
Income taxes	14,303	16,194	48,088	59,140	85,037
(Loss) income from discontinued operations, net of tax	(2,124)	(44)	(13,923)	110	2,661
Net income	$ 24,365	$ 35,036	$ 96,773	$ 133,790	$ 185,193

	At or for the Three Months Ended March 31,		At or for the Year Ended December 31,		
	2008	2007	2007	2006	2005
	(unaudited)				
Per Share Data					
Net income per share basic	$ 0.47	$ 0.62	$ 1.78	$ 2.50	$ 3.46
Net income per share diluted	0.47	0.62	1.76	2.47	3.42
Dividends declared per common share	0.30	0.27	1.17	1.06	0.98
Book value per common share	32.71	33.65	33.09	33.24	30.65
Tangible book value per common share	18.36	20.23	18.73	19.76	18.84
Weighted-average shares (000 s) diluted	52,297	56,762	54,996	54,065	54,236
Key Performance Ratios					
Return on average assets[(a)]	0.62%	0.83%	0.66%	0.75%	1.04%
Return on average shareholders equity[(a)]	6.11	7.40	5.97	7.78	11.33
Net interest margin	3.27	3.41	3.40	3.16	3.29
Interest-rate spread	3.20	3.32	3.32	3.09	3.25
Non-interest income as a percentage of total revenue	27.71	26.99			