

WEBSTER FINANCIAL CORP

Form S-4/A

July 26, 2006

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As filed with the Securities and Exchange Commission on July 26, 2006

Registration No. 333-135381

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Amendment No. 1**

**to**

**Form S-4**

**REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933**

**Webster Financial Corporation**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction  
of incorporation or organization)*

**6021**

*(Primary Standard Industrial  
Classification Code Number)*

**06-1187536**

*(I.R.S. Employer  
Identification No.)*

**Webster Plaza**

**Waterbury, Connecticut 06702**

**(203) 465-4364**

*(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)*

**William J. Healy**

**Executive Vice President and Chief Financial Officer**

**Webster Financial Corporation**

**Webster Plaza**

**Waterbury, Connecticut 06702**

**(203) 465-4364**

*(Name, address, including zip code, and telephone number,  
including area code, of agent for service)*

*Copies to:*

**Stuart G. Stein, Esq.  
R. Daniel Keating, Esq.  
Hogan & Hartson L.L.P.  
555 Thirteenth Street, N.W.  
Washington, D.C. 20004  
Telephone: (202) 637-8575  
Facsimile: (202) 637-5910**

**Ronald H. Janis, Esq.  
Pitney Hardin LLP  
7 Times Square  
New York, NY 10036  
Telephone: (212) 297-5800  
Facsimile: (212) 682-3485**

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after this Registration Statement becomes effective and the conditions to the merger described herein have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)(3)	Amount of Registration Fee(3)
Common Stock, par value \$.01 per share	4,009,000	N/A	\$174,536,585	\$118

- (1) The maximum number of shares of common stock of Webster Financial Corporation issuable to stockholders of NewMil Bancorp, Inc. upon consummation of the merger of NewMil with and into Webster.
- (2) Estimated pursuant to Rule 457(f)(1) under the Securities Act of 1933, as amended, solely for the purpose of determining the registration fee, based on the aggregate market value of the shares of NewMil Bancorp, Inc. common stock expected to be exchanged in connection with the merger and computed by multiplying (a) the average of the high and low prices of NewMil Bancorp, Inc. common stock as reported on The Nasdaq National Market on July 25, 2006 by (b) 4,361,234, representing the maximum number of shares of NewMil Bancorp, Inc. common stock expected to be exchanged in connection with the merger.
- (3) Calculated by multiplying (a) the proposed maximum aggregate offering price for all securities to be registered (\$174,536,585) by (b) 0.000107, the result of which is \$18,676. A registration fee of \$18,558 was previously paid in connection with the original filing of this registration statement, therefore only \$118 is required herewith.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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The information in this proxy statement/ prospectus is not complete and may be changed. Webster Financial may not issue the shares of its common stock to be issued in connection with the merger described in this proxy statement/prospectus until the registration statement filed with the SEC is effective. This proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted. Any representation to the contrary is a criminal offense.

**WEBSTER FINANCIAL CORPORATION**

**Webster Plaza  
Waterbury, CT 06702  
(203) 465-4364**

**PROSPECTUS**

**NEWMIL BANCORP, INC.**

**19 Main Street  
New Milford, CT 06776  
(860) 355-7600**

**PROXY STATEMENT**

The Boards of Directors of Webster Financial Corporation ( Webster ) and NewMil Bancorp, Inc. ( NewMil ) each have approved an agreement and plan of merger, pursuant to which NewMil will merge with and into Webster, with Webster surviving, referred to herein as the merger. Additionally, NewMil Bank, a wholly owned subsidiary of NewMil, will merge with and into Webster Bank, N.A., a wholly owned subsidiary of Webster, with Webster Bank surviving. The consummation of the merger is subject to customary conditions such as stockholder and regulatory approvals.

If the merger takes place, you will receive \$41.00 in Webster common stock for each share of NewMil common stock so long as Webster's average stock price is between \$44.85 and \$50.25 based upon the average closing price on The New York Stock Exchange of shares of Webster common stock for the ten consecutive trading days ending on the third trading day prior to the date the merger is consummated. If the average closing price of Webster common stock is less than \$44.85, the exchange ratio will be fixed at .9142. If the average closing price of Webster common stock is greater than \$50.25, the exchange ratio will be fixed at .8159.

Based on Webster's closing common stock price of \$47.59 on April 24, 2006, which was the last trading day prior to announcement of the proposed merger, the aggregate value of the transaction was approximately \$172.5 million.

We expect that the merger will generally be tax-free with respect to any Webster common stock that you receive and will generally be taxable with respect to any cash that you receive in lieu of fractional shares of Webster common stock. Webster's common stock is traded on The New York Stock Exchange under the symbol WBS and NewMil's common stock is traded on The NASDAQ National Market under the symbol NMIL.

This is a prospectus of Webster relating to its offering of up to 4,009,000 shares of Webster common stock to NewMil stockholders in the proposed merger and a proxy statement of NewMil. This document contains important information about Webster, NewMil, the merger and the conditions that must be satisfied before the merger can occur. Please give all the information your careful attention.

Your vote is very important. The merger agreement and the merger must be approved by the holders of at least a majority of the outstanding shares of NewMil's common stock. To vote your shares, you may use the enclosed proxy card or attend the special stockholders meeting we will hold to allow you to consider and vote on the merger. To approve the merger agreement, you MUST vote FOR the proposal by following the instructions on the enclosed proxy card. If you do not vote at all, that will, in effect, count as a vote against the proposal. We urge you to vote FOR this proposal.

Francis J. Wiatr  
Chairman, President and Chief Executive Officer  
NewMil Bancorp, Inc.

*Webster's common stock has not been approved or disapproved by the Securities and Exchange Commission, any state securities commission, or the Federal Deposit Insurance Corporation, nor have any of these institutions passed upon the accuracy or adequacy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. The shares of Webster common stock are not savings deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.*

**This proxy statement/prospectus incorporates important business and financial information about Webster and NewMil that is not included in or delivered with this document. This information is available without charge to you if you call or write to Terrence K. Mangan, Senior Vice President, Investor Relations, Webster Financial Corporation, Webster Plaza, Waterbury, Connecticut 06702, telephone (203) 578-2318, or B. Ian McMahon, Executive Vice President and CFO, NewMil Bancorp, Inc., P.O. Box 600, New Milford, CT 06776-0600, telephone (860) 355-7600. In order to obtain timely delivery of documents you should request information as soon as possible, but no later than September 6, 2006.**

The date of this proxy statement/prospectus is July 26, 2006  
and is first being mailed to stockholders on or about July 31, 2006

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**NEWMIL BANCORP, INC.**  
**19 Main Street**  
**New Milford, CT 06776**  
**(860) 355-7600**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS  
TO BE HELD ON SEPTEMBER 21, 2006**

A special meeting of stockholders of NewMil Bancorp, Inc. will be held on September 21, 2006, at 9:30 a.m. local time, at the Candlewood Valley Country Club in New Milford, Connecticut for the following purposes:

1. To consider and vote on a proposal to approve and adopt the agreement and plan of merger, dated as of April 24, 2006, by and between Webster Financial Corporation and NewMil Bancorp, Inc., providing for the merger of NewMil into Webster and the other transactions contemplated by the merger agreement, as described in the attached proxy statement/prospectus.
2. To transact any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement and the merger or otherwise.

You are entitled to notice of and to vote at the special meeting or any adjournments or postponements thereof only if you were a holder of record of NewMil's common stock at the close of business on July 24, 2006.

**NewMil's Board of Directors has determined that the merger is advisable and is fair to and in the best interest of NewMil's stockholders, has approved the merger agreement and the merger, and recommends that you vote to approve the merger agreement and the merger.**

The affirmative vote of the majority of the shares of NewMil's common stock outstanding on July 24, 2006 is required to approve the merger agreement and the merger. The required vote of NewMil's stockholders is based on the total number of shares of NewMil's common stock outstanding and not on the number of shares which are actually voted. **Not returning a proxy card, not voting in person at the special meeting or abstaining from voting will have the same effect as voting AGAINST the merger agreement and the merger.**

**It is very important that your shares be represented at the special meeting. Whether or not you plan to attend the special meeting, please complete, date and sign the enclosed proxy card and return it as soon as possible in the enclosed postage-paid envelope.** A stockholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary of NewMil at the address set forth above, by subsequently filing another proxy or by attending the special meeting and voting in person.

By order of the Board of Directors

Francis J. Wiatr  
Chairman, President and Chief Executive Officer

New Milford, Connecticut  
July 26, 2006

**YOUR VOTE IS IMPORTANT.**

**Please complete, sign, date and return your proxy card.**

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**Q: Why are Webster and NewMil proposing the transaction?**

A: Webster and NewMil have a shared commitment to providing exceptional service to customers. NewMil believes that the proposed merger will enable NewMil to align with a partner to provide its customers access to a broader array of financial services while continuing to provide the same level of customer satisfaction from the same employees their customers have come to know and trust.

**Q: What will I receive in the merger?**

A: If the merger agreement is approved and the merger is subsequently completed, NewMil stockholders will receive \$41.00 in Webster common stock for each share of NewMil common stock so long as Webster's average stock price is between \$44.85 and \$50.25 based upon the average closing price on The New York Stock Exchange of shares of Webster common stock for the ten consecutive trading days ending on the third trading day prior to the date the merger is consummated. If the average closing price of Webster common stock is less than \$44.85, the exchange ratio will be fixed at .9142. If the average closing price of Webster common stock is greater than \$50.25, the exchange ratio will be fixed at .8159. Webster will pay cash instead of issuing fractional shares. See Merger Consideration on page 22.

**Q: What happens to my future dividends?**

A: Before the merger takes place, NewMil expects to continue to pay regular quarterly cash dividends on its common stock, which currently are \$0.22 per share. After the merger, any dividends will be based on what Webster pays. Webster presently pays dividends on its common stock at a quarterly dividend rate of \$0.27 per share.

**Q: How many votes are needed to approve the merger?**

A: A majority of the outstanding shares of NewMil's common stock must vote in favor of the merger agreement in order for it to be adopted and for the merger to be approved. Accordingly, the failure to vote on this proposal will have the same effect as a vote AGAINST the proposal.

Each of the executive officers and directors of NewMil individually has entered into an agreement with Webster to vote his or her shares of NewMil common stock in favor of the merger agreement and against any competing proposal. These stockholders held approximately 17.6% of NewMil's outstanding common stock as of July 24, 2006.

**Q: What do I need to do now?**

A: Just indicate on the enclosed proxy card how you want to vote, and sign, date and return it as soon as possible in the enclosed envelope. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy card will be voted FOR approval of the merger agreement and the merger. Not returning a proxy card, or not voting in person at the special meeting or abstaining from voting, will have the same effect as voting AGAINST the merger agreement and the merger.

You can choose to attend the special meeting and vote your shares in person instead of completing and returning a proxy card.

**Do not send your NewMil stock certificates with your proxy card.**

**Q: Can I change my vote after I have mailed my signed proxy card?**

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to the Secretary of NewMil at 19 Main Street, New Milford, CT 06776 stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at the special meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

**Q: Do I have appraisal rights?**

A: Holders of Webster common stock and NewMil common stock do not have appraisal rights in connection with the merger.

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**Q: Who can vote?**

A: You are entitled to vote at the NewMil special meeting if you owned shares of NewMil common stock at the close of business on July 24, 2006. You will have one vote for each share of NewMil common stock that you owned at that time.

**Q: If my shares are held in street name by my broker, will my broker vote my shares for me?**

A: Your broker does not have discretion to vote your shares for you on the merger proposal. Your broker will be able to vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares, following the directions your broker provides. Shares that are not voted because you do not instruct your broker effectively will be counted as votes AGAINST the merger.

**Q: When will the merger close?**

A: The merger is expected to close in the fourth quarter of 2006.

**Q: What do I do with my stock certificates?**

A: Please **DO NOT** send your stock certificates with your proxy card. If you are a holder of NewMil common stock you will receive written instructions from the exchange agent after the merger is completed on how to exchange your stock certificates for the merger consideration.

**Q: What needs to be done to complete the merger?**

A: Completion of the merger depends on a number of conditions being met. In addition to compliance with the merger agreement, these include:

1. Approval of the merger agreement and merger by NewMil stockholders.
2. Approval of the merger by federal and state regulatory authorities.
3. Approval by The New York Stock Exchange of listing of Webster's common stock to be issued in the merger.
4. Receipt by NewMil of an opinion of counsel stating that the merger will qualify as a reorganization for United States federal income tax purposes.
5. The absence of any injunction or legal restraint blocking the merger or government proceedings trying to block the merger.
6. The effectiveness of the registration statement of which this proxy statement/prospectus is a part.

When the law permits, Webster or NewMil could decide to complete the merger even though one or more of these conditions hasn't been met. We can't be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**Q: What will happen to NewMil Bank's bank branches following the merger?**

A:

After the merger, Webster expects to consolidate up to five of NewMil's and Webster's branch banking locations based on the close proximity of these branches. The remaining NewMil branches will be operated as branches of Webster Bank.

**Q: Who should I call with questions or to obtain copies of this proxy statement/prospectus and other documents?**

A: B. Ian McMahon  
Executive Vice President and Chief Financial Officer  
NewMil Bancorp, Inc.  
19 Main Street  
New Milford, CT 06776  
telephone: (860) 355-7600

A copy of the merger agreement including each of its exhibits and the other documents described in this proxy statement/prospectus will be provided to you promptly without charge if you call or write to Terrance K. Mangan, Senior Vice President, Investor Relations, Webster Financial Corporation, Webster Plaza, Waterbury, Connecticut 06702, telephone (203) 578-2318. Such documents were also filed as exhibits to the registration statement filed with the SEC to register the shares of Webster's common stock to be issued in the merger. See [Where You Can Find More Information](#) on page 49.

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**SUMMARY**

The following is a summary of information located elsewhere in this document. It does not contain all of the information that is important to you. Before you vote, you should give careful consideration to all of the information contained in or incorporated by reference into this document to fully understand the merger. See **Where You Can Find More Information** on page 49. Each item in this summary refers to the page where that subject is discussed in more detail.

**Material Federal Income Tax Consequences (page 38)**

We expect the transaction to be tax-free to holders of NewMil common stock for United States federal income tax purposes upon the exchange of such NewMil common stock for shares of Webster common stock (except in respect of cash received instead of a fractional share of Webster common stock) pursuant to the merger. Different tax consequences may apply to you because of your individual circumstances or because special tax rules apply to you, for example, if you:

- are a tax-exempt organization;
- are a mutual fund;
- are a dealer in securities or foreign currencies;
- are a bank or other financial institution;
- are an insurance company;
- are a non-United States person;
- are subject to the alternative minimum tax;
- are a trader in securities who elects to apply a mark-to-market method of accounting;
- acquired your shares of NewMil's common stock from the exercise of options or otherwise as compensation or through a qualified retirement plan;
- hold shares of NewMil's common stock as part of a straddle, hedge, constructive sale or conversion transaction; or
- do not hold shares of NewMil's common stock as capital assets.

**Tax matters are very complicated. You should consult your tax advisor for a full explanation of the tax consequences of the merger to you.**

**NewMil Board of Directors Recommends Approval (page 19)**

The NewMil Board of Directors unanimously approved the merger agreement and the merger and unanimously recommends that you vote FOR approval of these matters.

**In the Opinion of NewMil's Financial Advisor, the Consideration is Fair, From a Financial Point of View, to NewMil's Stockholders (page 29)**

In deciding to approve the merger, NewMil's Board of Directors considered the opinion of Keefe, Bruyette & Woods, Inc., NewMil's financial advisor. The opinion concluded that the proposed consideration to be received by the holders of NewMil's common stock in the merger is fair to the stockholders from a financial point of view. This opinion is attached as Appendix B to this document. **We encourage you to read this opinion carefully in order to completely understand the assumptions made, matters considered and limitation of the review made by Keefe, Bruyette & Woods, Inc. in providing this opinion.**

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**Differences in the Rights of Stockholders (page 42)**

The rights of NewMil stockholders who continue as Webster stockholders after the merger will be governed by the certificate of incorporation and bylaws of Webster rather than the certificate of incorporation and bylaws of NewMil.

**NewMil s Officers and Directors Have Interests in the Merger Which May Be Different From Yours. (page 41)**

At the close of business on July 24, 2006, excluding all options to purchase NewMil common stock, NewMil s directors and executive officers owned a total of 723,163 shares of NewMil s common stock, which was approximately 17.6% of the total number of shares of NewMil s common stock that were outstanding on that date. Each of NewMil s directors and executive officers has agreed to vote his or her shares in favor of the merger agreement and merger.

Additionally, some of NewMil s directors and executive officers may have interests in the merger as directors and employees that may be different from yours as a NewMil stockholder. These interests are described at page 41.

**Regulatory Approvals We Must Obtain to Complete the Merger (page 24)**

For the merger to take place, we need to receive the regulatory approvals of the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the Connecticut Commissioner of Banking. We have filed applications with the Office of the Comptroller of the Currency and the Connecticut Commissioner of Banking and are preparing an application to the Board of Governors of the Federal Reserve System. As of the date of this document, we have not received the required approvals and cannot be certain when or if we will obtain them.

**Termination of the Merger Agreement (page 37)**

The merger agreement specifies a number of situations in which Webster and NewMil may terminate the merger agreement, which are described beginning on page 37. The merger agreement may be terminated at any time prior to the effective time by our mutual consent and by either of us under specified circumstances, including if the merger is not consummated by December 31, 2006, if we do not receive the necessary stockholder or regulatory approvals or if the other party breaches its agreements.

Under certain circumstances, the termination of the merger agreement will result in NewMil having to pay all documented reasonable costs and expenses of Webster up to \$750,000, plus a breakup fee of \$8,750,000. These circumstances are described on page 29.

**Information About the Special Meeting (page 11)**

A special meeting of NewMil stockholders will be held on September 21, 2006, at 9:30 a.m. local time, at the Candlewood Valley Country Club in New Milford, Connecticut for the following purposes:

to vote on the merger agreement, the merger and the other transactions contemplated by the merger agreement; and

to address any other matters that properly come before the special meeting, or any adjournments or postponements of the meeting, including a motion to adjourn the special meeting to another time and/or place to solicit additional proxies in favor of the merger agreement and the merger or otherwise.





**Table of Contents****The Companies Involved in the Merger (page 17)****Webster Financial Corporation****Webster Bank, N.A.**

Webster Plaza

Waterbury, Connecticut 06702

(203) 465-4364

Webster is a Delaware corporation and the holding company of various entities, including Webster Bank, N.A. Webster is headquartered in Waterbury, Connecticut. On a consolidated basis, as of March 31, 2006, Webster had approximately \$17.9 billion in assets, \$12.6 billion in total loans, \$12.1 billion in deposits, and stockholders' equity of \$1.6 billion, or 8.9% of total assets.

**NewMil Bancorp, Inc.****NewMil Bank**

19 Main Street

New Milford, CT 06776

(860) 355-7600

NewMil is a Delaware corporation and holding company of NewMil Bank. NewMil is headquartered in New Milford, Connecticut. On a consolidated basis, as of March 31, 2006, NewMil had approximately \$877.8 million in assets, \$516.2 million in total loans, total deposits of \$619.3 million, and stockholders' equity of \$52.3 million, or 5.9% of total assets.

**Share Information and Market Prices**

Webster's common stock is traded on The New York Stock Exchange under the trading symbol WBS. NewMil's common stock is traded on The NASDAQ National Market under the trading symbol NMIL. The table below presents the per share closing prices of Webster's common stock and NewMil's common stock as of the dates specified and the equivalent per share price for NewMil common stock. April 24, 2006 was the last trading date before public announcement of the merger agreement. The amounts set forth in the equivalent per share data column represent the value of the Webster common stock each NewMil stockholder would have received for each share of NewMil common stock if the closing had occurred on such date. For more information about the exchange ratio and how it may be increased or decreased, see *The Merger - Merger Consideration*, and for more information about the stock prices and dividends of Webster and NewMil, see *Market Prices and Dividends*.

Date	Last Reported Sale Price		Equivalent per Share Data
	Webster's Common Stock	NewMil's Common Stock	
April 24, 2006	\$ 47.59	\$ 28.91	\$ 41.00
July 25, 2006	\$ 47.51	\$ 40.11	\$ 41.00

The market price of Webster's common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger takes place. NewMil's stockholders are advised to obtain current market quotations for Webster's common stock. No assurance can be given as to the market price of Webster's common stock at the time of

the merger.

**Table of Contents****Market Prices and Dividends****Webster's Common Stock**

Webster's common stock is traded on The New York Stock Exchange under the symbol WBS. The table below sets forth the range of high and low sale prices of Webster's common stock as reported on The New York Stock Exchange, as well as cash dividends paid during the periods indicated:

	Market Price		Cash Dividends Paid
	High	Low	
Quarter Ended:			
March 31, 2004	\$ 52.15	\$ 45.15	\$ 0.21
June 30, 2004	51.29	41.35	0.23
September 30, 2004	50.24	45.22	0.23
December 31, 2004	51.56	46.45	0.23
March 31, 2005	50.65	43.52	0.23
June 30, 2005	47.84	43.10	0.25
September 30, 2005	49.24	43.84	0.25
December 31, 2005	48.97	43.23	0.25
March 31, 2006	49.55	45.25	0.25
June 30, 2006	49.20	45.30	0.27

On April 24, 2006, the last trading day before the public announcement of the merger, the closing price of Webster's common stock on The New York Stock Exchange was \$47.59. On July 25, 2006, the most recent practicable date before the printing of this document, the closing price of Webster's common stock on The New York Stock Exchange was \$47.51.

**NewMil's Common Stock**

The table below sets forth the range of high and low sale prices of NewMil's common stock as reported on The NASDAQ National Market, as well as cash dividends paid during the periods indicated:

	Market Price		Cash Dividends Paid
	High	Low	
Quarter Ended:			
March 31, 2004	\$ 29.80	\$ 27.41	\$ 0.15
June 30, 2004	29.85	26.81	0.17
September 30, 2004	29.75	26.36	0.17
December 31, 2004	32.10	27.62	0.17
March 31, 2005	32.33	27.30	0.20
June 30, 2005	30.99	26.00	0.20
September 30, 2005	32.10	28.03	0.20
December 31, 2005	31.24	28.05	0.20

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March 31, 2006	31.25	29.50	0.22
June 30, 2006	40.50	27.62	0.22

On April 24, 2006, the last trading day for NewMil's common stock before the public announcement of the merger, the closing price of NewMil's common stock on The NASDAQ National Market was \$28.91. On July 25, 2006, the most recent practicable date before the printing of this document, the closing price of NewMil's common stock on The NASDAQ National Market was \$40.11.

**Table of Contents****Comparative Per Share Data**

The following table shows historical information about net income per share, cash dividends per share and book value per share, and similar information reflecting the merger, which we refer to as pro forma information. In presenting the comparative pro forma information for the time periods shown, we assumed that we had been merged throughout these periods. The pro forma information reflects the purchase method of accounting.

The information listed as equivalent pro forma was obtained by multiplying the pro forma amounts by the .8159 share exchange ratio.

We expect that we will incur merger and integration charges as a result of combining our companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. These charges and financial benefits are not reflected in the pro forma data. While helpful in illustrating the financial characteristics of the combined company under one set of assumptions, the pro forma information does not reflect these anticipated financial benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined.

The per share data gives effect to all previous stock splits of Webster's common stock.

The information in the following table is based on, and you should read it together with, the historical financial information that Webster and NewMil have presented in prior filings with the SEC and which are incorporated into this document by reference. See *Where You Can Find More Information* on page 49 for a description of where you can find our prior filings.

	<b>At or for the Three Months Ended March 31, 2006</b>	<b>At or for the Year Ended December 31, 2005</b>
Net Income per Common Share (Basic):		
Webster historical	\$ 0.83	\$ 3.47
NewMil historical	0.54	2.14
Pro Forma Combined	0.81	3.39
Pro Forma Combined(1)	0.82	3.44
Equivalent Pro Forma	0.66	2.77
Net Income per Common Share (Diluted):		
Webster historical	0.82	3.43
NewMil historical	0.54	2.10
Pro Forma Combined	0.80	3.35
Pro Forma Combined(1)	0.81	3.40
Equivalent Pro Forma	0.65	2.73
Cash Dividends per Common Share:		
Webster historical	0.25	0.98
NewMil historical	0.22	0.80
Pro Forma Combined	0.25	0.98
Equivalent Pro Forma	0.20	0.80

Book Value per Common Share:

Webster historical	31.09	30.70
NewMil historical	12.84	12.98
Pro Forma Combined	31.50	31.02
Pro Forma Combined(1)	31.92	31.44

(1) Adjusted to reflect Webster's anticipated repurchase of a number of shares of Webster common stock equal to approximately 20% of the total number of shares issued in the merger in open market transactions following the closing. The proposed share repurchase will have an anti-dilutive effect on Webster's net income per common share.

**Table of Contents****Selected Consolidated Financial and Other Data**

The tables below present selected consolidated financial and other data for Webster and NewMil as of the dates and for the periods indicated. The data for Webster and NewMil are based on and should be read in conjunction with Webster's and NewMil's historical consolidated financial statements and related notes which are presented in its prior filings with the SEC, and which are incorporated by reference into this document. For historical information, see "Where You Can Find More Information" on page 49. In the opinion of management of Webster and NewMil, all adjustments necessary for a fair presentation of financial position and results of operations have been included. All per share data of Webster and NewMil have been adjusted retroactively to give effect to stock dividends and stock splits.

**Selected Consolidated Financial Data - Webster**

	At and for the Three Months Ended March 31, 2006 (Unaudited)		2005	At or for the Year Ended December 31, 2004			2003	2002	2001
	(Dollars in thousands)								
<b>Financial Condition Data</b>									
Assets	\$ 17,907,186	\$ 17,412,828	\$ 17,836,562	\$ 17,020,597	\$ 14,568,690	\$ 13,468,004	\$ 11,850,000	\$ 11,850,000	\$ 11,850,000
Net	12,444,254	11,544,555	12,138,800	11,562,663	9,091,135	7,795,835	6,720,000	6,720,000	6,720,000
Reserves	3,590,127	3,805,242	3,700,585	3,724,019	4,302,181	4,124,997	3,990,000	3,990,000	3,990,000
Goodwill and intangible	698,557	714,490	698,570	694,165	330,929	297,359	320,000	320,000	320,000
Loans	12,078,277	11,031,835	11,631,145	10,571,288	8,372,135	7,606,122	7,060,000	7,060,000	7,060,000
Home Loan Bank									
Shares and other									
Investments	4,022,125	4,664,912	4,377,297	4,698,833	4,936,393	4,455,669	3,530,000	3,530,000	3,530,000
Minority interest	1,640,762	1,563,594	1,647,226	1,543,974	1,152,895	1,035,458	1,000,000	1,000,000	1,000,000
<b>Income Data</b>									
Interest income	\$ 130,159	\$ 128,232	\$ 517,341	\$ 468,161	\$ 413,519	\$ 405,728	\$ 360,000	\$ 360,000	\$ 360,000
Provision for credit losses	2,000	3,500	9,500	18,000	25,000	29,000	10,000	10,000	10,000
Net interest income	55,202	53,028	220,885	219,707	232,483	185,572	160,000	160,000	160,000
Noninterest expenses:									
Provision and infrastructure		1,134	8,138	500					
Repayment expenses				45,761					
Provision-related expenses					1,497	1,965			
Noninterest expenses	119,171	106,640	447,432	400,876	376,485	326,358	310,000	310,000	310,000
Noninterest expenses	119,171	107,774	455,570	447,137	377,982	328,323	310,000	310,000	310,000
Income before income taxes									
Provision for income taxes	64,190	69,986	273,156	222,731	243,020	233,977	200,000	200,000	200,000
Income after income taxes	20,338	22,491	87,301	68,898	79,772	73,965	60,000	60,000	60,000



before cumulative										
of changes in										
ing method	43,852	47,495	185,855	153,833	163,248	160,012	13			
tive effect of changes										
od of accounting (net										
enefit)						(7,280)				
ome	\$ 43,852	\$ 47,495	\$ 185,855	\$ 153,833	\$ 163,248	\$ 152,732	\$ 13			

**Table of Contents****Significant Statistical Data Webster (Unaudited)**

	<b>At and for the Three Months Ended March 31,</b>		<b>At or for the Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b><i>For The Period:</i></b>							
Net income per common share:							
Basic	\$ 0.83	\$ 0.89	\$ 3.47	\$ 3.05	\$ 3.58	\$ 3.21	\$ 2.71
Diluted	0.82	0.88	3.43	3.00	3.52	3.16	2.68
Cash dividends per common share	0.25	0.23	0.98	0.90	0.82	0.74	0.67
Return on average stockholders equity	10.55%	12.13%	11.52%	11.14%	15.16%	14.78%	13.88%
Interest rate spread	3.19	3.28	3.25	3.09	3.10	3.43	3.38
Net interest margin	3.24	3.32	3.29	3.11	3.14	3.50	3.48
Noninterest expenses to average assets	0.67	0.63	2.61	2.72	2.66	2.62	2.58
Noninterest expenses (excluding foreclosed property, acquisition related, capital securities, preferred dividends, intangible amortization, infrastructure and debt prepayment expenses) to average assets	0.64	0.59	2.44	2.32	2.44	2.36	2.28
<b><i>At End Of Period:</i></b>							
Diluted weighted average shares (000 s)	53,703	54,217	54,236	51,352	46,362	48,392	49,743
Book value per common share	\$ 31.09 18.18	\$ 29.07 16.26	\$ 30.70 18.03	\$ 28.79 16.30	\$ 24.91 18.18	\$ 22.69 16.64	\$ 20.48 14.65

Tangible book value per common share							
Average stockholders equity to average assets	9.36%	9.17%	9.23%	8.40%	7.58%	8.24%	8.32%
Nonperforming assets to total assets	0.35	0.28	0.41	0.23	0.29	0.37	0.53
Allowance for loan losses to total loans	1.16	1.30	1.19	1.28	1.32	1.48	1.43
Allowance for credit losses to total loans	1.24	1.30	1.27	1.28	1.32	1.48	1.43
Number of banking offices	158	154	157	150	119	111	105

**Table of Contents****Selected Consolidated Financial Data NewMil Bank**

	<b>At or for the Three Months Ended March 31,</b>		<b>At or for the Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
	<b>(Unaudited)</b>						
	<b>(Dollars in thousands)</b>						

**Financial Condition**

Total assets	\$ 877,774	\$ 789,800	\$ 872,991	\$ 744,599	\$ 704,042	\$ 661,595	\$ 607,026
Loans, net	511,265	476,772	492,763	476,660	449,651	347,215	340,368
Allowance for loan losses	4,941	5,001	4,949	5,048	5,198	5,250	5,502
Securities	306,264	258,079	322,343	216,558	199,101	197,661	212,408
Deposits	619,251	604,284	615,995	587,010	558,168	548,806	476,116
Federal Home Loan Bank advances & other borrowings	192,105	112,849	189,757	88,801	&nbsp;		