

WEBSTER FINANCIAL CORP

Form S-4

December 23, 2003

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As filed with the Securities and Exchange Commission on December 22, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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)*

6035
*(Primary Standard Industrial
Classification Code Number)*

06-1187536
*(I.R.S. Employer
Identification No.)*

Webster Plaza
Waterbury, Connecticut 06702
(203) 578-2476
*(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) 578-2210
*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

Craig M. Wasserman, Esq.
Wachtell, Lipton, Rosen & Katz
51 W. 52nd Street
New York, NY 10019

Douglas P. Faucette, Esq.
Muldoon Murphy & Faucette LLP
5101 Wisconsin Avenue, N.W.
Washington, D.C. 20016

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

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.

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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)	Amount of Registration Fee(3)
Common Stock, par value \$.01 per share, including related preferred share purchase rights	7,005,834	N/A	\$307,696,590	\$24,893

- (1) The maximum number of shares of common stock of Webster Financial Corporation, a Delaware corporation (Webster), issuable to stockholders of FIRSTFED AMERICA BANCORP, INC., a Delaware corporation (FIRSTFED), upon consummation of the merger of FIRSTFED with and into Webster.
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended (the Securities Act), and calculated pursuant to Rules 457(f) under the Securities Act. Pursuant to Rules 457(c), 457(f)(1) and 457(f)(3) under the Securities Act, based on the aggregate market value on December 17, 2003 of the shares of FIRSTFED common stock, par value \$0.01 per share (FIRSTFED Common Stock), expected to be exchanged in connection with the merger, the proposed maximum aggregate offering price is equal to (A) the product of (i) the average of the high and low prices of FIRSTFED Common Stock as reported on the American Stock Exchange on December 17, 2003 (\$25.49) and (ii) 19,611,000, representing the maximum number of shares of FIRSTFED Common Stock expected to be exchanged in connection with the merger, less (B) \$192,187,800, which is the amount of cash to be paid by Webster in exchange for shares of FIRSTFED Common Stock.
- (3) Calculated by multiplying (A) the proposed maximum aggregate offering price for all securities to be exchanged in the merger (\$499,884,390) less the estimated amount of cash to be paid by Webster in connection with the merger (\$192,187,800) by (B) 0.00008090.

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. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

Subject to Completion, dated December 23, 2003

[FIRSTFED AMERICA BANCORP, INC. LOGO]

[*], 2004

FIRSTFED AMERICA BANCORP, INC., which we refer to in this document as FIRSTFED, and Webster Financial Corporation, which we refer to in this document as Webster, have entered into a merger agreement. This agreement provides for the merger of FIRSTFED with and into Webster, with Webster surviving the merger. Completion of the merger is subject to customary conditions including receipt of stockholder and regulatory approvals.

If the merger is completed, you will be entitled to elect to receive Webster common stock and/or cash in the merger, subject to potential proration. If your shares of FIRSTFED common stock are converted into cash, you will receive \$24.50 per share in cash without interest. If your shares of FIRSTFED common stock are converted into Webster common stock, you will receive 0.5954 shares of Webster common stock per share. Based on Webster's \$41.70 closing common stock price on October 6, 2003, which was the last trading day prior to announcement of the proposed merger, the implied value of 0.5954 shares of Webster common stock was \$24.83. Based on Webster's \$[*] closing common stock price on [*], 2004, the latest practicable trading day prior to the mailing of this proxy statement/prospectus, the implied value of 0.5954 shares of Webster common stock was \$[*].

Sixty percent of the FIRSTFED common stock will be converted into Webster common stock, with the remainder converted into cash. If FIRSTFED stockholders elect more cash or stock than provided for under the merger agreement, elections for the over-subscribed form of merger consideration will be prorated as described on pages 39-40.

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.

This document contains important information about Webster and FIRSTFED, the merger and the conditions that must be satisfied before the merger can occur. Please give all the information your careful attention. In addition, you may obtain information about Webster and FIRSTFED from reports and other documents that each files with the Securities and Exchange Commission.

We have scheduled a special meeting of stockholders to vote on the merger agreement, and you are cordially invited to attend the meeting at [*] on [day], [date], 2004 at [time], local time.

Your vote is very important. A vote of the majority of the outstanding common stock of FIRSTFED must approve the merger agreement. Regardless of whether you plan to attend the meeting, please take the time to vote by completing and mailing to us the enclosed proxy card. If your shares are held in street name through a broker or other financial institution you must instruct your broker in order to vote.

ROBERT F. STOICO
Chairman, President and Chief Executive Officer
FIRSTFED AMERICA BANCORP, INC.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or 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 accounts, deposits or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is [*], 2004 and

it is first being mailed to stockholders on or about [*], 2004

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WHERE YOU CAN FIND ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about FIRSTFED and Webster from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents incorporated by reference in this proxy statement/prospectus by accessing the Securities and Exchange Commission's website maintained at <http://www.sec.gov> or by requesting copies in writing or by telephone from the appropriate company at the following addresses:

FIRSTFED AMERICA BANCORP, INC.

ONE FIRSTFED PARK
Swansea, MA 02777
Attention: [Philip G. Campbell
Vice President
Investor Relations
(508) 235-1361]

WEBSTER FINANCIAL CORPORATION

Webster Plaza
Waterbury, CT 06702
Attention: Terrence K. Mangan,
Senior Vice President
Investor Relations
(203) 578-2318

If you would like to request documents, please do so by [*], 2004 in order to receive them before the FIRSTFED special stockholder meeting. If you request any documents incorporated by reference from us, we will mail them to you promptly by first-class mail, or similar means.

See Where You Can Find More Information on page 70.

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FIRSTFED AMERICA BANCORP, INC.

**ONE FIRSTFED PARK
Swansea, MA 02777**

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On [*], 2004

A special meeting of stockholders of FIRSTFED AMERICA, BANCORP, INC. will be held on [*], 2004, at [*] [*].m., local time, at [*] 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 October 6, 2003, by and between Webster Financial Corporation and FIRSTFED AMERICA BANCORP, INC.

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 or otherwise.

You are entitled to notice and to vote at the special meeting or any adjournments or postponements of the meeting only if you were a holder of record of FIRSTFED s common stock at the close of business on [*], 2004.

FIRSTFED s board of directors has determined that the merger is advisable and is fair to and in the best interest of FIRSTFED s stockholders, has approved the merger agreement and the merger, and recommends that you vote **for** approval of the merger agreement.

You are entitled to exercise dissenters appraisal rights pursuant to Section 262 of the Delaware General Corporation Law. If you want to assert your appraisal rights, you must follow carefully the procedures described at Appendix D, and summarized on pages 53 to 56 of this document.

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 Cecilia R. Viveiros, Corporate Secretary of FIRSTFED, by subsequently filing another proxy or by attending the special meeting and voting in person. **Do not send your stock certificate with your proxy card.**

By order of the Board of Directors

CECILIA R. VIVEIROS
Corporate Secretary

Swansea, MA
[*], 2004

Your vote is important. Please complete, sign, date and return your proxy card even if you plan to attend the meeting.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Webster and FIRSTFED merging?

A: The merger offers FIRSTFED stockholders an opportunity to realize a premium for the value of their shares, as well as the opportunity to participate in the growth and potential of the combined company. Webster and FIRSTFED believe that they have compatible strategies and cultures that will enable the combined company to achieve greater success than either company standing alone. For more information regarding the companies' reasons for the merger, see *The Merger* Reasons for the Merger; Recommendation of FIRSTFED's Board of Directors.

Q: What will I receive in the merger?

A: If the merger takes place, you will be entitled to elect to receive 0.5954 shares of Webster common stock (with cash paid instead of issuing any fractional shares) or \$24.50 in cash, without interest, for each of your shares of FIRSTFED common stock, subject to proration procedures as described on pages 39-40. You may specify different elections with respect to different FIRSTFED shares that you own. For example, if you own 100 shares, you could elect to receive cash for 50 shares and Webster common stock for the other 50 shares, subject to proration. Dissenting shares will be treated differently as described on page 40 of this proxy statement/prospectus.

Regardless of the elections made by FIRSTFED stockholders, the merger agreement provides that 60% of the outstanding shares of FIRSTFED common stock will be converted into Webster common stock, with the remaining shares converted into cash. Therefore, if FIRSTFED stockholders elect more stock or cash than provided for under the merger agreement, elections for the over-subscribed form of merger consideration will be prorated. There is no assurance that you will receive the form of consideration that you elect with respect to the shares of FIRSTFED common stock you hold. See *The Merger Agreement* Conversion of Shares; Exchange of Stock Certificates; Elections as to Form of Consideration.

Based on Webster's \$41.70 closing common stock price on October 6, 2003, which was the last trading day prior to announcement of the proposed merger, the implied value of 0.5954 shares of Webster common stock was \$24.83. Based on Webster's \$[*] closing common stock price on [*], 2004, the latest practicable trading date prior to the mailing of this proxy statement/prospectus, the implied value of 0.5954 shares of Webster common stock was \$[*]. The implied value of the stock consideration will fluctuate as the market price of the Webster common stock fluctuates. Webster common stock trades on the New York Stock Exchange under the ticker symbol *WBS*. You may obtain current market price quotations for Webster common stock from newspapers, over the Internet or from other sources.

Q: How do FIRSTFED stockholders make their cash/stock elections?

A: Each FIRSTFED stockholder will receive an election form, which you should complete and return, along with your FIRSTFED stock certificate(s), according to the instructions printed on the form. The election deadline will be 5:00 p.m. New York City time on [*], 2004, which is the day prior to the special meeting. A copy of the election form is being provided with this proxy statement/prospectus to holders of record of FIRSTFED common stock. If you do not send in the election form with your stock certificates by the election deadline, you will be treated as a non-electing stockholder as described on page 39. **Do not send your FIRSTFED stock certificates and/or the election form with your proxy card.** If you own shares of FIRSTFED common stock in street name through a bank, broker or other financial institution, and you wish to make an election, you should seek instructions from the bank, broker or other financial institution holding your shares concerning how to make your election.

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Q: Can I change my election?

A: You can revoke your election provided you submit new election materials prior to the election deadline. You may do so by submitting a written notice to [*], the exchange agent for the merger, that is received prior to the deadline at the following address:

**[EXCHANGE AGENT INFORMATION
TO COME]**

The revocation must specify the account name and such other information as [*] may request; revocations may not be made in part. New elections must be submitted in accordance with the election procedures described in this proxy statement/prospectus. If you instructed a bank, broker or other financial institution to submit an election for your shares, you must follow their directions for changing those instructions.

Q: What is the expected tax treatment of the merger?

A: Neither Webster nor FIRSTFED will be required to complete the merger unless it receives a legal opinion to the effect that the merger will qualify as a reorganization for United States federal income tax purposes. Accordingly, we expect the transaction to generally be tax-free to holders of FIRSTFED common stock for federal income tax purposes to the extent that they receive shares of Webster common stock in the merger.

Those holders receiving solely cash for their FIRSTFED common stock will generally recognize gain or loss equal to the difference between the amount of cash received and their tax basis in their shares of FIRSTFED common stock. Those holders receiving both Webster common stock and cash for their FIRSTFED common stock will generally recognize gain equal to the lesser of (1) the amount of cash received and (2) the excess of the amount realized in the transaction (i.e., the fair market value of the Webster common stock at the effective time of the merger plus the amount of cash received) over their tax basis in their FIRSTFED common stock. In certain circumstances, the gain or, in the case of recipients of cash only, the entire amount of cash received, could be taxable as ordinary income rather than capital gain.

For a further summary of the federal income tax consequences of the merger to holders of FIRSTFED common stock, please see *The Merger Agreement* Material Federal Income Tax Consequences on pages 50-52.

Q: If I hold FIRSTFED stock options, what will I receive?

A: If you hold options to acquire FIRSTFED common stock, upon completion of the merger each option will be cancelled and automatically converted into the right to receive, subject to any required tax withholding, a cash payment equal to the excess of \$24.50 over the per share exercise price for each share of FIRSTFED common stock subject to your stock option.

Q: What vote is required to approve the merger?

A: A majority of the outstanding shares of FIRSTFED's common stock must vote in favor of the merger agreement in order for it to be adopted and the merger approved. Thus, every stockholder's vote is important. If you do not vote or do not instruct your bank or broker to vote, or if you abstain, your action will have the same effect as a vote against the merger.

Q: What does the FIRSTFED board of directors recommend?

A: The FIRSTFED board of directors has unanimously approved the merger agreement and recommends that FIRSTFED stockholders vote **for** the proposal to approve and adopt the merger agreement.

Q: What do I need to do now?

A: *With respect to the special meeting* indicate on the enclosed proxy card how you want to vote, and sign, date and mail it in the enclosed envelope as soon as possible so that your shares will be represented at the stockholders meeting. 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 in the discretion of the proxies with respect to any matter properly coming before the special meeting. Because approval of the merger agreement requires the affirmative vote of a majority of all outstanding shares of FIRSTFED common stock, broker non-votes and abstentions will have the same effect as a vote against the proposals. Bro-

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ker non-votes are shares held by banks, brokers and other nominees as to which voting instructions have not been received from the beneficial owners or other persons entitled to vote those shares and that the bank, broker or other nominee does not have discretionary voting power under applicable Nasdaq rules.

You can also choose to attend the special meeting and vote your shares in person.

With respect to your share election you should complete and return the election form, together with your stock certificate(s), to [*] according to the instructions printed on the form or, if your shares are held in street name, according to the instructions of your bank, broker or other financial institution. **Do not send your FIRSTFED stock certificates and/or your election form with your proxy card.**

Q: Who can vote?

A: You are entitled to vote at the FIRSTFED special meeting if you owned shares of FIRSTFED common stock at the close of business on [*], 2004. You will have one vote for each share of FIRSTFED common stock that you owned at that time.

Q: If my shares are held in street name by my bank, broker or other financial institution, will they vote my shares for me?

A: Your broker or other record holder 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. As noted above, failing to properly instruct your broker to vote your shares will have the same effect as a vote against the merger agreement.

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 Cecilia R. Viveiros, Corporate Secretary of FIRSTFED, stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card with a later date. Third, you may vote in person at the special meeting. Attendance alone will not revoke your proxy. If you have instructed a broker or other record holder to vote your shares, you must follow the directions you received from them to change your vote.

Q: When do you expect to complete the merger?

A: We expect to complete the merger as soon as possible after the receipt of FIRSTFED stockholder and regulatory approvals. We currently anticipate that this will occur in the second quarter of 2004.

Q: What should I do with my stock certificates?

A: Please **do not** send your stock certificates with your proxy card. Rather, you should send your FIRSTFED common stock certificate(s) to [*] with your completed, signed election form prior to the election deadline on [*], 2004. If you do not send in the election form with your stock certificate(s) by the [*], 2004 deadline, you will be considered a non-electing stockholder and your election to receive cash or Webster common stock will be determined automatically in accordance with the merger agreement.

Q: Whom can I call with questions or to obtain additional copies of this proxy statement/ prospectus and other documents?

A: If you have questions or if you need additional copies of this proxy statement/prospectus or other documents, you should contact
Georgeson Shareholder Communications, Inc.
[Address]
Telephone: [*]

Q: Where can I find more information about the companies?

A: You can find more information about Webster and FIRSTFED from various sources described under *Where You Can Find More Information* on page 70.

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SUMMARY

The following highlights selected information from this document and 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 70. Each item in this summary refers to the page where that subject is discussed in more detail.

The Companies Involved in the Merger (page 18)

Webster Financial Corporation

Webster Plaza
Waterbury, Connecticut 06702
(203) 578-2476

Webster is a Delaware corporation and the holding company of various entities, including Webster Bank. Webster is headquartered in Waterbury, Connecticut. As of September 30, 2003, Webster had total consolidated assets of approximately \$14.6 billion, total deposits of approximately \$8.1 billion, and stockholders' equity of approximately \$1.1 billion, or 7.55% of total assets.

FIRSTFED AMERICA BANCORP, INC.

ONE FIRSTFED PARK
Swansea, MA 02777
(508) 679-8181

FIRSTFED is the savings and loan holding company for First Federal Savings Bank of America, a federally chartered savings association. First Federal operates 26 banking offices in Bristol, Plymouth and Norfolk counties in Massachusetts and Providence, Kent and Newport counties in Rhode Island. At September 30, 2003, FIRSTFED had total assets of approximately \$2.5 billion, deposits of approximately \$1.5 billion and stockholders' equity of approximately \$198.5 million, or 7.90% of total assets.

FIRSTFED's Financial Advisors Say the Merger Consideration Is Fair, From a Financial Point of View, to FIRSTFED Stockholders (page 23)

In deciding to approve the merger, FIRSTFED's board of directors considered the opinions of Sandler O'Neill & Partners, L.P. and Keefe, Bruyette & Woods, Inc., FIRSTFED's financial advisors, dated as of October 6, 2003. The opinions concluded that, as of that date and subject to the factors and assumptions set forth in the advisors' written opinions, the consideration to be received by the holders of FIRSTFED's common stock in the merger was fair to the stockholders from a financial point of view. These opinions are attached as Appendices B and C to this document. We encourage you to read these opinions carefully in order to more fully understand the assumptions made, matters considered and limitation of the review made by Sandler O'Neill and Keefe, Bruyette and Woods in providing these opinions. Under the terms of their engagement letters with FIRSTFED, each of the financial advisors received a fee of \$200,000 when we entered into the merger agreement and a fee of \$200,000 when we mailed this proxy statement/prospectus, and each of them will receive a fee equal to 0.4625% of the aggregate market value of the merger consideration (less the \$400,000 previously paid). In addition, FIRSTFED has agreed to reimburse each financial advisor for its reasonable out-of-pocket expenses and indemnify them against various liabilities.

Information About the Special Meeting (page 15)

A special meeting of FIRSTFED stockholders will be held on [*], 2004, at [*] [] .m., local time, at [*] for the following purposes:

to vote on the proposal to approve and adopt 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.

Dissenters' Appraisal Rights in the Merger (page 53)

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Under Delaware law, if you want to assert your right to dissent from the merger and seek the appraised value of your shares of FIRSTFED common stock, you must follow carefully the procedures described at Appendix D, and summarized at pages 53 to 56 of this document.

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Historical Dividends and Webster's Post-Merger Dividend Policy (page 5)

The dividends paid by Webster and FIRSTFED in recent periods are set forth under Market Prices and Dividends on page 5. Following completion of the merger, the declaration of dividends by Webster will be at the discretion of the Webster board of directors and will be determined by the board after the consideration of various factors, including, without limitation, the earnings and financial condition of Webster and its subsidiaries.

Differences in the Rights of Stockholders (page 59)

The rights of the FIRSTFED stockholders after the merger who continue as Webster stockholders will be governed by the certificate of incorporation and bylaws of Webster rather than the certificate of incorporation and bylaws of FIRSTFED. These rights will also be governed by the laws of Delaware, as the state of Webster's incorporation, which is the same state law that currently governs the rights of FIRSTFED stockholders.

FIRSTFED Directors and Officers Have Financial Interests in the Merger that are Different From or in Addition to Their Interests as Stockholders (page 56)

Some of FIRSTFED's directors and executive officers have financial interests in the merger that are different from or in addition to their interests as stockholders of FIRSTFED. These interests arise as a result of pre-existing employment and change-in-control agreements, existing rights under FIRSTFED equity and employee benefit plans, as well as under the merger agreement and new employment agreements entered into by Webster with Messrs. Stoico and Hjerpe. These interests are described beginning at page 56.

Certain Shareholdings

As of the record date:

Directors and executive officers of FIRSTFED and their affiliates had the right to vote _____ shares of FIRSTFED common stock, or _____ % of the outstanding FIRSTFED common stock at that date.

Directors and executive officers of Webster and their affiliates, including Webster, had the right to vote _____ shares of FIRSTFED common stock, or _____ % of the outstanding FIRSTFED common stock at that date.

Completion of the Merger is Subject to a Number of Conditions (page 46)

Completion of the merger depends upon satisfying a number of conditions, including the following:

approval and adoption of the merger agreement by FIRSTFED stockholders;

receipt of all governmental consents and approvals required to complete the merger and, if determined by Webster, the merger of the companies' bank subsidiaries;

receipt of all non-governmental third party approvals required to complete the transactions contemplated by the merger agreement, except for those approvals the failure of which to obtain would not have a material adverse effect on FIRSTFED or Webster;

absence of any legal prohibition on completion of the merger;

approval of the listing of the Webster common stock issuable in the merger on the New York Stock Exchange;

accuracy of the other party's representations and warranties and the performance of the other party's obligations as required under the merger agreement; and

receipt of opinions of counsel to the effect that the merger will qualify as a reorganization for United States federal income tax purposes.

Regulatory Approvals We Must Obtain to Complete the Merger (page 48)

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In order to complete the merger, we must receive the regulatory approvals of the primary federal banking regulatory agencies for Webster and its bank subsidiary. This agency is currently the Office of Thrift Supervision, but Webster is in the process of converting its bank subsidiary from a federal savings bank to a national banking association subject to regulation by the Office of the

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Comptroller of the Currency, and of converting Webster from a savings and loan holding company to a bank holding company and financial holding company subject to regulation by the Board of Governors of the Federal Reserve System. The proposed transactions will also require the approval of Massachusetts banking authorities. As of the date of this proxy statement/prospectus, Webster has not received the required approvals. We cannot assure you as to when or if we will obtain the approvals.

Termination of the Merger Agreement (page 47)

The merger agreement specifies a number of situations where Webster and FIRSTFED may terminate the agreement, which are described on pages 47 to 48. The merger agreement may be terminated at any time prior to completion by our mutual consent and by either of us under specified circumstances, including if the merger is not completed by the ten month anniversary of entering into the merger agreement, if we do not receive the necessary stockholder or regulatory approvals or if the other party breaches the merger agreement. In addition, FIRSTFED may terminate the agreement if Webster's common stock price falls by more than 20% from \$41.15 (the closing price of Webster common stock on the last trading day prior to entering into the merger agreement) and by more than 20% relative to an index of designated peer banks, unless Webster increases the exchange ratio in accordance with a prescribed formula contained in the merger agreement.

FIRSTFED Must Pay Webster a Termination Fee under Limited Circumstances

FIRSTFED must pay a termination fee to Webster if:

a third party makes a bona fide proposal to acquire FIRSTFED, and the party does not withdraw the proposal at least five business days prior to the special meeting; and

thereafter either Webster or FIRSTFED terminates the merger agreement as a result of the failure of the FIRSTFED stockholders to approve the agreement, or if Webster terminates the agreement because:

FIRSTFED's board of directors fails to recommend that its stockholders approve the merger agreement; changes its recommendation that its stockholders approve the merger agreement or fails to hold a special meeting to approve the merger agreement; or

FIRSTFED willfully breaches its representations and obligations under the merger agreement; and

within 12 months after the date of termination of the merger agreement, FIRSTFED completes an acquisition transaction or enters into a merger agreement or other similar document related to such acquisition transaction.

If the termination results from the failure of FIRSTFED to hold the special meeting or from a willful breach of the agreement, then a fee of \$17 million will be due upon termination. Under any other termination resulting in the payment of the fee, \$8.5 million will be due upon termination and an additional fee of \$8.5 million will be due upon completion of the competing business proposal.

Webster Must Pay FIRSTFED a Termination Fee under Limited Circumstances

In the event that the merger agreement is terminated because Webster has not received the required regulatory approvals by the ten-month anniversary of entering into the merger agreement or because the applicable regulators have denied the required regulatory approvals, then Webster will pay FIRSTFED a fee of \$7 million, unless the failure or denial resulted principally from FIRSTFED's failure to perform under the merger agreement or from any inaccuracies in FIRSTFED's representations and warranties under the merger agreement.

Share Information and Market Prices

Webster's common stock is traded on the New York Stock Exchange under the trading symbol WBS. FIRSTFED's common stock is traded on the American Stock Exchange under the trading symbol FAB. The table below presents the per share closing prices of Webster's and FIRSTFED's common stock and the equivalent per share price for FIRSTFED common stock on (1) October 6, 2003, the last trading date before public announcement of the merger agreement and (2) [*], the latest practicable date before printing of this proxy statement/prospectus. The equivalent price per share column is calculated by multiplying the closing

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market price of the Webster common stock on the relevant date by the 0.5954 shares of Webster common stock to be issued in the merger. For more information about the exchange ratio, see The Merger Merger Consideration, and for more information about the stock prices and dividends of Webster and FIRSTFED, see Market Prices and Dividends.

Date	Last Reported Sale Price		
	Webster Common Stock	FIRSTFED Common Stock	Equivalent Per Share Price
October 6, 2003	\$41.70	\$22.65	\$24.83
[*], 2003	\$ [*]	\$ [*]	\$ [*]

FIRSTFED stockholders are advised to obtain current market quotations for Webster's common stock. 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, as well as after completion of the merger. No assurance can be given as to the market price of Webster's common stock at the time of the merger. FIRSTFED may terminate the merger agreement if Webster's common stock price falls by more than 20% from \$41.15 (the closing price of Webster common stock on the last trading day prior to entering into the merger agreement) and by more than 20% relative to an index of designated peer banks, unless Webster increases the 0.5954 exchange ratio in accordance with a prescribed formula contained in the merger agreement. See The Merger Termination and Amendment to the Merger Agreement.

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The following tables set forth, for the periods indicated, the high and low sale prices per share of Webster's and FIRSTFED's common stock as reported on the New York Stock Exchange and the American Stock Exchange, respectively, as well as cash dividends paid on Webster's and FIRSTFED's common stock during the periods indicated. The information set forth for FIRSTFED has been retroactively adjusted to reflect a two-for-one common stock split distributed on July 17, 2003.

Webster
Common Stock

	Market Price		Cash Dividends Paid
	High	Low	
Quarter Ended:			
December 31, 2003 (through [*], 2003)	\$ [*]	\$ [*]	\$0.21
September 30, 2003	40.67	36.48	0.21
June 30, 2003	38.81	35.11	0.21
March 31, 2003	33.63	33.93	0.19
December 31, 2002	35.46	30.65	0.19
September 30, 2002	38.89	31.95	0.19
June 30, 2002	39.96	36.77	0.19
March 31, 2002	37.45	31.18	0.17
December 31, 2001	34.08	29.23	0.17
September 30, 2001	37.06	28.16	0.17
June 30, 2001	33.74	27.75	0.17
March 31, 2001	30.31	26.44	0.16

FIRSTFED
Common Stock

	Market Price		Cash Dividends Paid
	High	Low	
Quarter Ended:			
December 31, 2003 (through [*], 2003)	\$ [*]	\$ [*]	\$0.13
September 30, 2003	22.80	16.85	0.13
June 30, 2003	17.73	13.88	0.10
March 31, 2003	14.33	12.31	0.09
December 31, 2002	13.63	11.40	0.08
September 30, 2002	13.00	10.75	0.08
June 30, 2002	13.60	11.50	0.07
March 31, 2002	11.95	8.65	0.07
December 31, 2001	8.87	7.75	0.07&nbs