WEBSTER FINANCIAL CORP
Form S-4
September 10, 2004

As filed with the Securities and Exchange Commission on September 10, 2004
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	**6021**	**06-1187536**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(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:

Stuart G. Stein, Esq. **Hogan & Hartson L.L.P.** **555 Thirteenth Street, N.W.** **Washington, D.C. 20004** **(202) 637-8575**	**Edward J. Samorajczyk, Jr., Esq.** **Robinson & Cole LLP** **280 Trumbull Street** **Hartford, Connecticut 06103** **(860) 275-8207**

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. o

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. o

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. o

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per unit	Proposed maximum aggregate offering price(2)(3)	Amount of registration fee(3)
Common Stock, par value $.01 per share	437,219	N/A	$20,850,965	$2,642

1. The maximum number of shares of common stock of Webster Financial Corporation, issuable to shareholders of First City, upon consummation of the merger of First City with and into Webster Bank.

2. Estimated pursuant to Rule 457(f)(1) under the Securities Act of 1933, as amended, based on the aggregate market value on September 2, 2004 of the shares of First City 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 First City common stock as reported on the American Stock Exchange on September 2, 2004 by (b) 1,278,416, representing the maximum number of shares of First City 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 ($34,657,857) less the estimated amount of cash to be paid by Webster in connection with the merger ($13,806,892) by (b) .00012670

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.

WEBSTER FINANCIAL CORPORATION
Webster Plaza
Waterbury, CT 06702
(203) 578-2210

FIRST CITY BANK
370 West Main Street
New Britain, CT 06050
(860) 224-3862

PROSPECTUS

PROXY STATEMENT

The Boards of Directors of Webster Financial Corporation (Webster), Webster Bank, N.A. (Webster Bank) and First City Bank (First City) each have approved an agreement and plan of merger, pursuant to which First City will merge with and into Webster Bank, with Webster Bank surviving. The consummation of the merger is subject to customary conditions such as shareholder and regulatory approvals.

If the merger takes place, you will receive either 0.57 shares of Webster common stock or $27.00 in cash, or some combination thereof, for each share of First City common stock you own, unless you exercise your dissenter s rights. You will have the opportunity to elect the form of consideration to be received for your shares, subject to allocation procedures set forth in the merger agreement which are intended to ensure that 60% of the outstanding shares of First City common stock will be converted into shares of Webster common stock and the remaining outstanding shares of First City common stock will be converted into cash. Therefore, your ability to receive all stock or all cash may depend on the elections of other First City shareholders. Webster could opt to increase the exchange ratio in specific circumstances where First City could otherwise terminate the merger agreement.

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. Webster s common stock is traded on the New York Stock Exchange under the symbol WBS and First City s common stock is traded on the American Stock Exchange under the symbol FBK .

This is a prospectus of Webster relating to its offering of up to 437,219 shares of Webster common stock to First City shareholders in the proposed merger and a proxy statement of First City. This document contains important information about Webster, First City, 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 two-thirds of the outstanding shares of First City s common stock. To vote your shares, you may use the enclosed proxy card or attend the special shareholders 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.

John S. Manning
President and Chief Executive Officer
First City Bank

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.

The date of this proxy statement/prospectus is , 2004

and is first being mailed to shareholders on , 2004

THIS PROSPECTUS INCORPORATES IMPORTANT BUSINESS AND FINANCIAL INFORMATION ABOUT WEBSTER 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. IN ORDER TO OBTAIN TIMELY DELIVERY OF DOCUMENTS YOU SHOULD REQUEST INFORMATION AS SOON AS POSSIBLE, BUT NO LATER THAN , 2004

FIRST CITY BANK

370 West Main Street
New Britain, CT 06050

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON , 2004

A special meeting of shareholders of First City Bank (First City) will be held on , 2004, at 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 July 16, 2004, among Webster Financial Corporation (Webster), Webster Bank, N.A. (Webster Bank) and First City, the merger of First City into Webster Bank 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 First City s common stock at the close of business on , 2004.

First City s Board of Directors has determined that the merger is advisable and is fair to and in the best interest of First City s shareholders, 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 two-thirds of the shares of First City s common stock outstanding on , 2004 is required to approve the merger agreement and the merger. The required vote of First City s shareholders is based on the total number of shares of First City s common stock outstanding and not on the number of shares which are actually voted. **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.**

If you hold First City common stock on the record date, you are entitled to dissent from the merger under Sections 33-855 to 33-872 of the Connecticut General Statutes. A copy of these sections is attached to the proxy statement/prospectus.

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 shareholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to the Secretary of First City 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

John S. Manning
President and Chief Executive Officer

New Britain, Connecticut
, 2004

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 First City proposing the transaction?

A: Webster and First City have a shared commitment to providing exceptional service to customers. First City believes that the proposed merger will enable First City to align with a partner who will enhance the services available to its customers without sacrificing the personal attention and dedication that First City has always offered.

Q: What will I receive in the merger?

A: If the merger agreement is approved and the merger is subsequently completed, each share of First City common stock (other than shares of dissenting shareholders) will be converted into the right to receive 0.57 shares of Webster common stock, $27.00 in cash, without interest, or a combination thereof. You will have the opportunity to elect the form of consideration to be received for your shares, subject to allocation procedures set forth in the merger agreement which are intended to ensure that 60% of the outstanding shares of First City common stock will be converted into the shares of Webster common stock and the remaining outstanding shares of First City common stock will be converted into cash. Therefore, your ability to receive all stock or all cash will depend on the elections of other First City shareholders. Webster will pay cash instead of issuing fractional shares. If the price of Webster s common stock falls below thresholds established in the merger agreement, First City may terminate the merger agreement unless Webster decides to increase the exchange ratio. See The Merger Termination and Amendment of the Merger Agreement.

Q: How do I make an election?

A: Each First City shareholder will receive an election form, which you should complete and return, along with your First City 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 (the election deadline). A copy of the election form is being mailed under separate cover on or about the date of this proxy statement/prospectus. If you do not send in the election form with your stock certificates by the deadline, you will be deemed not to have made an election and you may be paid in cash, Webster common stock or a mix of cash and stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other First City shareholders. If you own shares of First City 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 financial institution holding your shares concerning how to make your election. See The Merger Election Procedures; Surrender of Stock Certificates.

Q: Can I change my election?

A: You may change your election at any time prior to the election deadline by submitting to American Stock Transfer & Trust Company written notice accompanied by a properly completed and signed, revised election form. You may revoke your election by submitting written notice to American Stock Transfer & Trust Company prior to the election deadline or by withdrawing your stock certificates prior to the election deadline. Shareholders will not be entitled to change or revoke their elections following the election deadline. 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 happens to my future dividends?

A: Before the merger takes place, First City expects to continue to pay regular quarterly cash dividends on its common stock, which currently are $0.05 per share. After the merger, any dividends will be based on what Webster pays. Webster presently pays dividends at a quarterly dividend rate of $0.23 per share of Webster common stock.

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

A: Two-thirds of the outstanding shares of First City 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 First City individually have entered into an agreement with Webster to vote their shares of First City common stock in favor of the merger agreement and against any competing proposal. These shareholders hold approximately % of First City s outstanding common stock as of , 2004.

Q: What do I need to do now?

A: *With respect to the special meeting* 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. If you do complete and return a proxy card, you may change your vote at any time up to and including the time of the vote on the day of the special meeting by following the directions on page 15.

With respect to your share election You should complete and return the election form, together with your stock certificate(s), to American Stock Transfer & Trust Company 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 First City stock certificates and/or your election form with your proxy card.**

Q: Who can vote?

A: You are entitled to vote at the First City special meeting if you owned shares of First City common stock at the close of business on , 2004. You will have one vote for each share of First City 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: 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 First City at 370 West Main Street, New Britain, CT 06050 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: When will the merger close?

A: The merger is expected to close as soon as possible after the receipt of First City shareholder and regulatory approvals.

Q: What do I do with my stock certificates?

A: Please **DO NOT** send your stock certificates with your proxy card. Rather, you should send your First City common stock certificates to the exchange agent with your completed, signed election form prior to the election deadline. If you do not send in the election form with your stock certificates by the election deadline, you will be deemed not to have made an election and you may receive cash, Webster common stock or a mixture of cash and stock, for each share of your First City common stock in the merger.

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 First City shareholders.

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. The absence of any injunction or legal restraint blocking the merger or government proceedings trying to block the merger.

When the law permits, Webster or First City 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: Whom can I call with questions or to obtain copies of this proxy statement/prospectus and other documents?

A: John S. Manning, President and Chief
Executive Officer
First City Bank
370 West Main Street
New Britain, CT 06050
telephone: (860) 224-3862

First City shareholders may also contact First City s proxy solicitor, Morrow & Co., Inc. at (800) 607-0088.

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.

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 . Each item in this summary refers to the page where that subject is discussed in more detail.

Material Federal Income Tax Consequences (page 38)

Those First City shareholders who receive both Webster common stock and cash for their First City 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 First City common stock. We expect the transaction to be tax-free to holders of First City common stock for United States federal income tax purposes to the extent that they receive solely shares of Webster common stock pursuant to the merger. Those holders receiving solely cash for their First City 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 First City common stock. 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 First City s common stock from the exercise of options or otherwise as compensation or through a qualified retirement plan;
- hold shares of First City s common stock as part of a straddle, hedge, constructive sale or conversion transaction; or
- do not hold shares of First City 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.

First City Board of Directors Recommends Approval (page 18)

The First City 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 First City s Financial Advisor, the Consideration is Fair, From a Financial Point of View, to First City s Shareholders (page 42)

In deciding to approve the merger, First City s Board of Directors considered the opinion of Ostrowski & Company, Inc., First City s financial advisor. The opinion concluded that the proposed consideration to be received by the holders of First City s common stock in the merger is fair to the shareholders 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 Ostrowski & Company, Inc. in providing this opinion.**

Dissenters Appraisal Rights in the Merger (page 42)

Under Connecticut law, you are entitled to dissenters rights of appraisal in connection with the merger. If you want to assert your appraisal rights, you must follow carefully the procedures described at Appendix C, and summarized at pages 42 and 44 of this document.

Differences in the Rights of Shareholders (page 48)

The rights of First City shareholders who continue as Webster shareholders after the merger will be governed by the certificate of incorporation and bylaws of Webster rather than the articles of incorporation and bylaws of First City. These rights will be governed by the laws of Delaware, as the state of Webster s incorporation, rather than the laws of Connecticut, the state where First City is organized.

First City s Officers and Directors Have Interests in the Merger Which May Be Different From Yours. (page 45)

At the close of business on , 2004, excluding all options to purchase First City common stock, First City s directors and executive officers and their affiliates owned a total of shares of First City s common stock, which was approximately % of the total number of shares of First City s common stock that were outstanding on that date. Each of First City s directors and executive officers has agreed to vote his or her shares in favor of the merger agreement and merger.

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

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 and the Connecticut Commissioner of Banking. We have filed applications with these regulators.

As of the date of this document, we haven t yet received the required approvals. We can t be certain when or if we will obtain them.

Termination of the Merger Agreement (page 36)

The merger agreement specifies a number of situations when Webster and First City may terminate the merger agreement, which are described on page 36. 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 June 30, 2005, if we do not receive the necessary shareholder or regulatory approvals or if the other party breaches its agreements. First City may terminate if Webster s common stock price falls below thresholds set forth in the merger agreement and Webster does not increase the exchange ratio pursuant to a prescribed formula.

Information About the Special Meeting (page 14)

A special meeting of First City shareholders will be held on , 2004, at at 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.

The Companies Involved in the Merger (page 16)

Webster Financial Corporation

Webster Bank, N.A.
Webster Plaza
Waterbury, Connecticut 06702
(203) 578-2476

Webster is a Delaware corporation and the holding company of various entities, including Webster Bank, N.A. Webster is headquartered in Waterbury, Connecticut. At June 30, 2004, Webster had total consolidated assets of $17.0 billion, total deposits of $10.4 billion, and shareholders equity of $1.5 billion, or 8.5% of total assets.

First City Bank

370 West Main Street
New Britain, CT 06050
(860) 224-3862

First City is a Connecticut-chartered bank and trust company. First City is headquartered in New Britain, Connecticut. At June 30, 2004, First City had total assets of $187 million, total deposits of $168 million, and shareholders equity of $13 million, or 6.98% 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 . First City s common stock is traded on the American Stock Exchange under the trading symbol FBK. The table below presents the per share closing prices of Webster s and First City s common stock as of the dates specified and the equivalent per share price for First City common stock. July 16, 2004 was the last trading date before public announcement of the merger agreement. The equivalent price per share column is calculated by valuing the Webster common stock at $47.05 per share, multiplying this value by the estimated 387,286 shares of Webster common stock being issued in the merger, and adding to this amount the estimated cash consideration of $12,230,093. This total consideration is then divided by the total number of shares of First City common stock outstanding as of July 16, 2004 (1,132,416 shares). For more information about the exchange ratio and how it may be increased, see The Merger Merger Consideration, and for more information about the stock prices and dividends of Webster and First City, see Market Prices and Dividends.

	Last Reported Sale Price		
Date	**Webster s Common Stock**	**First City s Common Stock**	**Equivalent Per Share Data**
July 16, 2004	$47.05	$22.05	$26.89
, 2004	$	$	$

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. First City s shareholders 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, although First City may terminate the merger agreement if Webster s common stock price falls below certain thresholds and Webster does not increase the exchange ratio pursuant to a prescribed formula. See The Merger Termination and Amendment to the Merger Agreement.

Market Prices and Dividends

Webster s Common Stock

Webster s common stock has traded on the New York Stock Exchange under the symbol WBS since October 17, 2002. Previously, it traded on the Nasdaq National Market under the symbol WBST. The table below sets forth the range of high and low sale prices of Webster s common stock as reported on Nasdaq and the New York Stock Exchange, as well as cash dividends paid during the periods indicated:

	Market Price		
	High	**Low**	**Cash Dividends Paid**
Quarter Ended:			
March 31, 2002	$37.45	$31.18	$0.17
June 30, 2002	39.96	36.77	0.19
September 30, 2002	38.89	31.95	0.19
December 31, 2002	35.46	30.65	0.19
March 31, 2003	36.63	33.93	0.19
June 30, 2003	38.81	35.11	0.21
September 30, 2003	40.67	36.48	0.21
December 31, 2003	46.76	39.93	0.21
March 31, 2004	52.15	45.15	0.21
June 30, 2004	51.29	41.35	0.23

On July 16, 2004, 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 $47.05. On , 2004, 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 $.

First City s Common Stock

The table below sets forth the range of high and low sale prices of First City s common stock as reported on the American Stock Exchange, as well as cash dividends paid during the periods indicated:

	Market Price		Cash
	High	**Low**	**Dividends Paid**
Quarter Ended:			
March 31, 2002	$ 8.95	$ 8.30	$0.04
June 30, 2002	11.60	8.95	0.04
September 30, 2002	11.40	10.00	0.04
December 31, 2002	11.48	9.75	0.04
March 31, 2003	13.35	10.00	0.05
June 30, 2003	16.75	13.14	0.05
September 30, 2003	20.50	16.00	0.05
December 31, 2003	19.25	16.70	0.05
March 31, 2004	21.80	17.80	0.05
June 30, 2004	25.75	21.60	0.05

On July 16, 2004, the last trading day for First City s common stock before the public announcement of the merger, the closing price of First City s common stock on the American Stock Exchange was $22.05. On , 2004, the most recent practicable date before the printing of this document, the closing price of First City s common stock on the American Stock Exchange was $.

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 those 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 0.57 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 changes and 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 First City have presented in prior filings with the SEC and the FDIC and which is incorporated into this document by reference. See Where You Can Find More Information on page 56 for a description of where you can find our prior filings.

	At or for the Six Months Ended June 30, 2004	At or for the Year Ended December 31, 2003
Net Income per Common Share (Basic):		
Webster historical	$ 1.84	$ 3.58
First City historical	0.73	1.73
Pro Forma Combined	1.84	3.60
Equivalent Pro Forma	1.05	2.05
Net Income per Common Share (Diluted):		
Webster historical	1.81	3.52
First City historical	0.69	1.63
Pro Forma Combined	1.81	3.53
Equivalent Pro Forma	1.03	2.01
Cash Dividends per Common Share:		
Webster historical	0.44	0.82
First City historical	0.10	0.20
Pro Forma Combined	0.44	0.82
Equivalent Pro Forma	0.25	0.47
Book Value per Common Share:		
Webster historical	27.37	24.91
First City historical	11.54	11.79
Pro Forma Combined	27.51	25.10

Selected Consolidated Financial and Other Data

The tables below present selected consolidated financial and other data for Webster and First City as of the dates and for the periods indicated. The data for Webster is based on and should be read in conjunction with Webster 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. The data for First City is based on and should be read in conjunction with First City s historical consolidated financial statements and the notes thereto, which are included in First City s Form 10-K for the year ended December 31, 2003 and the Form 10-Q for the quarter ended June 30, 2004, which are incorporated by reference into this proxy statement/prospectus and attached hereto as Appendices D and E. In the opinion of management of Webster and First City, all adjustments necessary for a fair presentation of financial position and results of operations have been included. All per share data of Webster and First City have been adjusted retroactively to give effect to stock dividends and stock splits.

Selected Consolidated Financial Data Webster

	At and for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(unaudited)		(Dollars in Thousands)				
Financial Condition and Other Data							
Total assets	$17,025,870	$14,452,572	$14,568,690	$13,468,004	$11,857,382	$11,249,508	$9,931,744
Loans, net	11,143,683	8,590,707	9,091,135	7,795,835	6,725,993	6,801,479	6,015,214
Securities	4,139,490	4,399,293	4,302,181	4,124,997	3,999,133	3,405,080	3,066,901
Goodwill and intangible assets	681,252	316,989	330,929	297,359	320,051	326,142	138,829
Deposits	10,372,922	8,085,702	8,372,135	7,606,122	7,066,471	6,981,128	6,232,696
Federal Home Loan Bank advances and other borrowings	5,097,343	4,992,496	4,936,393	4,455,669	3,533,364	3,030,225	2,788,445
Shareholders equity	1,450,916	1,099,309	1,152,895	1,035,458	1,006,467	890,374	635,667
Number of banking offices	147	111	119	111	105	114	120
Operating Data							
Net interest income	$ 219,273	$ 205,295	$ 413,519	$ 405,728	$ 367,479	$ 326,516	$ 303,513
Provision for loan losses	10,000	10,000	25,000	29,000	14,400	11,800	9,000
Noninterest income:	111,801	111,428	232,483	185,572	162,098	128,821	92,630
Noninterest expenses:							
Acquisition-related expenses	265		1,497	1,965			9,500
Other noninterest expenses	189,055	186,005	376,485	326,358	310,737	267,130	234,961
Total noninterest expenses	189,320	186,005	377,982	328,323	310,737	267,130	244,461
Income before income taxes and cumulative effect of changes in method of accounting	131,754	120,718	243,020	233,977	204,440	176,407	142,682
Income taxes	43,588	40,171	79,772	73,965	68,834	58,116	47,332

Income before cumulative effect of changes in accounting method	88,166	80,547	163,248	160,012	135,606	118,291	95,350
Cumulative effect of changes in method of accounting (net of tax benefit)				(7,280)	(2,418)		
Net income	$ 88,166	$ 80,547	$ 163,248	$ 152,732	$ 133,188	$ 118,291	$ 95,350

Significant Statistical Data Webster

	At and for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
For The Period:							
Net income per common share:							
Basic	$ 1.84	$ 1.77	$ 3.58	$ 3.21	$ 2.71	$ 2.58	$ 2.14
Diluted	1.81	1.74	3.52	3.16	2.68	2.55	2.10
Cash dividends per common share	0.44	0.40	0.82	0.74	0.67	0.62	0.47
Return on average shareholders equity	14.06%	15.10%	15.16%	14.78%	13.88%	16.72%	15.33%
Interest rate spread	3.02	3.16	3.10	3.43	3.38	3.17	3.19
Net interest margin	3.05	3.20	3.14	3.50	3.48	3.29	3.32
Noninterest expenses to average assets	2.44	2.68	2.66	2.62	2.58	2.51	2.51
Noninterest expenses (excluding foreclosed property, acquisition related, capital securities, preferred dividends and intangible amortization expenses) to average assets	2.32	2.47	2.44	2.36	2.28	2.13	2.07
At End Of Period:							
Diluted weighted average shares (000 s)	48,767	46,217	46,362	48,392	49,743	46,428	45,393
Book value per common share	$ 27.37	$ 24.09	$ 24.91	$ 22.69	$ 20.48	$ 18.19	$ 14.09
Tangible book value per common share	15.02	17.59	18.18	16.64	13.97	11.53	11.02
Average Shareholders equity to average assets	8.08%	7.67%	7.58%	8.24%	8.32%	6.65%	6.38%
Nonperforming assets to total assets	0.28	0.39	0.29	0.37	0.53	0.39	0.44
Allowance for loan losses to total loans	1.30	1.37	1.32	1.48	1.43	1.32	1.19

Selected Consolidated Financial Data First City Bank

	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
	(Unaudited)						
	(Dollars in Thousands)						
Financial Condition and Other Data							
Total assets	$187,182	$195,044	$185,799	$183,555	$155,043	$137,428	$109,355
Loans receivable, net	98,500	82,023	97,207	98,348	77,897	72,092	56,816
Securities (including Federal Home Loan Bank stock)	70,211	82,489	75,734	69,663	65,496	45,335	36,146
Deposits	167,999	177,686	170,939	170,255	143,362	127,147	101,975
Federal Home Loan Bank advances	4,000						
Shareholders equity	13,072	13,577	13,349	12,206	10,417	9,404	6,751
Operating Data							
Net interest income	3,237	2,984	6,303	5,559	4,354	4,098	3,640
Provision for loan losses	113	100	200	321	84	88	79
Non-interest income	453	803	1,318	(139)	820	385	403
Non-interest expense	2,387	2,260	4,636	4,324	3,846	3,483	3,329
Income before income taxes	1,190	1,427	2,785	775	1,244	912	635
Income taxes (benefit)	359	430	831	116	263	42	(41)
Net income	$ 831	$ 997	$ 1,954	$ 659	$ 981	$ 870	$ 676

Significant Statistical Data First City Bank (Unaudited)

	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
For The Period:							
Net income per common share:							
Basic	$ 0.73	$ 0.88	$ 1.73	$ 0.58	$ 0.88	$ 0.78	$ 0.70
Diluted	0.69	0.84	1.63	0.57	0.88	0.78	0.67
Cash dividends per common share	0.10	0.10	0.20	0.16	0.14	0.12	0.12
Return on average shareholders equity	12.32%	15.47%	15.25%	5.99%	9.49%	10.77%	9.29%
Interest rate spread	3.48	3.11	3.29	2.99	2.30	2.95	3.26
Net interest margin	3.74	3.43	3.59	3.43	3.07	3.67	3.88
Noninterest expenses to average assets	2.56	2.41	2.51	2.55	2.63	2.82	3.16
Diluted weighted average shares (000 s)	1,205	1,182	1,196	1,152	1,121	1,121	1,006
At End of Period:							
Book value per common share	$ 11.54	$ 12.01	$ 11.79	$ 10.80	$ 9.26	$ 8.39	$ 6.33
Tangible book value per common share	11.54	12.01	11.79	10.80	9.26	8.39	6.33
Shareholders equity to total assets	6.98%	6.96%	7.18%	6.65%	6.72%	6.84%	6.17%
Nonperforming assets to total assets	0.45	0.11	0.08	0.09	0.11	0.17	0.31
	172.44	597.07	898.68	686.55	546.95	366.52	234.12

Allowance for loan losses to nonperforming loans							
Number of banking offices	4	4	4	4	4	4	4

RISK FACTORS

In addition to the other information included in this proxy statement/ prospectus (including the matters addressed in Cautionary Note Regarding Forward-Looking Statements on page), you should carefully consider the matters described below in determining whether to approve the merger agreement and whether to make a cash or stock election. Please also refer to the additional risk factors identified in the periodic reports and other documents of Webster and First City incorporated by reference into this document and listed in Where You Can Find More Information.

The price of Webster common stock will fluctuate before and after the merger, which could increase or decrease the value of the merger consideration received by First City shareholders receiving Webster common stock.

On July 16, 2004, the day before the merger was announced, the closing price of a share of Webster common stock was $47.05. On , 2004, the most recent practicable date before the mailing of this proxy statement/prospectus, the closing price was $. Based on these closing prices and the 0.57 exchange ratio, the implied value of the merger consideration consisting of Webster common stock was $26.82 on July 16 and $ on . The price of Webster common stock may increase or decrease before and after completion of the merger. Therefore, the market value of Webster common stock received by a First City shareholder in connection with the merger could be lower than the market value of Webster stock on July 16, 2004, , 2004 or the closing date of the merger, and the market value of the stock consideration could be less than the $27.00 cash consideration received by shareholders receiving the cash consideration. The market value of Webster stock received by a First City shareholder in connection with the merger could also be higher than those trading prices, and shareholders receiving the cash consideration could receive cash worth less than the market value of the stock consideration. The market price of Webster stock fluctuates based upon general market economic conditions, Webster s business and prospects and other factors.

Shareholders may receive a form of consideration different from what they elect.

While each First City shareholder may elect to receive cash or Webster common stock in the merger, 60% of the First City common stock outstanding at the completion of the merger will be converted into Webster common stock, with the remainder converted into cash. Therefore, if First City shareholders elect more cash or stock than is available under the merger agreement, elections for the over-subscribed form of merger consideration will be prorated. As a result, if either a cash or stock election proves to be more popular among First City shareholders, and you choose the election that is more popular, you might receive a portion of your consideration in the form of consideration that you did not elect.

If you tender shares of First City common stock to make an election, you will not be able to sell those shares until after the merger, unless you revoke your election prior to the election deadline.

To make a cash or stock election, you must deliver your stock certificate(s) to the exchange agent (or follow the procedures for guaranteed delivery). The deadline for doing this is 5:00 p.m. New York City time, on , 2004, the day before the special meeting of shareholders. You will not be able to sell any shares of First City common stock that you have delivered, unless you revoke your election before the deadline by providing written notice to the exchange agent. If you do not revoke your election, you will not be able to liquidate your investment in First City common stock for any reason until you receive cash or Webster common stock in the merger. In the time between delivery of your shares and the closing of the merger, the trading price of First City or Webster common stock may decrease, and you might otherwise want to sell your shares of First City common stock to gain access to cash, make other investment opportunities or reduce the potential for an additional decrease in the value of your investment.

The date that you will receive your merger consideration depends on the completion date of the merger, which is expected to occur in the fourth quarter of 2004. The completion date of the merger might be later than expected due to unforeseen events, such as delays in obtaining regulatory approvals.

The merger agreement limits First City s ability to pursue alternatives to the merger.

The merger agreement contains terms and conditions that make it more difficult for First City to sell its business to a party other than Webster. These no shop provisions impose restrictions on First City that, subject to certain exceptions, limit First City s ability to discuss or facilitate competing third-party proposals to acquire all or a significant part of First City.

In addition, the board of directors of First City has agreed that it will not recommend a competing acquisition proposal and that it will not withdraw or negatively modify the recommendation that First City shareholders vote for the merger, subject to limited exceptions. While the board of directors could take such actions if it determined that the failure to do so would violate its fiduciary duties, doing so would entitle Webster to terminate the merger agreement and may entitle it to receive a termination fee. First City will also be required to pay the termination fee if a competing acquisition proposal has been made known to First City or its shareholders and the merger agreement is subsequently terminated for a variety of reasons (including because First City shareholders fail to approve the merger or because First City willfully breaches the merger agreement), and First City completes, or enters into an agreement for, an alternative acquisition transaction during the 12 months after the termination of the merger agreement.

Webster required First City to agree to these provisions as a condition to Webster s willingness to enter into the merger agreement. However, these provisions might discourage a third party that might have an interest in acquiring all or a significant part of First City from considering or proposing that acquisition even if it were prepared to pay consideration with a higher per share market price than the current proposed merger consideration, and the termination fee might result in a potential competing acquirer proposing to pay a lower per share price to acquire First City than it might otherwise have proposed to pay.

First City s executive officers and directors have financial interests in the merger that are different from your interest as a First City shareholder.

First City executive officers negotiated the merger agreement with Webster, and the board of directors approved the agreement and is recommending that First City shareholders vote for the agreement. In considering these facts and the other information contained in this proxy statement/ prospectus, you should be aware that First City s executive officers and directors have financial interests in the merger in addition to the interests that they share with you as a First City shareholder. As described in detail under the heading Interests of First City Directors and Executive Officers in the Merger That are Different Than Yours, there are substantial financial interests to be conveyed to each director and executive officer of First City under the terms of existing or new employment agreements or as a result of the accelerated vesting or additional issuance of stock options.

SHAREHOLDER MEETING

Matters to be Considered at the Special Meeting

We are first mailing this document to the holders of First City s common stock on or about , 2004. It is accompanied by a proxy card furnished in connection with the solicitation of proxies by the First City Board of Directors for use at the special meeting of First City s shareholders on , 2004, at , at . At the special meeting, the holders of First City s common stock will consider and vote on:

- the proposal to approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, and

- 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.

Record Date and Voting

The First City Board of Directors has fixed the close of business on , 2004 as the record date for determining the First City shareholders entitled to receive notice of and to vote at the special meeting. Only holders of record of First City s common stock at the close of business on that day will be entitled to vote at the special meeting or at any adjournment or postponement of the meeting. At the close of business on , 2004, there were shares of First City s common stock outstanding and entitled to vote at the special meeting, held by approximately shareholders of record.

Each holder of First City s common stock on , 2004 will be entitled to one vote for each share held of record on each matter that is properly submitted at the special meeting or any adjournment or postponement of the meeting. The presence, in person or by proxy, of the holders of a majority of First City s common stock issued and outstanding and entitled to vote at the special meeting is necessary to constitute a quorum. Abstentions and broker non-votes will be included in the calculation of the number of shares represented at the special meeting in order to determine whether a quorum has been achieved. Since approval of the merger agreement requires the affirmative vote of the holders of at least two-thirds of the shares of First City s common stock issued and outstanding, abstentions and broker non-votes will have the same effect as a vote against the merger agreement.

If a quorum is not obtained, or if fewer shares of First City s common stock are voted in favor of the proposal for approval of the merger agreement than the number required for approval, it is expected that the special meeting will be adjourned to allow additional time for obtaining additional proxies. In that event, proxies will be voted to approve an adjournment, except for proxies as to which instructions have been given to vote against the merger agreement.

If your proxy card is properly executed and received by First City in time to be voted at the special meeting, the shares represented by the proxy card will be voted in accordance with the instructions marked on the proxy card. **Executed proxies with no instructions indicated on the proxy card will be voted FOR the merger agreement and the merger**.

The First City Board of Directors is not aware of any other matters that may properly come before the special meeting. If any other matters properly come before the special meeting, the persons named in the accompanying proxy will vote the shares represented by all properly executed proxies on those matters as determined by a majority of the First City Board of Directors.

You are requested to complete, date and sign the accompanying proxy form and to return it promptly in the enclosed postage-paid envelope. The enclosed proxy card is different from the [insert color] election form that you can use to elect to receive cash or stock in the merger. Do not return your proxy card with the election form. For information about the election form, see The Merger-Election Procedures; Surrender of

Stock Certificates . To vote on the merger agreement, you need to complete the proxy card properly and return it in the enclosed envelope or attend the special meeting and vote in person.

You should not forward any stock certificates with your proxy card**. If you complete an election form, you should forward your First City stock certificates to the exchange agent with the election form. If you do not complete an election form, if the merger takes place, First City stock certificates should be delivered in accordance with instructions that will be sent to you by Webster s exchange agent promptly after the effective time of the merger.**

Required Vote; Revocability of Proxies

In order to approve and adopt the merger agreement, the merger of First City and Webster Bank and the other transactions contemplated by the merger agreement, the holders of at least two-thirds of the shares of First City s common stock issued and outstanding on , 2004, must affirmatively vote FOR the merger agreement and the merger.

The required vote of First City s shareholders is based on the total number of outstanding shares of First City s common stock 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 all will have the same effect as voting AGAINST the merger agreement and the merger.

The directors and executive officers of First City beneficially owned as of , 2004, a total of shares of First City s common stock (excluding all options to purchase shares of First City s common stock), which was approximately % of the outstanding shares of First City s common stock on that date. The directors and executive officers have agreed to vote their shares in favor of the merger agreement and the merger and against competing proposals.

If you submit a proxy card, attending the special meeting will not automatically revoke your proxy. However, you may revoke a proxy at any time before it is voted by:

- delivering to the Secretary of First City Bank, 370 West Main Street, New Britain, Connecticut 06050, a written notice of revocation before the special meeting,
- delivering to First City a duly executed proxy bearing a later date before the special meeting, or
- attending the special meeting and voting in person.

Solicitation of Proxies

In addition to solicitation by mail, directors, officers and employees of First City may solicit proxies for the special meeting from shareholders personally or by telephone or telecopier without receiving additional compensation for these activities. The cost of soliciting proxies will be paid by First City. First City also will make arrangements with brokerage firms and other custodians, nominees and fiduciaries to send proxy materials to their principals and will reimburse those parties for their expenses in doing so. First City has retained Morrow & Co., Inc. to assist in soliciting proxies for the meeting and to send proxy materials to brokerage houses and other custodians, nominees and fiduciaries for transmittal to their principals, at a cost of $6,000 plus out-of-pocket expenses.

THE MERGER

The information in this section is qualified in its entirety by reference to the full text of the merger agreement including the exhibits attached thereto, a copy of which is attached to this proxy statement/ prospectus as Appendix A and which is incorporated by reference into this document.

The Parties

Webster, Webster Bank and First City have entered into an agreement and plan of merger. Under this agreement, Webster will acquire First City through the merger of First City with and into Webster Bank, with Webster Bank surviving.

Webster and Webster Bank

Webster, through its subsidiaries, Webster Bank, Webster Insurance, Inc., and Fleming, Perry & Cox, delivers financial services to individuals, families and businesses located primarily in Connecticut and equipment financing, asset-based lending, mortgage origination and financial advisory services to public and private companies throughout the United States. Webster Bank provides business and consumer banking, mortgage origination and lending, trust, investment and insurance services through 147 banking and other offices, 268 ATMs and its Internet website (www.websteronline.com).

At June 30, 2004, Webster had total consolidated assets of $17.0 billion, total deposits of $10.4 billion, and shareholders equity of $1.5 billion or 8.5% of total assets. At that date, Webster also had loans, net of $11.1 billion, which included $4.7 billion in residential mortgage loans, $1.6 billion in commercial real estate loans, $2.5 billion in commercial loans and $2.5 billion in consumer loans, consisting primarily of home equity loans. At June 30, 2004, nonperforming assets, which include nonaccrual loans and loans held for sale, loans past due 90 days or more and accruing and foreclosed properties were $47.7 million. At that date, Webster s allowance for loan losses was $146.5 million, or 332% of nonperforming loans and 1.30% of total loans. For additional information about Webster that is incorporated by reference into this document, see Incorporation of Documents by Reference.

Webster, as a bank holding company, is regulated by the Board of Governors of the Federal Reserve System. Webster Bank, as a national bank, is regulated by the Office of the Comptroller of the Currency and to some extent by the Federal Deposit Insurance Corporation.

First City

First City is a Connecticut-chartered commercial bank headquartered in New Britain, Connecticut. First City operates branch offices in Berlin, Plainville and Newington, Connecticut. Its customer base consists primarily of individual consumers and small businesses in the Central Connecticut area. First City offers a full range of banking services, including making commercial loans, term real estate loans, construction loans, Small Business Administration loans and various types of consumer loans.

At June 30, 2004, First City had total assets of approximately $187 million, total deposits of approximately $168 million, and shareholders equity of approximately $13 million or 6.98% of total assets. At that date, First City also had net loans receivable of $98.5 million. At that date, First City s allowance for loan losses was $1.46 million, or 1.46% of total loans and 172% of nonperforming loans of $849,000. For additional information about First City that is incorporated by reference into this document, see Incorporation of Documents by Reference.

As a Connecticut-chartered commercial bank, the deposits of which are insured by the Federal Deposit Insurance Corporation (FDIC), First City is regulated by both the Connecticut Banking Commissioner and the FDIC. First City is also subject to certain regulations of the Board of Governors of the Federal Reserve System.

Background of the Merger

From time to time over the past several years, First City s management and board of directors have considered various strategic alternatives as part of their continuing efforts to enhance First City s community banking franchise and to maximize shareholder value. These strategic alternatives have included growing internally and through the opening of new branches, and entering into a strategic merger with other banking institutions.

In October 2002, First City engaged Ostrowski & Company, Inc. (O&Co) as its financial advisor and, at the direction of First City s board, began to explore the possibility of a strategic transaction involving First City. At the time, First City had received, through O&Co, a preliminary inquiry from another banking institution about the possibility of pursuing a potential transaction. These preliminary discussions were terminated in November 2002.

From that time until June 2003, management of First City, and the board of directors of First City, discussed with O&Co possible strategic alternatives with other banking institutions, and several institutions expressed an interest in pursuing a transaction with First City. First City was unable to reach agreement with any of such institutions during that time period.

On June 17, 2003, O&Co contacted Webster to discuss whether Webster was interested in pursing a possible transaction with First City. Although Webster executed a confidentiality agreement with First City, discussions with Webster did not progress. At that time, discussions progressed with another institution which had previously expressed an interest in pursuing a transaction, and continued through July and August 2003. At the end of August 2003, discussions with this institution did not proceed, but were resumed in February 2004.

In late February 2004, James Smith, Chairman and CEO of Webster, contacted John Manning, President and CEO of First City. Mr. Smith indicated to Mr. Manning that Webster was interested in resuming discussions about a possible acquisition of First City by Webster. On March 9, 2004, Mr. Manning and Mr. Smith met to discuss the possibility of pursuing a transaction involving Webster and First City.

On March 23, 2004, First City received an initial letter of interest from Webster, which was subsequently revised by another letter of interest. On March 25, 2004, First City s board of directors met to discuss Webster s letter of interest. Representatives from O&Co and First City s legal counsel, Robinson & Cole LLP, also attended the board meeting. At that meeting, representatives from O&Co presented highlights of Webster s and First City s financial results, summarized the proposed terms of the transaction, and compared such terms to recent comparable transactions in the Northeast. Representatives from Robinson & Cole reviewed and emphasized the need to maintain confidentiality, and reminded the directors of their fiduciary duties as directors. After an extensive discussion, the board authorized management to permit Webster to conduct due diligence and to proceed with the negotiation of a definitive agreement.

Webster initiated due diligence on First City in late March 2004. In mid-April, however, Mr. Smith informed O&Co that Webster would be terminating the discussions.

In mid-May 2004, First City received expressions of interest from two other banking institutions. First City had previously had discussions with one of these institutions. On May 27, 2004, First City s board of directors met to discuss these two proposals. Representatives from O&Co and Robinson & Cole also attended the meeting. At that meeting, representatives from O&Co summarized the financial terms and presented a detailed analysis of each proposal. Representatives from Robinson & Cole reminded the board of its fiduciary duties. After a lengthy discussion, the Board determined that neither proposal was acceptable, and authorized management to pursue the proposals with each institution to determine if either institution would be willing to modify its proposal.

Following the May 27, 2004 First City board meeting, O&Co contacted Webster to determine if Webster was interested in resuming discussions regarding a possible transaction. Discussions with Webster resumed and Webster continued with its due diligence on First City. On June 10, 2004, First City received a revised proposal from Webster indicating a proposed price of $27 per share of First City common stock (60% in the form of Webster common stock and 40% in the form of cash). At this time, First City also received a revised proposal from one of the institutions which had been asked to modify its previous proposal. On June 16, 2004, First City s board of directors met to discuss the Webster proposal and the other proposal. Representatives from O&Co and Robinson & Cole also attended the meeting. At that meeting, representatives from O&Co summarized the financial and certain other terms of each proposal and presented a detailed analysis of each proposal. After much discussion, the Board authorized Mr. Manning to proceed with the negotiation of a definitive agreement with Webster.

On June 24, 2004, First City received a draft of a definitive agreement from Webster. Management of First City reviewed the draft agreement with O&Co and Robinson & Cole, and over the next week the terms of the transactions and agreement were negotiated between Webster and First City, and their respective counsel and advisors. On June 29, 2004, representatives from O&Co and Robinson & Cole conducted due diligence at Webster. A special meeting of First City s board of directors was held on July 1, 2004 to discuss the proposed transaction and terms of the agreement. Representatives from O&Co and Robinson & Cole attended the meeting. Representatives from O&Co summarized the financial and certain other terms of the proposal and presented a detailed analysis of the proposal relating to the financial terms of the transaction. Representatives from Robinson & Cole reviewed the terms of the proposed merger agreement and related documents with the board, indicated the unresolved issues, and discussed the board s fiduciary duties. Following a lengthy discussion regarding the proposed transaction and agreement, and the open issues, O&Co delivered its preliminary oral opinion to First City s board of directors, which was subsequently confirmed on July 16, 2004 in writing, stating that as of July 16, 2004 and based upon and subject to the matters stated in its opinion, the consideration to be received in the merger was fair from a financial point of view to First City s shareholders. By unanimous vote of all directors present, First City s board of directors approved the merger agreement with Webster and the transactions contemplated by the merger agreement, and authorized management to resolve the open issues and execute and deliver the merger agreement, with such changes as management, on the advice of legal counsel, deemed necessary or appropriate. On July 16, 2004, First City and Webster executed the definitive merger agreement, and on July 19, 2004, First City and Webster issued a joint press release announcing the transaction.

Reasons for the Merger and the Recommendation of First City s Board of Directors

First City s board of directors has determined that the merger is fair to and in the best interests of First City and its shareholders and, by the unanimous vote of all the directors of First City present at the meeting, approved and adopted the merger agreement and the merger. ACCORDINGLY, FIRST CITY S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR APPROVAL OF THE MERGER AGREEMENT.

In the course of reaching its determination, First City s board of directors consulted with its legal counsel regarding its fiduciary duties, the terms of the merger agreement and related issues; with its financial advisors regarding the financial aspects and the fairness of the transaction to the shareholders from a financial point of view; and with senior management of First City regarding, among other things, operational matters.

In reaching its determination to approve the merger agreement, First City s board of directors considered all factors it deemed material. The board of directors analyzed information with respect to the financial condition, results of operations, businesses and prospects of First City. In this regard, First City s board of directors considered the performance trends of First City over the past several years. The board of directors compared First City s current and anticipated future operating results to publicly available financial and other information for other similarly sized banking institutions. The board also considered the ability of First City to grow as an independent institution, the prospects of First City to make potential acquisitions, and its ability to further enhance shareholder value without engaging in a strategic transaction. In this regard, First City s board of directors considered the long-term as well as the short-term interests of the bank and its shareholders, including whether those interests may best be served by the continued independence of the bank.

The board of directors used this information in analyzing the options available to First City.

In reaching its decision to approve the merger agreement and the merger, the board of directors also considered a number of factors, including the following:

1. The merger represents an opportunity for First City s shareholders to realize a premium over recent market prices for their common stock. The merger price per share represents a 22% premium over the closing price of First City s common stock on the day before the merger was announced, and a 23% premium over the average closing price of First City s common stock for the four-week period immediately preceding the merger announcement.

2. First City s board of directors considered the oral opinion of O&Co, as of July 1, 2004 (which was subsequently confirmed in writing on July 16, 2004), made to First City s board of directors that the merger consideration was fair to First City s shareholders from a financial point of view, as described under The Merger Fairness Opinion of Ostrowski & Company, Inc. beginning on page 28 of this proxy statement. First City s board of directors reviewed the assumptions and results of the various valuation methodologies employed by O&Co in arriving at its opinion and found those assumptions and results to be reasonable.

3. First City s board of directors considered the current operating environment, including but not limited to the continued consolidation and increasing competition in the banking and financial services industries, the prospects for further changes in these industries, and the importance of being able to capitalize on developing opportunities in these industries. First City s board of directors also considered the current and prospective economic and competitive conditions facing First City in its market areas. First City s board also considered the challenges facing First City in remaining an independent banking institution, the lack of opportunities to grow through potential acquisitions or merger of equals, and the difficulties of further enhancing shareholder value.

4. First City s board of directors reviewed the terms and conditions of the merger agreement, including the parties respective representations, warranties and covenants, the conditions to closing, and the fact that the merger agreement permits First City s board of directors, in the exercise of its fiduciary duties, under certain conditions, to furnish information to, or engage in negotiations with, a third party which has submitted an unsolicited superior proposal to acquire First City, and provisions providing for First City s payment of a termination fee to Webster in certain circumstances.

5. First City s board of directors considered the ability of Webster to pay the merger consideration, and accordingly, together with its financial advisor and management, reviewed Webster s financial condition, results of operations, liquidity and capital position.

6. First City s board of directors considered the ability of Webster to consummate the transaction in an efficient and timely manner based on its history of consummating other acquisitions.

7. First City s board of directors considered the likelihood of the merger being approved by the appropriate regulatory authorities. See The Merger Regulatory Approvals beginning on page 24 of this proxy statement for more information.

8. First City s board of directors examined current financial market conditions and historical market prices and trading information with respect to shares of First City common stock. In particular, the board noted the relative illiquidity of First City s common stock.

9. First City s board of directors considered the potential impact of the merger on First City s customers. The board viewed the potential impact on customers as positive in view of Webster s history of providing exceptional service to customers, and the fact that the merger will enhance the services available to First City s customers without sacrificing the personal attention and dedication that First City has offered.

10. First City s board of directors considered the merger s impact on First City s employees. Although the board recognized that Webster did not make any commitment to retain any or all of First City s offices, the board viewed the impact on employees as generally positive, in that they would become part of a more geographically diversified institution with greater resources and opportunities than First City.

11. First City s board of directors considered community and societal considerations, and Webster s commitment to local civic groups, charitable organizations, and the towns and cities in which it operates.

12. First City s board of directors also considered the fact that the shareholders of Webster would not be required to approve the merger agreement.

13. First City s board of directors considered the advice of its financial advisor that the advisor had sought indications of interest from other financial institutions that were both most likely to have an interest in acquiring First City and capable of consummating such an acquisition.

In approving the merger, First City s board of directors was aware that as a result of the merger, First City s common stock will no longer be publicly traded.

This description of the information and factors considered by First City s board of directors is not intended to be exhaustive, but is believed to include all material factors the board considered. In determining whether to approve and recommend the merger agreement, First City s board of directors did not assign any relative or specific weights to any of the foregoing factors, and individual directors may have weighed factors differently. After deliberating with respect to the merger and the merger agreement, considering, among other things, the reasons discussed above and the opinion of O&Co referred to above, First City s board of directors approved and adopted the merger agreement and the merger as being in the best interests of First City and its shareholders, based on the total mix of information available to the board.

Purpose and Effects of the Merger

The purpose of the merger is to enable Webster to acquire the assets and business of First City through the merger of Webster Bank and First City. After the merger, it is expected that some of First City s branch banking offices will remain open and will be operated as banking offices of Webster Bank.

Webster expects to achieve reductions in the current operating expenses of First City upon the consolidation of First City s operations into Webster Bank. Upon completion of the merger, except as discussed below, the issued and outstanding shares of First City s common stock automatically will be converted into the merger consideration. See Merger Consideration.

Structure

First City will merge into Webster Bank, with Webster Bank continuing as the surviving bank following the merger. When the merger takes place, except as discussed below, each issued and outstanding share of First City s common stock will be converted into the right to receive cash and shares of Webster s common stock based on the merger consideration, as described below. Cash will be paid instead of fractional shares of Webster common stock. Shares of First City s common stock held as treasury stock or held directly or indirectly by First City, Webster or any of their subsidiaries, other than trust account shares and shares related to a previously contracted debt, will be canceled and shall cease to exist.

Webster and First City expect that the merger will take place later in 2004, or as soon as possible after we receive all required regulatory and shareholder approvals and all regulatory waiting periods expire. If the merger does not take place by June 30, 2005, the merger agreement may be terminated by either party unless both parties agree to extend it.

Merger Consideration

The merger agreement provides that First City shareholders will have the right, with respect to each of their shares of First City common stock, to elect to receive, subject to proration as described below, either (i) 0.57 shares of Webster s common stock, or (ii) $27.00 in cash. However, if the price of Webster s common stock falls below thresholds set forth in the merger agreement, First City may terminate the merger agreement unless Webster decides to increase the exchange ratio, which would result in Webster issuing more shares of its common stock to complete the merger. See Termination and Amendment of the Merger Agreement.

Non-Electing Shares. First City shareholders who make no election to receive cash or Webster common stock in the merger, and First City shareholders who do not make a valid election, will be deemed not to have made an election. Shareholders not making an election may be paid in cash, Webster common stock or a mix of cash and shares of Webster common stock depending on, and after giving effect to, the number of valid cash elections and stock elections that have been made by other First City shareholders using the proration adjustment described below.

Election Limitations. The number of shares of First City common stock that will be converted into Webster common stock in the merger is fixed at 60% of the total First City common shares outstanding immediately before completion of the merger. The remainder, or 40%, of the First City common shares will be converted into the cash consideration. Therefore, the cash and stock elections are subject to proration to preserve this requirement regarding the number of shares of Webster common stock to be issued and the cash to be paid in the merger. As a result, if you elect to receive only cash or only stock, you may nevertheless receive a mix of cash and stock.

Proration if Too Much Stock is Elected. If First City shareholders elect to receive more Webster common stock than Webster has agreed to issue in the merger, then First City shareholders who elect to receive cash or who have made no election will receive cash for each share of First City common stock. All First City shareholders who elected to receive Webster common stock will receive a pro rata portion of the available Webster shares plus cash for those shares not converted into Webster common stock.

Proration if Too Much Cash is Elected. If First City shareholders elect to receive fewer shares of Webster common stock than Webster has agreed to issue in the merger, then all First City shareholders who elected to receive Webster common stock will receive Webster common stock and those shareholders who have elected cash or have made no election will be treated in the following manner:

If the number of shares held by First City shareholders who have made no election is sufficient to make up the shortfall in the number of Webster shares that Webster is required to issue, then all First City shareholders who elected cash will receive cash, and those shareholders who made no election will receive a combination of cash and Webster common stock in whatever proportion is necessary to make up the shortfall.

If the number of shares held by First City shareholders who have made no election is insufficient to make up the shortfall, then all of those shares will be converted into Webster common stock and those First City shareholders who elected to receive cash will receive a combination of cash and Webster common stock in whatever proportion is necessary to make up the shortfall.

First City Stock Options. Upon completion of the merger, each First City stock option which is outstanding immediately before the merger, whether or not exercisable or vested, will be converted into an option to purchase shares of Webster common stock in an amount and at an exercise price determined on the following basis:

the number of shares of Webster common stock to be subject to the option immediately after the effective time of the merger will be equal to the product of the number of shares of First City common stock subject to the option immediately before the merger, multiplied by 0.57. Any fractional shares of Webster common stock resulting from this multiplication will be rounded down to the nearest whole share; and

the exercise price per share of Webster common stock under the converted option immediately after the merger will be equal to the exercise price per share of First City common stock under the option immediately before the merger divided by 0.57, provided that the exercise price will be rounded up to the nearest cent.

The adjustment will be made in a manner consistent with Section 424(a) of the Internal Revenue Code of 1986, as amended. The duration and other terms of the First City options will otherwise be unchanged except that all references to First City in any of the First City stock plans (and corresponding references in any option agreement documenting such option) shall be deemed to be references to Webster.

No guarantee can be made that you will receive solely stock or solely cash, if you so elect. As a result of the allocation procedures and other limitations outlined in this document and in the merger agreement, you may receive Webster common stock or cash in amounts that vary from the amounts you elect to receive.

Certificates for fractions of shares of Webster s common stock will not be issued. Instead of a fractional share of Webster s common stock, a First City shareholder will be entitled to receive an amount of cash equal to the fraction of a share of Webster s common stock to which the shareholder would otherwise be entitled multiplied by the average of the daily closing prices per share for Webster s common stock for the five consecutive trading days immediately preceding, but not including, the trading day before the closing date of the merger.

The conversion of First City s common stock into merger consideration will occur automatically upon completion of the merger. Under the merger agreement, after the effective time of the merger, Webster will cause its exchange agent to pay the purchase price to each First City shareholder who surrenders the appropriate documents to the exchange agent. In this document, we use the term purchase price to refer to the (i) shares (if any) of Webster s common stock (ii) cash (if any) and (iii) any cash to be paid instead of a fraction of a share of Webster s common stock, payable to each holder of First City s common stock.

Election Procedures; Surrender of Stock Certificates

An election form is being mailed under separate cover on or about the date of this proxy statement/prospectus. The election form entitles the record holder of First City common stock to indicate a preference to receive either (a) $27.00 in cash, without interest, or (b) 0.57 shares of Webster common stock. If no election is made, then such holder shall receive cash, stock or a combination of cash and stock in the merger as outlined above.

To make an effective election, a record shareholder must submit a properly completed election form to American Stock Transfer & Trust Company, which will be acting as the exchange agent, on or before 5:00 p.m., New York City time, on , 2004 (the election deadline). An election form will be deemed properly completed only if accompanied by stock certificates representing all shares of First City common stock covered by the election form (or an appropriate guarantee of delivery). You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed, revised election form received by the exchange agent prior to the election deadline. You may revoke your election by written notice received by the exchange agent prior to the election deadline or by withdrawal of your stock certificates prior to the election deadline. All elections will be revoked automatically if the merger agreement is terminated.

Shareholders will not be entitled to revoke or change their elections following the election deadline. As a result, shareholders who have made elections will be unable to sell their shares of First City common stock during the interval between the election deadline and the date of completion of the merger.

If stock certificates for First City common stock are not immediately available or time will not permit the election form and other required documents to reach the exchange agent prior to the election deadline, First City shares may be properly exchanged provided that:

(1) such exchanges are made by or through a member firm of the New York Stock Exchange or another registered national securities exchange, or by a commercial bank or trust company having an office, branch or agency in the United States;

(2) the exchange agent receives, prior to the election deadline, a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided with this proxy statement/prospectus (delivered by hand, mail, telegram, telex or facsimile transmission); and

(3) the exchange agent receives, within five business days after the election deadline, the certificates for all exchanged First City shares, or confirmation of the delivery of all such certificates into the exchange agent s account with the Depository Trust Company in accordance with the proper

procedures for such transfer, together with a properly completed and duly executed election form and any other documents required by the election form.

First City shareholders who do not submit a properly completed election form or revoke their election form prior to the election deadline will have their shares of First City common stock designated as non-election shares and will receive cash, stock or a combination of stock and cash as outlined above. First City stock certificates represented by elections that have been revoked or not fulfilled will be returned without charge.

First City shareholders who hold their shares of common stock in street name through a bank, broker or other financial institution, and who wish to make an election, should seek instructions from the financial institution holding their shares concerning how to make the election.

Webster will deposit with the exchange agent the certificates representing Webster s common stock and cash to be issued to First City shareholders in exchange for First City s common stock. As soon as practicable after the completion of the merger, the exchange agent will mail to First City shareholders who do not submit election forms a letter of transmittal, together with instructions for the exchange of their First City stock certificates for the merger consideration. Upon surrendering his or her certificate(s) representing shares of First City s common stock, together with the signed letter of transmittal, the First City shareholder shall be entitled to receive, as applicable (i) certificate(s) representing a number of whole shares of Webster s common stock determined in accordance with the exchange ratio, (ii) a check representing the amount of cash to which such holder shall have become entitled to, and (iii) a check representing the amount of cash in lieu of fractional shares. You will not be paid dividends or other distributions declared after the merger with respect to any Webster common stock into which your shares have been converted until you surrender your First City stock certificates for exchange. No interest will be paid or accrue to First City shareholders on the cash consideration, cash instead of fractional shares or unpaid dividends and distributions, if any. After the effective time of the merger, there will be no further transfers of the First City common stock. First City stock certificates presented for transfer after the completion of the merger will be canceled and exchanged for the merger consideration.

If your stock certificates have been lost, stolen or destroyed, you will have to prove your ownership of these certificates and certify that they were lost, stolen or destroyed before you receive any consideration for your shares. Upon request, American Stock Transfer & Trust Company will send you instructions on how to provide evidence of ownership.

If any certificate representing shares of Webster s common stock is to be issued in a name other than that in which the certificate for shares surrendered in exchange is registered, or cash is to be paid to a person other than the registered holder, it will be a condition of issuance or payment that the certificate so surrendered be properly endorsed or otherwise be in proper form for transfer and that the person requesting the exchange either:

- pay to the exchange agent in advance any transfer or other taxes required by reason of the issuance of a certificate or payment to a person other than the registered holder of the certificate surrendered, or

- establish to the satisfaction of the exchange agent that the tax has been paid or is not payable.

Any portion of the purchase price made available to the exchange agent that remains unclaimed by First City shareholders for six months after the effective time of the merger will be returned to Webster. Any First City shareholder who has not exchanged shares of First City s common stock for the purchase price in accordance with the merger agreement before that time may look only to Webster for payment of the purchase price for these shares and any unpaid dividends or distributions after that time. Nonetheless, Webster, First City, the exchange agent or any other person will not be liable to any First City shareholder for any amount properly delivered to a public official under applicable abandoned property, escheat or similar laws.

Regulatory Approvals

For the merger of Webster Bank and First City to take place, we must receive approvals of the Office of the Comptroller of the Currency, referred to in this section as the OCC , and the Connecticut Commissioner of Banking. In this section, we refer to these approvals as the required regulatory approvals . Webster and First City have agreed to cooperate to obtain the required regulatory approvals.

Webster Bank has filed with the OCC an application for approval of the merger of Webster Bank and First City. We refer to that merger in this section as the bank merger . The bank merger is subject to the approval of the OCC under the National Banking Act of 1864, the Bank Merger Act provisions of the Federal Deposit Insurance Act and related OCC regulations. These approvals require consideration by the OCC of various factors, including assessments of the competitive effect of the contemplated transaction, the managerial and financial resources and future prospects of the resulting institution, the effectiveness of the institutions involved in combating money laundering, and the effect of the contemplated transaction on the convenience and needs of the communities to be served. The Community Reinvestment Act of 1977, commonly referred to as the CRA , also requires that the OCC, in deciding whether to approve the bank merger, assess the records of performance of Webster Bank and First City in meeting the credit needs of the communities they serve, including low and moderate income neighborhoods. As part of the review process, it is not unusual for the OCC to receive protests and other adverse comments from community groups and others. Webster Bank currently has an outstanding CRA rating from the Office of Thrift Supervision, its previous primary federal regulator. First City currently has a satisfactory CRA rating from the FDIC. The OCC regulations require publication of notice and an opportunity for public comment concerning the applications filed in connection with the bank merger, and authorize the OCC to hold informal and formal meetings in connection with the applications if the OCC, after reviewing the applications or other materials, determines it desirable to do so or receives a request for an informal meeting. Any meeting or comments provided by third parties could prolong the period during which the merger is subject to review by the OCC. The bank merger may not take place for a period of 15 to 30 days following OCC approval, during which time the Department of Justice has authority to challenge the merger on antitrust grounds. The OCC will determine the precise length of the period in consultation with the Department of Justice. The commencement of an antitrust action would stay the effectiveness of any approval granted by the OCC unless a court specifically orders otherwise. If the Department of Justice does not start a legal action during the waiting period, it may not challenge the transaction afterward, except in an action under Section 2 of the Sherman Antitrust Act.

An acquisition statement has been filed with the Connecticut Commissioner of Banking in connection with bank merger. In reviewing the acquisition statement, the Connecticut Commissioner will review and consider, among other things, whether the investment and lending policies of Webster Bank and First City are consistent with safe and sound banking practices and will benefit the economy of the State, whether the services or proposed services of Webster Bank are consistent with safe and sound banking practices and will benefit the economy of the State, the competitive effects of the transaction, and the financial and managerial resources of Webster and Webster Bank. The Connecticut Commissioner also will review the records of Webster Bank and First City under the CRA. The Connecticut Commissioner may, at his discretion, hold a public hearing on the proposed transaction.

Webster and First City are not aware of any other material governmental approvals that are required for bank merger to take place that are not described above. If any other approval or action is required, we expect that we would seek the approval or take the necessary action.

The merger cannot take place without the required regulatory approvals, which we have not yet received. There is no assurance that we will receive these approvals, or if we do, when we will receive them or that they will not contain a non-customary condition that materially alters the anticipated benefits and effects of the bank merger. Also, there is no assurance that the Department of Justice will not challenge the merger on antitrust grounds following OCC approval, or, if a challenge is made, what the result of a challenge would be.

Conditions to the Merger

Under the merger agreement, Webster and First City are not obligated to complete the merger unless the following conditions are satisfied:

the merger agreement and the merger are approved and adopted by the affirmative vote of the holders of at least two-thirds of the outstanding shares of First City s common stock entitled to vote at the special meeting;

all required regulatory approvals are obtained and remain in full force and effect, all statutory waiting periods related to these approvals have expired, and none of the regulatory approvals or statutory waiting periods contains a non-customary provision that materially alters the benefits for which Webster bargained in the merger agreement;

the proxy materials are cleared or approved by the FDIC and the Registration Statement is declared effective by the SEC, and no stop order suspending the effectiveness of the Registration Statement is issued and no proceedings for that purpose are initiated or threatened by the SEC; and

no order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the merger or any of the other transactions contemplated by the merger agreement from taking place is in effect, and no statute, rule, regulation, order, injunction or decree is enacted, entered, promulgated or enforced by any governmental entity which prohibits, restricts or makes illegal the consummation of the merger.

Webster is not obligated to complete the merger unless the following additional conditions are satisfied or waived:

the representations and warranties of First City contained in the merger agreement are true and correct in all material respects as of the date of the merger agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the closing date of the merger as though made on and as of the closing date;

First City performs in all material respects all covenants and agreements contained in the merger agreement to be performed by First City at or prior to the closing date;

First City obtains the consents, approvals or waivers of each person whose consent or approval is required in order to permit the succession by Webster Bank pursuant to the merger to any obligation, right or interest of First City under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument, except where the failure to obtain consents, approvals or waivers will not have a material adverse effect on First City or Webster Bank; and

no changes, other than changes contemplated by the merger agreement, in the business, operations, condition (financial or otherwise), assets or liabilities of First City (regardless of whether or not such events or changes are inconsistent with the representations and warranties given in the merger agreement) occur that individually or in the aggregate have or would reasonably be expected to have a material adverse effect on First City.

First City is not obligated to complete the merger unless the following additional conditions are satisfied or waived:

the representations and warranties of Webster contained in the merger agreement are true and correct in all material respects as of the date of the merger agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the closing date of the merger as though made on and as of the closing date;

Webster performs in all material respects all covenants and agreements contained in the merger agreement required to be performed by it at or prior to the closing date;

the consent, approval or waiver of each person whose consent or approval is required in connection with the transactions contemplated by the merger agreement under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement or instrument to which Webster is a party or is otherwise bound shall be obtained; and

the shares of Webster Common Stock to be issued in the merger are approved for listing on the NYSE.

Conduct of Business Pending the Merger

The merger agreement contains various restrictions on the operations of First City before the effective time of the merger. In general, the merger agreement obligates First City to continue to carry on its businesses in the ordinary course consistent with past practices and with prudent banking practices, with specific limitations on the lending activities and other operations of First City. The merger agreement prohibits First City from:

declaring any dividends or other distributions on its capital stock other than regular quarterly cash dividends on First City s common stock not to exceed $0.05 per share;

splitting, combining or reclassifying any of its capital stock;

repurchasing, redeeming or otherwise acquiring any shares of the capital stock of First City or any securities convertible into or exercisable for any shares of the capital stock of First City;

issuing or authorizing or proposing the issuance of any securities, other than the issuance of additional shares of First City s common stock upon the exercise or fulfillment of rights or options issued or existing under First City s stock option plan in accordance with their present terms;

amending its articles of incorporation or bylaws;

making capital expenditures aggregating in excess of $5,000;

entering any new line of business;

acquiring an equity interest in the assets of other business organizations except in connection with foreclosures, settlements or troubled loan restructurings, or in the ordinary course of business consistent with prudent banking practices;

taking any action that may result in any of its representations and warranties contained in the merger agreement becoming untrue or in any of the applicable conditions contained in the merger agreement not being satisfied;

changing its methods of accounting in effect at December 31, 2003, except as required by changes in regulatory or generally accepted accounting principles;

adopting or amending any employment agreements between First City or its subsidiaries and their employees and directors other than merit increases consistent with past business practices, not to exceed 5% of such employee s base salary;

entering into, modifying or renewing any agreement or arrangement providing for the payment to any director, officer or employer of compensation or benefits;

hiring any new employee at an annual rate of compensation in excess of $24,000;

incurring any indebtedness for borrowed money or assuming the obligations of a third party, except for short-term borrowings with a maturity of six months or less in the ordinary course consistent with past practices;

selling, opening or closing any banking or other office;

making any equity investments in real estate, other than in connection with foreclosures or settlements in lieu of foreclosures or troubled loan restructurings, in the ordinary course of business consistent with past banking practices;

making any new loans or modifying the terms of any existing loans with any affiliated person of First City;

incurring any deposit liabilities, other than in the ordinary course of business consistent with past practice;

purchasing any loans or selling, purchasing or leasing any real property other than consistent with past practices;

originating (a) any loans except in accordance with existing First City lending policies and practices, (b) residential mortgage loans in excess of $250,000, (c) 30 year residential mortgage loans without interest rate, terms, appraisal, and underwriting do not make them immediately available for sale in the secondary market, (d) unsecured consumer loans in excess of $10,000, (e) commercial business loans in excess of $500,000 as to any loan or $500,000 in the aggregate as to related loans or loans to related persons, (f) commercial real estate first mortgage loans in excess of $500,000 as to any loan or $500,000 in the aggregate as to related loans or loans to related borrowers, or (g) modifications and/or extensions of any commercial business or commercial real estate loans in the amounts set forth in the preceding clauses (e) and (f) other than in the ordinary course of business consistent with past practice;

making any investments other than in overnight federal funds and U.S. Treasuries that have a maturity date that does not exceed three months;

taking any actions that would prevent the transactions contemplated by the merger agreement from qualifying as a reorganization under section 368(a) of the Code;

selling or purchasing any mortgage loan servicing rights; or

agreeing or committing to do any of the actions listed above.

Third Party Proposals

Under the merger agreement, First City generally may not, and must instruct its officers, directors, employees, agents and other representatives not to, maintain, initiate, solicit or encourage (including by way of furnishing information or assistance) or take any other action to facilitate any inquiries or the making of any proposal that constitutes or reasonably may be expected to lead to any competing proposal. The merger agreement also prohibits First City from holding discussions or negotiations relating to any competing proposal and from agreeing to or endorsing any competing proposal.

The merger agreement defines a competing proposal as (i) any inquiry, proposal or offer from any person relating to any direct or indirect acquisition or purchase of First City or any business line of First City that constitutes 15% or more of the net revenues, net income or assets of First City or 15% or more of any class of equity securities of First City, (ii) any tender offer or exchange offer that if consummated would result in any person beneficially owing 15% or more of any class of equity securities of First City or (iii) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving First City, other than the transactions contemplated by the merger agreement.

Notwithstanding the above restrictions, in connection with a superior competing transaction and subject to other specified conditions, First City will be permitted to furnish information with respect to, or enter into discussions or negotiations with, any person that makes an unsolicited bona fide proposal to acquire First City; *provided, however,* that (a) the special meeting of First City shareholders to consider the merger has not occurred; (b) the First City board of directors has determined in good faith, after consultation with outside counsel, that such action is necessary in order to comply with the board s fiduciary duties to the First City shareholders under Connecticut law; (c) First City provides prior written notice to Webster of its decision to take such action; (d) First City receives an executed confidentiality agreement on terms no less favorable to First City than those contained in the confidentiality agreement between Webster and First City; and (e) First City keeps Webster informed, on a current basis, of the status and details of any such discussions or negotiations.

The merger agreement defines a superior competing transaction as any proposal made by a third party to acquire, directly or indirectly, including pursuant to a tender offer, exchange offer, merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction, for consideration consisting of cash and/or securities, more than 50% of the combined voting power of the shares of First City common stock then outstanding or all or substantially all the assets of First City, and otherwise on terms which the Board of Directors of First City, determines in its good faith judgment (after consultation with its outside legal counsel and its financial advisors) to be more favorable to its stockholders than the merger and for which financing, to the extent required, is then committed or which if not committed is, in the good faith judgment of its Board of Directors, reasonably capable of being obtained by such third party.

Expenses; Breakup Fee

The merger agreement generally provides that all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid for by the party incurring such expense. However, if the merger agreement is terminated by Webster or First City as a result of a material breach of a representation, warranty, covenant or other agreement contained in the merger agreement by the other party, or is terminated by Webster as a result of First City s failure to hold the special meeting within a specified time period, to recommend approval of the merger or to oppose any third party proposal, the merger agreement provides for the non-terminating party to pay all documented, reasonable costs and expenses of the terminating party up to $300,000. In the event the merger agreement is terminated by Webster due to First City s shareholders not having approved the merger agreement and (a) after the date of the merger agreement (July 16, 2004) and before the special meeting date, there shall have been a third party public event (as defined in the merger agreement) and (b) within 18 months following such special meeting, First City enters into an agreement for an acquisition transaction (as defined in the merger agreement) or an acquisition transaction otherwise occurs, First City shall pay all documented, reasonable costs and expenses of Webster up to $300,000, plus a breakup fee of $1,630,000. In the event the merger agreement is terminated by Webster due to First City s willful material breach of a representation, warranty, covenant or other agreement contained in the merger agreement, First City shall pay all documented, reasonable costs and expenses of Webster up to $300,000, plus a breakup fee of $1,630,000. In the event First City has given written notice to Webster that First City desires to enter into a superior competing proposal or if First City s Board of Directors has determined to change its recommendation in favor of the merger, First City shall also pay all documented, reasonable costs and expenses of Webster up to $300,000, plus a breakup fee of $1,630,000. In the event the merger agreement is terminated by First City due to Webster s willful material breach of a representation, warranty, covenant or other agreement contained in the merger agreement, Webster shall pay all documented, reasonable costs and expenses of First City up to $300,000, plus a breakup fee of $1,630,000.

Fairness Opinion of Ostrowski & Company, Inc.

By letter agreement dated as of October 2, 2002, First City retained Ostrowski & Company, Inc. (O&Co) as its financial advisor in connection with First City s consideration of a possible business combination involving First City and a second party. Pursuant to the terms of its engagement, O&Co agreed to assist First City in analyzing, structuring, negotiating and effecting a possible transaction. First City selected O&Co as its financial advisor based upon O&Co s in-depth knowledge of the banking and financial services industry, and the qualifications, experience and reputation of its personnel in the financial services and investment communities, as well as its experience in the valuation of bank and thrift institutions and their securities in connection with mergers and acquisitions and other corporate transactions.

O&Co acted as financial advisor to First City in connection with the proposed merger with Webster and participated in certain of the negotiations leading to the execution of the merger agreement. At the request of First City s Board of Directors, representatives of O&Co attended meetings of the Board of Directors on May 27, June 16, July 1 and July 14, 2004, at which the Board considered and approved the merger agreement. At the July 1 meeting, O&Co delivered to First City s Board of Directors its preliminary opinion that, as of such date, the merger consideration was fair to First City shareholders from a financial point of view. O&Co has also delivered to First City s Board of Directors its written opinion, dated as of July 16, 2004, that as of such date, the merger consideration was fair to First City shareholders from a financial point of view. The full text of O&Co s fairness opinion is attached as Appendix B to this Proxy Statement/ Prospectus and is incorporated into this document by reference. The description of the fairness opinion in this section is qualified in its entirety by reference to Appendix B. Holders of First City common stock are urged to read the opinion it its entirety. The opinion describes the procedures followed, assumptions made, matters considered and qualifications of the review undertaken by O&Co in connection with the opinion. O&Co s opinion is directed solely to the fairness of the merger consideration, from a financial point of view, and does not constitute any recommendation to First City s Board of Directors or the holders of First City s common stock with respect to any vote to be taken at the shareholders meeting with respect to the proposed merger.

Although O&Co evaluated the fairness of the merger consideration, from a financial point of view, to the First City shareholders, the consideration itself was determined by First City and Webster through arm s-length negotiations. First City did not provide specific instructions to, or place any limitation on, O&Co with respect to the procedures to be followed or the factors to be considered by O&Co in performing their analysis or providing their opinion.

In order to determine the fairness of the merger consideration from a financial point of view, O&Co, in connection with rendering its opinion, reviewed and relied upon, among other things: (i) the merger agreement; (ii) certain publicly available financial statements and other historical financial information of First City that were deemed relevant; (iii) certain publicly available financial statements and other historical financial information of Webster that were deemed relevant (iv) the pro forma financial impact of the proposed merger on Webster, based on assumptions relating to transaction expenses, purchase accounting adjustments and cost savings determined by senior management of First City and Webster; (v) the publicly reported historical price and trading activity for First City s and Webster s common stock, including a comparison of certain financial and stock market information for First City and Webster with similar publicly available information for certain other companies, the securities of which are publicly traded; (vi) the financial terms of certain recent business combinations in the banking and savings institutions industry, to the extent publicly available; (vii) the current market environment generally and the banking environment in particular; and (viii) such other information, financial studies, analyses and investigations and financial, economic and market criteria considered relevant. O&Co also discussed with certain members of senior management of First City the business, financial condition, results of operations and certain other information of First City and held similar discussions with certain members of senior management of Webster.

In performing its review, O&Co relied upon the accuracy and completeness of all of the financial and other information that was available from public sources, that was provided by First City or Webster or that was otherwise reviewed and assumed such accuracy and completeness for purposes of rendering this opinion. O&Co further relied on the assurances of management of First City and Webster that they were not aware of any facts or circumstances that would make any of such information regarding First City or Webster, as applicable, inaccurate or misleading. O&Co was not asked to and has not undertaken an independent verification of any of such information and O&Co does not assume any responsibility or liability for the accuracy or completeness thereof. O&Co did not make an independent evaluation or appraisal of the specific assets, or the liabilities (contingent or otherwise) of First City or Webster. O&Co has also assumed that there has been no material change in First City or Webster s assets, financial condition, results of operation, business or prospects since the date of the most recent financial statements made available. O&Co has assumed in all respects material to its analysis that First City and Webster will remain as going concerns for all periods relevant to its analyses, that all of the representations and warranties contained in the merger agreement and all related agreements are true and correct, that each party to such agreements will perform all of the covenants required to be performed by such party under such agreements, that the conditions precedent in the merger agreement are not waived and that the proposed merger will qualify as a tax-free reorganization for federal income tax purposes.

In performing its analyses, O&Co made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of First City, Webster and O&Co. Any estimates contained in the analyses performed by O&Co are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, O&Co s opinion was among several factors taken into consideration by the First City board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the First City board or management of First City with respect to the fairness of the merger consideration.

The following is a summary of the material analyses performed by O&Co and presented by O&Co to First City s Board of Directors in connection with its oral and written opinion. The summary is not a complete description of the analyses performed by O&Co and underlying the O&Co opinion or the presentation made by O&Co to First City s Board of Directors, but summarizes the material analyses performed and presented in connection with such opinion. The preparation of a fairness opinion is a complex analytic process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion O&Co did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, O&Co believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Summary of Proposal

First City shareholders will receive either $27.00 in cash or 0.57 shares of Webster common stock per common share, or a combination of cash and Webster common stock. The actual form of merger consideration that each shareholder will receive will be subject to proration so that 60% of the First City common shares will be exchanged for shares of Webster common stock and 40% of the First City common shares will be exchanged for cash.

Based upon Webster s July 16th closing price of $47.05 and the proration described above, the prorated value of the merger consideration was $26.89 per share on that date. The value of the merger consideration represented a 22.2% premium to First City s closing price of $22.05 on July 16, 2004, 16.4 times First City s trailing twelve months earnings, 21.9 times First City s trailing twelve months core earnings and 215% of First City s book value per share. O&Co calculated the premium paid as a percent of core deposits (franchise premium) to be 10.7%.

Comparable Transaction Analysis

O&Co reviewed certain financial data for acquisitions of banks and thrifts headquartered in New England, New Jersey, New York and Pennsylvania (the Northeast) announced between January 1, 2003 and June 30, 2004. The transactions reviewed are listed below:

Bank Transactions

Acquirer	Target
Univest Corporation of Pennsylvania	First County Bank
Fulton Financial Corp.	Premier Bancorp Inc.
Woori Financial Group	PanAsia Bank NA
KNBT Bancorp Inc.	First Colonial Group, Inc.
Lakeland Bancorp, Inc.	CSC Financial Corp.
Royal Bank of Scotland Group, Plc	Port Financial Corp.

Acquirer	Target
National Penn Bancshares, Inc.	HomeTowne Heritage Bank
Univest Corporation of Pennsylvania	Suburban Community Bank
Webster Financial Corporation	North American Bank & Trust
Community Bank System Inc	Grange National Banc Corp
Eagle National Bancorp, Inc	Eagle National Bank
Provident Bancorp, Inc	E.N.B. Holding Company, Inc
South Shore Savings Bank	Horizon Bank & Trust Company
Royal Bank of Scotland Group, Plc	Community Bancorp, Inc
PNC Financial Services Group, Inc	United National Bancorp
Banknorth Group, Inc	First & Ocean Bancorp
Piraeus Bank	Interbank of New York
Harleysville National Corporation	Millenium Bank
Bank of America Corporation	FleetBoston Financial Corp.
Lakeland Bancorp, Incorporated	Newtown Financial Corporation
Salisbury Bancorp. Inc.	Canaan National Bancorp, Inc
Banknorth Group, Inc.	CCBT Financial Corporation
Susquehanna Bancshares, Inc.	Patriot Bank Corp.
North Fork Bancorporation, Inc.	Trust Company of New Jersey
National Penn Bankshares, Inc.	Peoples First, Inc.
Partners Trust Financial Group, Inc.	BBS Bancorp, Inc
Community Bank System, Inc.	First Heritage Bank
Fairfield County Bank Corp.	Bank of Westport
Sun Bancorp, Inc.	Community Bancorp of New Jersey
Center Financial Corporation	Liberty Bank of New York
Leesport Financial Corp.	Madison Bancshares Group, Inc.
Omega Financial Corporation	Sun Bancorp, Inc.
F.N.B. Corporation	Slippery Rock Financial Corp.
Fulton Financial Corporation	First Washington Financial Corp.
Sterling Financial Corporation	Pennsylvania State Banking Co.

Thrift Transactions

Acquiror	Target
Advance Bank	Berean Bank
Northwest Bancorp Inc. (MHC)	First Bell Bancorp, Inc.
Community Bank System, Inc.	Peoples Bankcorp, Inc.
Sovereign Bancorp, Inc.	First Essex Bancorp, Inc
NY Community Bancorp, Inc	Roslyn Bancorp, Inc
New Haven Savings Bank	Connecticut Bankshares
New Haven Savings Bank	Alliance Bancorp of N.E., Inc
Ridgefield Bank	Fairfield County Savings Bank
First Commonwealth Fin.Corp.	Pittsburg Financial Corp.
First Niagra Financial Group, Inc	Troy Financial Corporation
FleetBoston Financial Corporation	Progress Financial Corporation
Northwest Bancorp, Inc. (MHC)	Skibo Financial Corp. (MHC)
Royal Bank of Scotland Group, Inc.	Thistle Group Holdings, Co.
Webster Financial Corporation	FIRST FED AMERICA BANCORP
Seacoast Financial Services Corporation	Abington Bancorp, Inc.
Banknorth Group, Inc.	Foxborough Savings Bank

Acquiror	Target
Independence Community Bank Corp.	Staten Island Bancorp, Inc.
First Commonwealth Financial Corporation	GA Financial, Inc.
Provident Financial Services, Inc	First Sentinel Bancorp, Inc.
Independent Bank Corp.	Falmouth Bancorp, Inc.
Sovereign Bancorp, Inc.	Seacoast Financial Services Corp.
North Fork Bancorporation, Inc.	Green Point Financial Corp.
Sovereign Bancorp, Inc.	Waypoint Financial Corp.
Provident Bancorp, Inc.	Warwick Community Bancorp, Inc.
First Niagara Financial Group, Inc.	Hudson River Bancorp, Inc.
Prosperity Bancshares, Inc.	Liberty Bancshares, Inc.
Banknorth Group, Inc.	BostonFed Bancorp, Inc.

O&Co calculated average multiples of deal price at announcement to last twelve months earnings per share (LTM EPS), to last twelve months core earnings per share (Core LTM EPS), to book value per share and the franchise premium for both groups of transactions on a quarterly basis beginning January 1, 2003 through June 30, 2004. These multiples were compared to First City s financial information as of and for the three months ended March 31, 2004 and the merger consideration value of $26.89 per share. The results of the analysis are set forth in the following table.

Deal	Webster	2-QTR-04		1-QTR-04		4-QTR-03		3-QTR-03		2-QTR-03		1-QTR-03	
Multiples	First City	Banks	Thrifts	Banks	Thrifts	Banks	Thrifts	Banks	Thrifts	Banks	Thrifts	Banks	Thrifts
LTM Earnings	16.40X	27.83X	23.97X	28.21X	29.72X	27.47X	22.02X	19.34X	27.49X	23.39X	14.59X	23.16X	13.00X
Core LTM Earnings	21.86X	29.54X	27.45X	30.16X	25.41X	27.31X	22.82X	21.28X	29.93X	26.28X	16.58X	24.84X	26.44X
Percent of Book Value	215%	264.1%	220.4%	245.6%	227.5%	262.2%	239.2%	239.2%	215.6%	244.7%	223.4%	250.3%	161.3%
Franchise Premium	10.71%	21.1%	19.6%	17.1%	25.7%	22.0%	28.8%	18.4%	23.4%	21.3%	15.9%	18.4%	23.4%

No company or transaction used as a comparison in the above analysis is identical to First City, Webster or the proposed merger. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial, operating and market characteristics of the companies.

Selected Peer Group Analyses.

O&Co compared the financial performance and market valuations of First City to those of a group of exchange listed banks, headquartered in the Northeast, with assets less than $500 million at March 31, 2004 (the FCB Peer Group). The FCB Peer Group consisted of the following banks:

1st Constitution Bancorp	Monmouth Community Bancorp
Boardwalk Bank	Norwood Financial Corp.
Bridge Street Financial, Inc.	Parke Bank
Brunswick Bancorp	Patriot National Bancorp, Inc.
Codorus Valley Bancorp, Inc.	PSB Bancorp, Inc.
Commercial National Financial Corporation	Salisbury Bancorp, Inc.
Cornerstone Bancorp, Inc.	Somerset Hills Bancorp
East Penn Financial Corporation	Southern Connecticut Bancorp, Inc.
Evans Bancorp, Inc.	Sterling Bank
First City Bank	Sussex Bancorp
First Washington FinancialCorp	SVB Financial Services, Inc.
Jeffersonville Bancorp	Union Bankshares, Inc.

Merrill Merchants Bancshares, Inc.	Unity Bancorp, Inc.
Mid Penn Bancorp, Inc.	

First City reported a return on average assets of 0.90%, core return on average assets of 0.70%, return on average equity of 12.09%, core return on average equity of 9.41%, net interest margin of 3.97%, and an efficiency ratio of 64.1% based on the three months ended March 31, 2004 annualized, and an equity to total asset ratio of 7.40% at March 31, 2004. Based upon reported earnings for the three months ended March 31, 2004 annualized, the respective FCB Peer Group averages were: return on average assets of 0.81%; core return on average assets of 0.76%; return on average equity of 9.70%; core return on average equity of 9.18%; net interest margin of 4.38%; an efficiency ratio of 71.7%; and an equity to total asset ratio of 11.39% at March 31, 2004.

O&Co also compared the trading market performance of First City common stock with the trading market performance of the common stocks of the FCB Peer Group. On July 16, 2004, the closing price of First City on the American Stock Exchange was $22.05, or 13.4 times LTM earnings and 176% of reported March 31, 2004 book value, compared to FCB Peer Group averages of 20.2 times LTM earnings and 186% of reported March 31 2004 book value, respectively.

O&Co compared the financial condition and operating performance of Webster with a peer group of exchange listed banks with assets greater than $10 billion (the Webster Peer Group). The Webster Peer Group consisted of the following banks:

AmSouth Bancorporation	KeyCorp
Associated Banc-Corp	M&T Bank Corporation
BancorpSouth, Inc.	Marshall & Ilsley Corporation
Bank of America Corporation	Mellon Financial Corporation
Bank of Hawaii Corporation	Mercantile Bankshares Corporation
Bank of New York Company, Inc.	National City Corporation
Banknorth Group, Inc.	National Commerce Financial Corporation
BB&T Corporation	North Fork Bancorporation, Inc.
BOK Financial Corporation	Northern Trust Corporation
Charter One Financial, Inc.	PNC Financial Services Group, Inc. (The)
Citigroup, Inc.	Popular, Inc.
City National Corporation	Regions Financial Corporation
Colonial BancGroup, Inc.	Sky Financial Group, Inc.
Comerica Incorporated	South Financial Group, Inc. (The)
Commerce Bancorp, Inc.	SouthTrust Corporation
Commerce Bancshares, Inc.	State Street Corporation
Compass Bancshares, Inc.	SunTrust Banks, Inc.
Doral Financial Corporation	Synovus Financial Corp.
Fifth Third Bancorp	TCF Financial Corporation
First BanCorp	U.S. Bancorp
First Citizens BancShares, Inc.	UnionBanCal Corporation
First Horizon National Corporation	Valley National Bancorp
FirstMerit Corporation	W Holding Company Incorporated
Hibernia Corporation	Wachovia Corporation
Huntington Bancshares Incorporated	Wells Fargo & Company
Investors Financial Services Corp.	Zions Bancorporation
JPMorgan Chase & Co.	

Based on March 31, 2004 financial data, Webster reported a return on average assets of 1.15%, core return on average assets of 1.05%, return on average equity of 14.28%, core return on average equity of 13.08%, net interest margin of 3.08%, and an efficiency ratio of 56.6% based on the three months ended March 31, 2004 annualized, and an equity to total asset ratio of 8.03% at March 31, 2004. Based upon reported results for the three months ended March 31, 2004 annualized, the Webster Peer Group averages were: return on average assets of 1.50%; core return on average assets of 1.42%; return on average equity of 17.18%; core return on average equity of 16.25%; net interest margin of 3.54%; an efficiency ratio of 57.2%; and an equity to total asset ratio of 8.76% at March 31, 2004.

O&Co also compared the trading market performance of Webster common stock with the trading market performance of the common stocks of the Webster Peer Group. On July 16, 2004, the closing price of

Webster common stock on the New York Stock Exchange was $47.05, or 13.1 times LTM earnings and 180% of reported March 31, 2004 book value, compared to the Webster Peer Group averages of 15.2 times LTM earnings and 249% of reported March 31, 2004 book value, respectively.

Discounted Cash Flow Analysis

O&Co performed an analysis which estimated the future cash flows to First City s shareholders over a five year period under various circumstances, assuming First City performed in accordance with earnings forecasts. To approximate the terminal value of First City s common stock at the end of the five-year-period, O&Co applied price to earnings multiples ranging from 10.0 times to 18.0 times, which resulted in values that equated to percentages of projected book value ranging from 109% to 196%. The terminal values were then discounted to present values using discount rates ranging from 7.50% to 15.0%, chosen to reflect assumptions regarding rates of return and risk premiums required by holders or prospective holders of First City s common stock. The analysis resulted in a range of present values per share of $13.41 to $32.62.

O&Co compared this analysis to the projected future cash flows to First City s shareholders over a five year period assuming the First City common stock was exchanged for the merger consideration. To approximate the terminal value of the merger consideration at the end of the five year period, O&Co applied price to earnings multiples ranging from 10.0 times to 18.0 times, which resulted in values that equated to percentages of projected book value ranging from 133% to 239%. The terminal values were then discounted to present values using discount rates ranging from 7.50% to 15.0%. The analysis resulted in a range of present values per share of $22.76 to $38.79.

Compensation of Financial Advisor

Pursuant to its agreement with O&Co, First City agreed to pay O&Co an advisory fee for advice and assistance in connection with the proposed merger, including rendering a written opinion as to the fairness of the merger consideration, from a financial point of view, to First City s shareholders. The total advisory fee payable to O&Co in connection with the proposed merger is approximately $500,000. First City has made interim payments to O&Co totaling $105,000 as of the mailing of this Proxy Statement/ Prospectus. The balance of the advisory fee is payable upon completion of the merger. Pursuant to its agreement with O&Co, First City also agreed to reimburse O&Co for its reasonable out-of-pocket expenses, including legal fees, incurred in connection with O&Co s engagement, and to indemnify O&Co and its directors, officers, employees, agents and controlling persons against certain expenses and liabilities.

Representations and Warranties

In the merger agreement, First City made representations and warranties to Webster. The material representations and warranties of First City are the following:

- the proper organization and good standing of First City;
- insurance of the First City s deposit accounts by the FDIC;
- capitalization of First City;
- existence of corporate power and authority of First City to execute, deliver and perform its various obligations under the transaction documents;
- board approval of the merger agreement;
- a listing of all consents and approvals required to complete the merger;
- accurate disclosure of loan portfolio and timely filing of reports;
- proper presentation of financial statements;
- First City s filings with the FDIC comply in all material respects with applicable requirements;
- no broker s fees other than a fee to Ostrowski & Company, Inc.;
- absence of any material adverse change in First City;
- absence of legal proceedings;
- timely filing of tax returns and absence of tax claims;
- existence of employee benefit plans and material compliance with applicable law;
- existence of material contracts and their effectiveness;

absence of regulatory agreements with banking regulators;

material compliance with environmental law;

adequacy of loss reserves;

existence of properties and assets, absence of encumbrances, and existence of good title;

- existence of insurance policies;
- operations in material compliance with applicable laws;
- existence of loans, their material compliance with applicable laws, proper organization of loan information, and proper perfection of security interests;
- accuracy of information regarding First City to be included in this document;
- receipt of the fairness opinion of Ostrowski & Company, Inc.
- employee benefits;
- labor matters; and
- intellectual property matters.

In the merger agreement, Webster made representations and warranties to First City. The material representations and warranties of Webster are the following:

- the proper organization and good standing of Webster and Webster Bank;
- capitalization of Webster and ownership of shares of Webster Bank;
- existence of corporate power and authority to execute, deliver and perform Webster s and Webster Bank s obligations under the transaction documents;
- a listing of all regulatory consents and approvals to complete the merger;
- absence of material regulatory agreements or legal proceedings;
- accuracy of information regarding Webster to be included in this document;
- not taking any action or having any knowledge of any circumstance that could reasonably be expected to prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code;
- that the information contained in the various consolidated financial statements of Webster and its subsidiaries delivered to First City is true, correct and complete and fairly presents consolidated operations results and financial condition of Webster and its subsidiaries; and
- that except as set forth in Webster s Annual Report on Form 10-K for the fiscal year ended December 31, 2003 or quarterly report on Form 10-Q for the period ended March 31, 2004 or in any other filing made by Webster with the SEC since December 31, 2003, neither Webster nor any of its subsidiaries has incurred any material liability, except as contemplated by the merger agreement or in the ordinary course of business consistent with past practices, and no event has occurred which has had, or is likely to have, a material adverse effect (as defined in the merger agreement) on Webster.

Termination and Amendment of the Merger Agreement

Before or after First City shareholders approve the merger agreement, it may be terminated:

- by mutual written consent of Webster and First City;
- by Webster or First City upon written notice if 30 days pass after any required regulatory approval is denied or regulatory application is withdrawn at a regulator s request unless action is taken during the 30 day period for a rehearing or to file an amended application;

by Webster or First City if the merger has not taken place on or before June 30, 2005, unless the failure to complete the merger by that date is due to the terminating party s failure to perform or observe its covenants and agreements in the merger agreement;

by Webster or First City if First City s shareholders do not approve the merger agreement due to failure to obtain the required vote at a duly held meeting of shareholders;

by either Webster or First City (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained in the merger agreement that, individually or in the aggregate, would give the other party the right to terminate the merger agreement) if there shall have been a breach of any of the representations or warranties set forth in the merger agreement on the part of the other party, if such breach, individually or in the aggregate, has had or is likely to have a material adverse effect on the breaching party, and such breach is not curable or shall not have been cured within 30 days following receipt by the breaching party of written notice of such breach from the other party thereto or such breach, by its nature, cannot be cured prior to the closing;

by either Webster or First City (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained in the merger agreement that, individually or in the aggregate, would give the other party the right to terminate the merger agreement) if there shall have been a material breach of any of the covenants or agreements set forth in the merger agreement on the part of the other party, and such breach is not curable or shall not have been cured within 30 days following receipt by the breaching party of written notice of such breach from the other party thereto or such breach, by its nature, cannot be cured prior to the closing;

by Webster, if First City fails to call and hold within 40 days of the approval of the proxy materials a special meeting of First City shareholders to approve the merger agreement, fails to recommend that First City shareholders approve the merger and merger agreement, fails to oppose a competing third party proposal, or directly or indirectly facilitates a competing proposal; and

by Webster, if First City has complied with its obligations regarding competing proposals and has given written notice to Webster of its desire to enter into a superior competing transaction (as defined in the merger agreement) or that its Board of Directors has changed its recommendation in favor of the transactions contemplated by the merger agreement.

In addition, the merger agreement provides First City with a termination right during the two-day period starting one day after we receive all required regulatory approvals of the merger (the determination date), if both of the following conditions are met:

the average closing price of Webster s common stock (the Webster closing price) on the New York Stock Exchange for the five consecutive trading days ending on the determination date (the measurement period) is less than 80% of $47.05 (the Webster starting price); and

the ratio of the Webster closing price divided by the Webster starting price is less than the ratio of the final index price (as defined below) divided by the initial index price (as defined below) minus 0.20.

For five business days after Webster receives notice that First City intends to exercise this termination right, Webster can opt to increase the exchange ratio according to a formula contained in the merger agreement. This formula generally provides for an increase with the effect that the dollar value of the revised merger consideration per share of First City s common stock, based on the Webster closing price, would be equal to the value that would have been received by a First City shareholder if the Webster closing price was the minimum necessary so that one of the two conditions described above would not have been met. If Webster makes the foregoing election, then First City will no longer have its right to terminate the merger agreement and the merger consideration will be revised accordingly. In the case of any increase in the exchange ratio, because the formula is dependent on the future price of Webster s common stock and that of the index group, it is not possible presently to determine what the adjusted conversion ratio would be, but, in general, the ratio would be increased and, consequently, more shares of Webster s common stock issued, to take into account the extent the average price of Webster s common stock exceeded the decline in the average price of the common stock of the index group.

The final index price is defined in the merger agreement as the market-weighted closing prices of the members of The SNL Bank & Thrift Index for the five consecutive NYSE trading days ending at the close of trading on the date on which the last required approval of a governmental entity is obtained with respect to the merger.

The initial index price is defined in the merger agreement as the market-weighted closing prices of the members of The SNL Bank & Thrift Index on the date of the merger agreement, as published by SNL Financial.

The merger agreement also permits, subject to applicable law, the Boards of Directors of Webster and First City to:

- amend the merger agreement except as provided below;
- extend the time for performance of any of the obligations or other acts of the other party;
- waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered under the merger agreement; or
- waive compliance with any of the agreements or conditions contained in the merger agreement.

After approval of the merger agreement by First City s shareholders, no amendment of the merger agreement may be made without further shareholder approval if the amendment would reduce the amount or change the form of the consideration to be delivered to First City s shareholders under the merger agreement.

Material Federal Income Tax Consequences

The following summary discusses the material federal income tax consequences of the merger to First City shareholders. The summary is based on the Internal Revenue Code of 1986, as amended, referred to in this section as the Code, the U.S. Treasury regulations promulgated under the Code and related administrative interpretations and judicial decisions, all as in effect as of the effective time of the merger, and all of which are subject to change, possibly with retroactive effect.

The summary assumes that the holders of shares of First City s common stock hold their shares as capital assets. The summary applies only to holders of shares of First City common stock that are U.S. persons. For purposes hereof, a U.S. person is:

- a U.S. citizen or resident, as determined for U.S. federal income tax purposes;
- a corporation created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

This summary is not binding on the Internal Revenue Service and there can be no assurance that the Internal Revenue Service will not take a position contrary to one or more of the positions reflected in this summary or that these positions will be upheld by the courts if challenged by the Internal Revenue Service. No ruling from the Internal Revenue Service has been or will be requested with respect to the merger.

The summary does not address the tax consequences that may be applicable to particular First City shareholders in light of their individual circumstances or to First City shareholders who are subject to special tax rules, including:

- tax-exempt organizations;
- mutual funds;
- dealers in securities or foreign currencies;
- banks or other financial institutions;
- insurance companies;

non-United States persons;

- shareholders who acquired shares of First City s common stock through the exercise of options or otherwise as compensation or through a qualified retirement plan;
- shareholders who are subject to the alternative minimum tax;
- shareholders who hold shares of First City s common stock as part of a straddle, hedge, constructive sale or conversion transaction;
- traders in securities who elect to apply a mark-to-market method of accounting; and
- holders that do not hold their First City common stock as capital assets.

This summary is for general information purposes only. It is not a complete analysis or discussion of all potential effects of the merger. It also does not address any consequences arising under the tax laws of any state, locality, or foreign jurisdiction or under any federal laws other than those pertaining to the federal income tax.

The merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. The federal tax consequences of the merger to you will depend primarily on whether you exchange your First City common stock solely for Webster common stock (except for cash received instead of a fractional share of Webster common stock), solely for cash or for a combination of stock and cash.

Exchange Solely for Cash. In general, if, pursuant to the merger, a holder exchanges all of the shares of First City common stock actually owned by it solely for cash, that holder will recognize gain or loss equal to the difference between the amount of cash received and its adjusted tax basis in the shares of First City common stock surrendered. Any such gain or loss generally will be long-term capital gain or loss if the holder s holding period with respect to the First City common stock surrendered is more than one year at the effective time of the merger, and otherwise will be short-term capital gain or loss. Individuals generally qualify for favorable tax rates on long-term capital gains. If, however, any such holder constructively owns First City common stock that is exchanged for Webster common stock in the merger, or otherwise owns Webster common stock actually or constructively after the merger, the consequences to such holder may be similar to the consequences described below under the heading Exchange for Webster Common Stock and Cash, except that the amount of consideration, if any, treated as a dividend may not be limited to the amount of such holder s gain.

Exchange Solely for Webster Common Stock. If, pursuant to the merger, a holder exchanges all of the shares of First City common stock actually owned by it solely for shares of Webster common stock, that holder will not recognize any gain or loss except in respect of cash received instead of a fractional share of Webster common stock (as discussed below). The aggregate adjusted tax basis of the shares of Webster common stock received in the merger (including fractional shares deemed received and redeemed as described below) will be equal to the aggregate adjusted tax basis of the shares of First City common stock surrendered for the Webster common stock, reduced by the adjusted tax basis allocable to any fractional shares deemed received in the merger as described below. The holding period of the Webster common stock (including fractional shares deemed received and redeemed as described below) will include the period during which the shares of First City common stock were held.

Exchange for Webster Common Stock and Cash. If, pursuant to the merger, a holder exchanges all of the shares of First City common stock actually owned by it for a combination of Webster common stock and cash, the holder will generally recognize gain (but not loss) in an amount equal to the lesser of (1) the amount of gain realized (i.e., the excess of the sum of the amount of cash and the fair market value of the Webster common stock received pursuant to the merger over that holder s adjusted tax basis in its shares of First City common stock surrendered) and (2) the amount of cash received pursuant to the merger. For this purpose, gain or loss must be calculated separately for each identifiable block of shares surrendered in the exchange, and a loss realized on one block of shares may not be used to offset a gain realized on another block of shares. Any recognized gain will generally be long-term capital gain if the holder s holding period with respect to the First City common stock surrendered is more than one year at the effective time of the merger, and otherwise will be short-term capital gain. Individuals generally qualify for favorable tax rates on long-term capital gains. If, however, the cash received has the effect of the distribution of a dividend, the gain will be treated as a dividend to the extent of the holder s ratable share of First City s accumulated earnings and profits as calculated for United States federal income tax purposes. See Possible Treatment of Cash as a Dividend below.

The aggregate tax basis of Webster common stock received (including fractional shares deemed received and redeemed as described below) by a holder that exchanges its shares of First City common stock for a combination of Webster common stock and cash pursuant to the merger will be equal to the aggregate adjusted tax basis of the shares of First City common stock surrendered, reduced by the amount of cash received by the holder pursuant to the merger (excluding any cash received instead of a fractional share of Webster common stock), and increased by the amount of gain (including any portion of the gain that is treated as a dividend as described below but excluding any gain or loss resulting from the deemed receipt and redemption of fractional shares described below), if any, recognized by the holder on the exchange. The holding period of the Webster common stock (including fractional shares deemed received and redeemed as described below) will include the holding period of the shares of First City common stock surrendered.

Possible Treatment of Cash as a Dividend. In general, the determination of whether the gain recognized in the exchange will be treated as capital gain or has the effect of a distribution of a dividend depends upon whether and to what extent the exchange reduces the holder s deemed percentage stock ownership of Webster. As discussed below, however, dividend treatment will generally not apply to a minority shareholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs. Gain recognized by such a holder will generally be treated as capital gain.

For purposes of this determination, the holder is treated as if it first exchanged all of its shares of First City common stock solely for Webster common stock and then Webster immediately redeemed (the deemed redemption) a portion of the Webster common stock in exchange for the cash the holder actually received. The gain recognized in the deemed redemption will be treated as capital gain if the deemed redemption is (1) substantially disproportionate with respect to the holder or (2) not essentially equivalent to a dividend.

The deemed redemption will generally be substantially disproportionate with respect to a holder if the percentage of the voting power and value of the Webster common stock actually or constructively owned by such holder immediately after the deemed redemption is less than 80% of both the voting power and the value of the Webster common stock actually or constructively owned by such holder immediately before the deemed redemption.

Whether the deemed redemption is not essentially equivalent to a dividend with respect to a holder will depend upon the holder s particular circumstances. At a minimum, however, in order for the deemed redemption to be not essentially equivalent to a dividend, the deemed redemption must result in a meaningful reduction in the holder s deemed percentage stock ownership of Webster. In general, that determination requires a comparison of (1) the percentage of the voting power and value of the Webster common stock actually or constructively owned by such holder immediately before the deemed redemption and (2) the voting power and the value of the Webster common stock actually or constructively owned by such holder immediately after the deemed redemption. The Internal Revenue Service has ruled that a minority shareholder in a publicly held corporation whose relative stock interest is minimal and who exercises no control with respect to corporate affairs is generally considered to have a meaningful reduction even if that shareholder has a relatively minor reduction in its percentage stock ownership under the above analysis.

If the tests above for capital gain treatment are not met, the recognized gain will be treated as dividend income to the extent of the holder s ratable share of First City s accumulated earnings and profits. Individuals generally qualify for favorable tax rates on dividends.

In applying the foregoing tests, the constructive ownership rules of section 318 of the Code apply in comparing the holder s ownership interest in Webster both immediately after the merger (but before the hypothetical redemption) and after the hypothetical redemption. Under these constructive ownership rules, a holder is deemed to own Webster common stock that is actually owned (and in some cases constructively owned) by certain related individuals and entities, and is also deemed to own Webster common stock that may be acquired by such holder or such related individuals or entities by exercising an option, including an employee stock option. Moreover, the tests are applied after taking into account any related transactions undertaken by a shareholder under a single, integrated plan. Thus, dispositions or acquisitions by a holder of Webster common stock before or after the merger that are part of such holder s plan may be taken into account. As these rules are complex, each holder that may be subject to these rules should consult its tax advisor.

Cash Received Instead of a Fractional Share. A holder who receives cash instead of a fractional share of Webster common stock will generally be treated as having received such fractional share and then as having received such cash in redemption of the fractional share. Gain or loss generally will be recognized based on the difference between the amount of cash received instead of the fractional share and the portion of the holder s aggregate adjusted tax basis of the share of First City common stock surrendered which is allocable to the fractional share. Such gain or loss generally will be long-term capital gain or loss if the holding period for such shares of First City common stock is more than one year at the effective time of the merger.

Information Reporting and Backup Withholding. Unless an exemption applies, the exchange agent will be required to withhold, and will withhold, 28% of any cash payments to which a First City shareholder or other payee is entitled pursuant to the merger, unless the shareholder or other payee provides his or her tax identification number (social security number or employer identification number) and certifies that the number is correct. Each shareholder and, if applicable, each other payee, is required to complete and sign the Form W-9 that will be included as part of the transmittal letter to avoid being subject to backup withholding, unless an applicable exemption exists and is proved in a manner satisfactory to Webster and the exchange agent.

The federal income tax consequences set forth above are based upon present law and do not purport to be a complete analysis or listing of all potential tax effects that may apply to a holder of First City s common stock. The tax effects that are applicable to a particular holder of First City common stock may be different from the tax effects that are applicable to other holders of First City common stock, including the application and effect of state, local and other tax laws other than those pertaining to the federal income tax, and thus, holders of First City common stock are urged to consult their own tax advisors.

Options. As described above in the section titled Merger Consideration First City Stock Options, holders of options to purchase First City common stock that are outstanding at the effective time of the merger will have their First City options converted into options to purchase shares of Webster common stock. The assumption of the options by Webster should not be a taxable event and former holders of First City options who hold options to purchase Webster common stock after the merger should be subject to the same federal income tax treatment upon exercise of those options as would have applied if they had exercised their First City options.

Holders of First City options are urged to consult their own tax advisors as to the specific tax consequences to them of the merger, including tax return reporting requirements, available elections, the applicability and effect of federal, state, local and other applicable tax laws, and the effect of any proposed changes in the tax laws.

Accounting Treatment

The merger, if completed, will be treated as a purchase by Webster of First City for accounting purposes. Accordingly, under accounting principles generally accepted in the United States, the assets and liabilities of First City will be recorded on the books of Webster at their respective fair values at the time of the consummation of the merger.

Resales of Webster s Common Stock Received in the Merger

Webster is registering the issuance of the shares of its common stock to be exchanged in the merger under the Securities Act. The shares will be freely transferable under the Securities Act, except for shares received by First City shareholders who are affiliates of First City or Webster at the time of the special meeting. These affiliates only may resell their shares pursuant to an effective registration statement under the Securities Act covering the shares, in compliance with Securities Act Rule 145 or under another exemption from the Securities Act s registration requirements. This proxy statement/prospectus does not cover any resales of Webster s common stock by Webster or First City affiliates. Affiliates will generally include individuals or entities who control, are controlled by or are under common control with First City or Webster, and may include officers or directors, as well as principal shareholders of First City or Webster.

Employee Benefits

To the extent permissible under applicable law and the Webster Bank Employee Investment Plan, Webster shall recognize, solely for purposes of determining eligibility and vesting under the Webster Bank Employee Investment Plan, the service of any First City employee who becomes an employee of Webster Bank or a subsidiary of Webster Bank at the effective time and such service shall also include any service with a predecessor of First City to the extent that such service was credited for eligibility and vesting purposes under the First City Bank 401(k) Profit Sharing Plan. No service with First City or any predecessor of First City shall be taken into account for any purpose under the Webster Bank Pension Plan or the Webster Bank Employee Stock Ownership Plan.

Employees of First City who become employees of Webster Bank or a subsidiary of Webster Bank after the merger will (i) be eligible for employee benefits that Webster Bank or a subsidiary of Webster Bank, as the case may be, provides to its newly-hired employees generally and, except as set forth in the next paragraph, on substantially the same basis as is applicable to such newly-hired employees, (ii) be given credit with respect to the satisfaction of the limitations as to pre-existing condition exclusions, evidence of insurability requirements and waiting periods for participation and coverage under Webster Bank s group health, life insurance and disability plans equal to the credit that any such employee had received as of the effective time towards the satisfaction of any such limitations and waiting periods under the comparable plans of First City, and (iii) will have waived preexisting condition limitations to the same extent waived under the corresponding First City plan.

First City full-time employees who are not offered full-time employment with Webster Bank or any of its subsidiaries as of the closing date of the merger or who are terminated by Webster Bank or an employing subsidiary of Webster Bank within six months following the closing date of the merger, will be eligible to receive severance benefits equal to the greater of (x) thirteen weeks base pay at a rate of pay equal to such employee s base pay as of the termination date or (y) two weeks base pay for each year of employment by First City at a rate of pay equal to such employee s base pay as of the termination date. First City officers who are not offered full-time employment with Webster Bank or any of its subsidiaries as of the closing date of the merger or who are terminated by Webster Bank or an employing subsidiary of Webster Bank within six months following the closing date of the merger will be eligible to receive severance benefits equal to the greater of (x) thirteen weeks base pay at a rate of pay equal to such officer s base pay as of the termination date or (y) one month s base pay for each year of employment by First City at a rate of pay equal to such officer s base pay as of the termination date. Any First City officer or employee who is terminated by Webster Bank or an employing subsidiary of Webster Bank later than six months following the closing of the merger will be eligible for benefits under the Webster Bank Employee Severance Plan, provided that such persons will receive credit for prior employment with First City as if such persons were employed by Webster Bank or a subsidiary of Webster Bank for such period of time.

Dissenters Appraisal Rights

Under Section 33-856 of the Connecticut Business Corporation Act, when shareholder approval is required for a merger under Section 33-817 of the Connecticut Business Corporation Act and the shareholders is entitled to vote on the merger, a shareholder who dissents from the merger is entitled to assert appraisal rights under Sections 33-855 to 33-872 of the Connecticut Business Corporation Act. In this section, we use the term appraisal rights to refer to the rights set forth in those sections of the Connecticut Business Corporation Act. Because shareholder approval is required for the merger of Webster Bank and First City under Section 33-817, you are entitled to appraisal rights in connection with the merger. In accordance with Sections 33-855 through 33-872, if the merger takes place, First City shareholders who do not vote in favor of the merger will have the right to demand the purchase of their shares at their fair value if they fully comply with the provisions of Sections 33-855 to 33-872 of the Connecticut Business Corporation Act. Fair value means the value of the shares immediately before the merger takes place.

This section presents a brief summary of the procedures set forth in Sections 33-855 to 33-872 which must be followed if you wish to assert your appraisal rights in connection with the merger and demand the purchase of your shares at their fair value. A complete text of these sections is attached to this proxy statement/prospectus as Appendix C. Shareholders asserting their appraisal rights are advised to seek independent counsel concerning exercising their appraisal rights. This proxy statement/ prospectus constitutes notice to holders of shares of First City s common stock concerning the availability of appraisal rights under Sections 33-855 to 33-872 of the Connecticut Business Corporation Act.

To assert appraisal rights, shareholders must satisfy all of the conditions of Sections 33-855 to 33-872:

Before the vote on the adoption of the merger agreement occurs at the shareholder meeting, each shareholder who wishes to assert appraisal rights must give written notice to John S. Manning, President and Chief Executive Officer of First City, before the vote is taken, of the shareholder s intent to demand payment for his or her shares if the merger takes place and shall not vote or cause or permit to be voted his or her shares in favor of the proposed merger. This notice must be in addition to and separate from any abstention or any vote, in person or by proxy, cast against approval of the merger. Neither voting against, abstaining from voting, or failing to vote on the adoption of the merger agreement will constitute notice of intent to demand payment or demand for payment of fair value within the meaning of Sections 33-855 to 33-872.

A dissenting shareholder may NOT vote for approval of the merger agreement. If a First City shareholder returns a signed proxy but does not specify in the proxy a vote against adoption of the merger agreement or an instruction to abstain, the proxy will be voted FOR adoption of the merger agreement, which will have the effect of waiving the rights of that First City shareholder to have his shares purchased at fair value. Abstaining from voting or voting against the adoption of the merger agreement will NOT constitute a waiver of a shareholder s rights.

After the vote is taken at the shareholder meeting, if the merger is approved, no later than 10 days after the merger takes place, a written appraisal notice and form will be sent to each shareholder who has given the written notice described above and did not vote in favor of the merger. The appraisal notice will state the results of the vote on the merger agreement, where the payment demand must be sent, and where and when share certificates must be deposited. It will set a date, not fewer than forty nor more than sixty days after delivery of the notice, by which the payment demand must be received from the dissenting shareholder. The notice will include a form for demanding payment that will require the shareholder asserting appraisal rights to certify whether or not the shareholder acquired beneficial ownership of the shares before July 16, 2004, the date of the first announcement to the shareholders and the media of the terms of the proposed merger and that the shareholder did not vote in favor of the transaction. The notice will also inform holders of uncertificated shares to what extent transfer of the uncertificated shares will be restricted after the payment demand is received. Please note that shares acquired after July 16, 2004, referred to in this section as after-acquired shares, may be subject to different treatment in accordance with Section 33-867 of the Connecticut Business Corporation Act than shares acquired before that date.

A shareholder who receives an appraisal notice must comply with the terms of the notice. A shareholder asserting appraisal rights who does so by demanding payment, depositing his certificates in accordance with the terms of the notice and certifying that beneficial ownership was acquired before July 16, 2004 will retain all other rights of a shareholder until these rights are canceled or modified by the merger. A shareholder who receives an appraisal notice and does not comply with the terms of the notice is not entitled to payment for his shares under Sections 33-855 to 33-872 of the Connecticut Business Corporation Act.

Appraisal rights under Sections 33-855 through 33-872 may be asserted either by a beneficial shareholder or a record shareholder. A record shareholder may assert appraisal rights as to fewer than every share registered in his name only if he objects for all shares beneficially owned by any one person and notifies First City in writing of the name and address of each person on whose behalf he or she asserts appraisal rights. A beneficial shareholder may assert appraisal rights as to shares held on his behalf only if he submits to First City the shareholder of record s written consent before or at the time he asserts appraisal rights and he does so for all shares that he beneficially owns or over which he has the power to direct the vote.

After the merger takes place, or upon receipt of a payment demand, Webster will pay in cash to each shareholder who complied with the terms of the appraisal notice the amount Webster estimates to be the fair value of the shares, plus interest. The payment will be accompanied by First City s balance sheet for the previous fiscal year, an income statement for that year, a statement of changes in shareholder s equity and the latest available interim financial statements; a statement of First City s estimate of the fair value of the shares; and a statement of the dissenter s right to demand payment under Section 33-868 of the Connecticut Business Corporation Act. Within 30 days of payment, if a dissenting shareholder believes that the amount paid is less than the fair value of the shares or that the interest due is incorrectly calculated, the shareholder may notify Webster in writing of his own estimate of the fair value of the shares and interest due. If this kind of claim is made by a shareholder, and it cannot be settled, Webster will petition the court to determine the fair value of the shares and accrued interest within 60 days after receiving the payment demand.

The costs and expenses of a court proceeding will be determined by the court and generally will be assessed against Webster, but these costs and expenses may be assessed as the court deems equitable against all or some of the shareholders demanding appraisal who are parties to the proceeding if the court finds the action of the shareholders in failing to accept Webster s offer was arbitrary, vexatious or not in good faith. These expenses may include the fees and expenses of counsel and experts employed by the parties.

All written notices of intent to demand payment of fair value should be sent or delivered to, John S. Manning, President and Chief Executive Officer, First City Bank, 370 West Main Street, New Britain, Connecticut 06050. First City suggests that shareholders use registered or certified mail, return receipt requested, for this purpose.

Holders of shares of First City s common stock considering demanding the purchase of their shares at fair value should keep in mind that the fair value of their shares determined under Sections 33-855 to 33-872 could be more, the same, or less than the merger consideration they are entitled to receive under the merger agreement if they do not demand the purchase of their shares at fair value. Also, shareholders should consider the federal income tax consequences of exercising dissenters appraisal rights.

This summary is not a complete statement of the provisions of the Connecticut Business Corporation Act relating to the rights of dissenting holders of shares of First City s common stock and is qualified in its entirety by reference to Sections 33-855 through 33-872 of the Connecticut Business Corporation Act, which are attached as Appendix C to this document. Holders of shares of First City s common stock intending to demand the purchase of their shares at fair value are urged to review Appendix C carefully and to consult with legal counsel so as to be in strict compliance with the requirements for exercising appraisal rights.

Affiliate Agreement

Webster required First City s officers and directors to enter into affiliate agreements. These affiliate agreements require the officers and directors to vote all of the shares of First City common stock beneficially owned by them in favor of the merger.

As of the record date, the First City shareholders who entered into affiliate agreements collectively held shares of First City common stock which represented approximately % of the outstanding First City common stock. None of the First City officers and directors who are parties to the affiliate agreements were paid additional consideration in connection with the execution of such agreements.

Interests of First City Directors and Executive Officers in the Merger That are Different Than Yours

Pre-Existing Employment Agreement. First City has a pre-existing employment agreement with Mr. Manning (the Manning Employment Agreement) which will be superseded or clarified by new agreements as described below. Under the Manning Employment Agreement, if Mr. Manning s employment was involuntarily terminated or he resigned for good reason during the 12 months following a change of control, Mr. Manning would have been entitled to receive (a) a lump sum cash payment equal to (i) three times his annual compensation, (ii) the highest bonus received by him during the period commencing with the 36th month preceding the change of control and (iii) the income he would have realized if certain stock options that were intended to be incentive stock options became non-incentive stock options as a result of the change in control and the termination of his employment, (b) title to the automobile provided to him by First City, (c) vesting of all stock options, (d) continued welfare and pension benefits for a period of three years to the extent such benefits were in place prior to the change of control, (e) continued payment for his country club membership for three years, and (f) outplacement assistance up to one year, limited to 15% of his base salary in effect at the time of the change of control. In addition, in the event that any payments and distributions to Mr. Manning were subject to the excise tax imposed by Section 4999 of the Internal Revenue Code, First City would have been required to make a gross-up payment to him so that he would have been placed in the same after-tax position as if no excise tax had been imposed.

The merger would constitute a change of control for purposes of the Manning Employment Agreement, and Mr. Manning would have been deemed to have been terminated other than for cause upon completion of the merger.

New Agreements with Mr. Manning. Concurrently with entering into the merger agreement, Webster Bank and Mr. Manning entered into a new employment agreement and First City and Mr. Manning entered into a side letter agreement, which will supersede the Manning Employment Agreement and become effective upon completion of the merger. In the event that the merger is not completed, the new agreements will be null and void and of no force and effect, and the superseded agreement will again take effect.

Pursuant to the side letter agreement, immediately prior to the effective time, First City shall make a lump sum cash payment to Mr. Manning equal to $490,000 in full satisfaction of all the obligations under the Manning Employment Agreement including, but not limited to, the change in control severance obligations under the Manning Employment Agreement. Upon receipt of this payment by Mr. Manning, the Manning Employment Agreement shall terminate.

Mr. Manning has also entered into a new employment agreement with Webster Bank for a one-year term. Mr. Manning will serve as an employee of Webster Bank and shall render business development, client relationship and managerial services to Webster Bank in the Central Connecticut area consistent with his position and experience. During the agreement term, Mr. Manning will be paid an annual salary of $600,000, and will be eligible to participate in employee benefit plans and programs of Webster Bank. In the event that Mr. Manning s employment is terminated during the term by Webster Bank without cause or he resigns during the term for good reason, he will be entitled to receive any unpaid portion of his annual salary for the remainder of the agreement term. Mr. Manning s new agreement restricts him from competing against Webster Bank or an affiliate of Webster Bank during the term of his employment and for a period of twenty-four months following the date his employment ceases.

Indemnification. Webster has agreed to indemnify and hold harmless each of First City s present and former directors, officers and employees for a period of six years from the effective time of the merger from costs and expenses arising out of matters existing or occurring at or before the consummation of the merger to the fullest extent allowed under applicable law and the certificate of incorporation and bylaws of Webster. Webster has also agreed that it will maintain First City s existing directors and officers liability insurance policy, or provide a policy providing similar coverage, for the benefit of First City s directors and officers who are currently covered by such insurance, for at least three years from the effective time of the merger, with respect to acts or omissions occurring prior to the effective time of the merger, subject to a limit on the cost to maintain such coverage.

SECURITY OWNERSHIP OF MANAGEMENT AND

CERTAIN BENEFICIAL OWNERS OF FIRST CITY

Security Ownership of Management

The following table provides information as of , 2004 about the shares of First City common stock that may be considered beneficially owned by each named executive officer and director, and all directors and executive officers of First City as a group.

Directors	Shares of Common Stock Beneficially Owned	Percent of Common Stock Outstanding
Judith D. Budney	20,227	1.78(1)(2)
Joseph J. Gustin	20,320	1.78(1)(3)
Robert W. Knaus	39,504	3.47(1)
August T. Lindquist	34,842	3.06(1)
Kalmen London	25,012	2.20(1)(4)
John S. Manning	51,700	4.45(5)
Frank D. Marrocco	200(6)	*
Robert A. Scalise	38,240	3.36(1)(7)
Joseph F. Scheyd	35,920	3.16(1)(8)
Otto P. Strobino	71,758	6.25(9)
Michael T. Timura	85,340	7.50(10)
Donald Tinty	104,183	9.20
Named Executive Officer Who is Not a Director		
John P. Eveleth	17,000	1.49(11)
All Directors and Executive Officers as a Group (13 Persons)	565,346	45.14(12)

* Does not exceed 1%

Except as indicated in the notes below, each person has sole voting and investment power with respect to the shares listed as being beneficially owned by him or her. In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of common stock if that person has or shares voting power or investment power over the security, or has the right to acquire beneficial ownership at any time within 60 days from , 2004. For this table, voting power includes the power to vote or direct the voting of shares and investment power includes the power to dispose or direct the disposition of shares.

(1) Includes 6,000 shares which each of Mrs. Budney and Messrs. Gustin, Knaus, Lindquist, London, Scalise and Scheyd may acquire pursuant to terms of 1997 Non-Qualified Stock Option Agreements and 2000 Non-Qualified Stock Option Agreements. Each percent of class figure is based on the 1,138,416 shares which would be outstanding following exercise of each individual s options in full.

(2) Mrs. Budney holds the shares jointly with her spouse Henry Budney.

(3) Does not include 3,000 shares owned by Delores K. Gustin, Mr. Gustin s spouse, of which he disclaims beneficial ownership.

(4) Mr. London holds 19,012 shares jointly with his spouse, Gloria London.

(5) Includes 15,000 shares which Mr. Manning may acquire pursuant to the terms of his 1997 Incentive Stock Option Agreements and 15,000 shares which Mr. Manning may acquire pursuant to the terms of his 2000 Incentive Stock Option Agreement. The percent of class figure is based on the 1,162,416 shares which would be outstanding following exercise of Mr. Manning s options in full.

(6) Does not include 200 shares held by Mary Marrocco, Mr. Marrocco s spouse, of which he disclaims beneficial ownership.

(7) Does not include 200 shares held by Judith W. Scalise, Mr. Scalise s spouse, of which he disclaims beneficial ownership.

(8) Mr. Scheyd holds the shares jointly with his spouse, Rita W. Scheyd.

(9) Includes 10,000 shares which Mr. Strobino may acquire pursuant to the terms of his 1997 Non-Qualified Stock Option Agreement and 5,000 shares which Mr. Strobino may acquire pursuant the to terms of his 2000 Non-Qualified Stock Option Agreement. The percent of class figure is based on the 1,147,416 shares which would be outstanding following the exercise of Mr. Strobino s options in full.

(10) Includes 3,000 shares which Mr. Timura may acquire pursuant to the terms of his 1997 Non-Qualified Stock Option Agreement and 3,000 shares which Mr. Timura may acquire pursuant to the terms of his 2000 Non-Qualified Stock Option Agreement. The percent of class figure is based on the 1,138,416 shares which would be outstanding following exercise of Mr. Timura s options in full. Does not include 388 shares held by Florence Timura, Mr. Timura s spouse, of which he disclaims beneficial ownership.

(11) Includes 3,000 shares which Mr. Eveleth may acquire pursuant to the terms of his 1997 Incentive Stock Option Agreement and 6,000 shares which Mr. Eveleth may acquire pursuant to the terms of his 2000 Incentive Stock Option Agreements. The percent of class figure is based on the 1,141,416 shares which would be outstanding following exercise of Mr. Eveleth s options in full.

(12) Percent of class figure is based upon the 1,252,416 shares which would be outstanding following the exercise in full of all stock options held by all directors and officers.

Security Ownership of Certain Beneficial Owners of First City Common Stock

The following table provides information as of , 2004, about the persons known to First City to be the beneficial owners of more than 5% of First City s outstanding common stock.

Name and Address	Shares of Common Stock Beneficially Owned(1)	Percent of Common Stock Outstanding
Otto P. Strobino		
439 Cook Hill Road		
Cheshire, CT 06410	71,758(2)	6.25%(4)
Michael T. Timura		
4 Berkshire Drive		
Farmington, CT 06032	85,340(3)	7.50%(5)
Donald Tinty		
376 Main Street		
Farmington, CT 06032	104,183	9.20%

(1) Except as otherwise indicated, each person listed has sole voting and investment power with respect to the shares indicated as being beneficially owned by him. In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of common stock if that person has or shares voting power or investment power over the security, or has the right to acquire beneficial ownership at any time within 60 days from , 2004. For this table, voting power includes the power to vote or direct the voting of shares and investment power includes the power to dispose or direct the disposition of shares.

(2) Includes 10,000 shares which Mr. Strobino may acquire pursuant to the terms of his 1997 Non-Qualified Stock Option Agreement and 5,000 shares which Mr. Strobino may acquire pursuant to the terms of his 2000 Non-Qualified Stock Option Agreement.

(3) Includes 3,000 shares which Mr. Timura may acquire pursuant to the terms of his 1997 Non-Qualified Stock Option Agreement and 3,000 shares which Mr. Timura may acquire pursuant to the terms of his 2000 Non-Qualified Stock Option Agreement. Does not include 388 shares held by Mr. Timura s spouse, of which he disclaims beneficial ownership.

(4) The Percent of Common Stock Outstanding is based upon 1,147,416 shares which would be outstanding following the exercise of all of Mr. Strobino s stock options in full.

(5)

The Percent of Common Stock Outstanding is based upon the 1,138,416 shares which would be outstanding following the exercise of all of Mr. Timura s stock options in full.

DESCRIPTION OF CAPITAL STOCK AND

COMPARISON OF SHAREHOLDER RIGHTS

Set forth below is a description of Webster s capital stock, as well as a summary of the material differences between the rights of holders of First City s common stock and their prospective rights as holders of Webster s common stock. If the merger agreement is approved and the merger takes place, the holders of First City s common stock will become holders of Webster s common stock. As a result, Webster s restated certificate of incorporation, as amended, and bylaws, as amended, and the applicable provisions of the General Corporation Law of the State of Delaware, referred to in this section as the Delaware corporation law, will govern the rights of current holders of First City s common stock. The rights of those shareholders are governed at the present time by the articles of incorporation and the bylaws of First City and the applicable provisions of the Connecticut General Statutes.

The following comparison is based on the current terms of the governing documents of Webster and First City and on the provisions of the Delaware corporation law. The discussion is intended to highlight important similarities and differences between the rights of holders of Webster s common stock and First City s common stock.

Webster s Common Stock

Webster is authorized to issue 200,000,000 shares of common stock, par value $.01 per share. As of June 30, 2004, 53,015,672 shares of Webster s common stock were outstanding, and Webster had outstanding stock options granted to directors, officers and other employees for another 3,256,774 shares of Webster s common stock. Each share of Webster s common stock has the same relative rights and is identical in all respects to each other share of Webster s common stock. Webster s common stock is non-withdrawable capital, is not of an insurable type and is not insured by the FDIC or any other governmental entity.

Holders of Webster s common stock are entitled to one vote per share on each matter properly submitted to shareholders for their vote, including the election of directors. Webster s common stock is not subject to additional calls or assessments by Webster, and all shares of Webster s common stock currently outstanding are fully paid and nonassessable. For a discussion of the voting rights of Webster s common stock, its lack of preemptive rights, the classification of Webster s Board of Directors and provisions of Webster s certificate of incorporation and bylaws that may prevent a change in control of Webster or that would operate only in an extraordinary corporate transaction involving Webster or its subsidiaries, see Certificate of Incorporation and Bylaw Provisions. Holders of Webster s common stock and any class or series of stock entitled to participate with it are entitled to receive dividends declared by the Board of Directors of Webster out of any assets legally available for distribution. No dividends or other distributions may be declared or paid, however, unless all accumulated dividends and any sinking fund, retirement fund or other retirement payments have been paid, declared or set aside on any class of stock having preference as to payments of dividends over Webster s common stock.

In the unlikely event of any liquidation, dissolution or winding up of Webster, the holders of Webster s common stock and any class or series of stock entitled to participate with it would be entitled to receive all remaining assets of Webster available for distribution, in cash or in kind, after payment or provision for payment of all debts and liabilities of Webster and after the liquidation preferences of all outstanding shares of any class of stock having preference over Webster s common stock have been fully paid or set aside.

First City s Common Stock

The articles of incorporation of First City authorize 3,000,000 shares of First City s common stock, par value $5.00 per share, of which 1,132,416 shares were outstanding as of June 30, 2004. In addition, as of June 30, 2004, there were outstanding options to purchase 146,000 shares of First City s common stock granted to directors, officers and other employees of First City.

Each share of First City s common stock has the same relative rights and is identical in all respects to each other share of First City s common stock. As with Webster s common stock, First City s common stock is non-withdrawable capital, is not of an insurable type and is not insured by the FDIC or any other governmental entity.

Holders of First City s common stock are entitled to one vote per share on each matter properly submitted to shareholders for their vote, including the election of directors. Holders of First City s common stock have distribution and liquidation rights similar to those of holders of Webster s common stock. All shares of First City s common stock currently outstanding are fully paid and nonassessable. For a discussion of the voting rights of First City s common stock, its lack of preemptive rights and provisions in First City s articles of incorporation which may prevent a change in control of First City, see Certificate of Incorporation and Bylaw Provisions.

Webster s Preferred Stock and Shareholder Rights Agreement

Webster s certificate of incorporation authorizes its Board of Directors, without further shareholder approval, to issue up to 3,000,000 shares of serial preferred stock for any proper corporate purpose. In approving any issuance of serial preferred stock, the Board of Directors has broad authority to determine the rights and preferences of the serial preferred stock, which may be issued in one or more series. These rights and preferences may include voting, dividend, conversion and liquidation rights that may be senior to Webster s common stock.

Webster s Series C participating preferred stock was authorized in connection with a rights agreement, which was adopted in February 1996 and amended in October 1998. Webster adopted the rights agreement to protect shareholders in the event of an inadequate takeover offer or to deter coercive or unfair takeover tactics. The rights agreement is a complicated document, but, in general, each right entitles a holder to purchase for $100, 1/1,000th of a share of series C preferred stock upon the occurrence of specified events. As of the date of this document, no shares of Webster s Series C preferred stock have been issued.

The rights will be distributed upon the earliest of:

10 business days following a public announcement that a person or group of affiliated or associated persons (referred to in this discussion as an acquiring person) has acquired, or obtained the right to acquire, beneficial ownership of 15% or more of the outstanding shares of Webster s common stock;

10 business days following the commencement of a tender offer or exchange offer that, if consummated, would result in a person or group beneficially owning 15% or more of such outstanding shares of Webster s common stock; or

10 business days after the Webster board has declared any person to be an adverse person (as explained in the next paragraph).

The Webster board, by a majority vote, shall declare a person to be an adverse person upon making:

a determination that the person, alone or together with its affiliates and associates, has or will become the beneficial owner of 10% or more of the outstanding shares of Webster s common stock (provided that this determination will not be effective until the person has become the beneficial owner of 10% or more of the outstanding shares of Webster s common stock); and

a determination, after reasonable inquiry and investigation, including consultation with anyone as the Webster board deems appropriate, that:

the beneficial ownership by this person is intended to cause, is reasonably likely to cause or will cause Webster to repurchase Webster s common stock beneficially owned by the person or to cause pressure on Webster to take action or enter into a transaction or series of transactions intended to provide such person with short-term financial gain under circumstances where the Webster board believes that the best long-term interests of Webster and the Webster shareholders would not be served by taking such action or entering into such transactions or series of transactions at that time;

the beneficial ownership is causing or is reasonably likely to cause a material adverse impact (including, but not limited to, impairment of relationships with customers or impairment of Webster s ability to maintain its competitive position) on the business or prospects of Webster; or

the beneficial ownership is otherwise determined to be not in the best interests of Webster and the Webster shareholders, employees, customers and the communities in which Webster and its subsidiaries do business.

However, the Webster board may not declare a person to be an adverse person if, prior to the time that the person acquired 10% or more of the shares of Webster s common stock then outstanding, the person provided to the Webster board a written statement of the person s purpose and intentions with respect to the acquisition of Webster s common stock, and the Webster board deemed it appropriate not to declare the person an adverse person. The Webster board may impose conditions on its determination (such as the person not acquiring more than a specified amount of Webster s common stock).

In the event that the Webster board determines that a person is an adverse person or a person becomes the beneficial owner of 15% or more of the then outstanding shares of Webster s common stock, each holder of a right will have the right to receive:

upon exercise and payment of the exercise price, Webster s common stock (or, in certain circumstances, cash, property or other securities of Webster) having a value equal to two times the exercise price of the right; or

at the discretion of the Webster board, upon exercise and without payment of the exercise price, Webster s common stock (or, in certain circumstances, cash, property or other securities of Webster) having a value equal to the difference between the exercise price of the right and the value of the consideration that would be payable under the bullet point above.

The rights are not exercisable until distributed and will expire at the close of business on February 4, 2006, unless earlier redeemed by Webster as described below. A copy of the Webster rights agreement has been filed with the SEC. See Where You Can Find More Information for information on where you can obtain a copy. A copy of the Webster rights agreement also is available free of charge from Webster. This summary description of the Webster rights does not purport to be complete and is qualified in its entirety by reference to the rights agreement.

Certificate of Incorporation and Bylaw Provisions

The following discussion is a general summary of provisions of Webster s certificate of incorporation and bylaws, and a comparison of those provisions to similar types of provisions in the articles of incorporation and bylaws of First City. The discussion is necessarily general and, for provisions contained in Webster s certificate of incorporation and bylaws or in First City s articles of incorporation and bylaws, reference should be made to the documents in question. Some of the provisions included in Webster s certificate of incorporation and bylaws may serve to discourage a change in control of Webster even if desired by a majority of shareholders. These provisions are designed to encourage potential acquirers to negotiate directly with the Board of Directors of Webster and to discourage other takeover attempts.

Directors. Some of the provisions of Webster s certificate of incorporation and bylaws will impede changes in majority control of Webster s Board of Directors. The certificate of incorporation provides that the Board of Directors will be divided into three classes, with directors in each class elected for three-year staggered terms. The certificate of incorporation further provides that the size of the Board of Directors is to be within a 7 to 15 director range. The bylaws currently provide that the number of directors shall be determined by resolution by the Board of Directors. The bylaws also provide that:

to be eligible for nomination as a director, a nominee must be a resident of the State of Connecticut at the time of his nomination or, if not then a resident, have been previously a resident for at least three years;

each director is required to own not less than 100 shares of Webster s common stock; and more than three consecutive absences from regular meetings of the Board of Directors, unless excused by a board resolution, will automatically constitute a resignation.

Webster s bylaws also contain a provision prohibiting particular contracts and transactions between Webster and its directors and officers and some other entities unless specific procedural requirements are satisfied.

First City s bylaws provide that the number of directors shall be no fewer than six nor more than twenty-four. First City s articles of incorporation and bylaws provide that directors are divided into three classes (Classes I, II and III), with directors in each class elected for three-year staggered terms.

Webster s certificate of incorporation and bylaws provide that a vacancy occurring in the Board of Directors, including a vacancy created by any increase in the number of directors, is to be filled for the remainder of the unexpired term by a majority vote of the directors then in office. Similarly, First City s bylaws provide that any vacancy occurring by reason other than an increase in the number of directorships shall be filled by the vote of a majority of the directors remaining in office, even though such remaining directors may be fewer than a majority of the number of directorships. First City s bylaws provide that vacancies created by an increase in the number of directorships shall be filled by the vote of no fewer than a majority of the directorships existing prior to such increase.

Webster s certificate of incorporation provides that a director may be removed only for cause and then only by the affirmative vote of at least two-thirds of the total votes eligible to be voted at a duly constituted meeting of shareholders called for that purpose and that 30 days written notice must be provided to any director or directors whose removal is to be considered at a shareholders meeting.

First City s directors may be removed at any time, with cause, by concurrent vote of the holders of no fewer than two-thirds of the issued and outstanding shares entitled to vote, at any meeting of shareholders called for that purpose. Cause is defined in First City s bylaws to mean either conviction of a felony or negligence in the performance of a duty to the corporation, as determined in good faith by a vote of no fewer than a majority of the Board of Directors.

Webster s bylaws impose restrictions on the nomination by shareholders of candidates for election to the Board of Directors and the proposal by shareholders of business to be acted upon at an annual meeting of shareholders. First City s bylaws provide that nominations for election to the Board of Directors may be made by the Board of Directors or by any shareholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors.

Call of Special Meetings. Webster s certificate of incorporation provides that a special meeting of shareholders may be called at any time but only by the Chairman, the President or by the Board of Directors. Shareholders are not authorized to call a special meeting. First City s bylaws provide that a special meeting of shareholders may be called at any time by the president, the chairman of the board or the Board of Directors and shall be called by the president upon written request of the holders of no fewer than one-tenth of the voting power of all shares entitled to vote at the meeting.

Shareholder Action without a Meeting. Webster s certificate of incorporation provides that shareholders may act by written consent without a meeting but only if the consent is unanimous. Similarly, First City s shareholders may not act by written consent without a meeting unless such consent is unanimous.

Limitation on Liability of Directors and Indemnification. Webster s certificate of incorporation provides that no director shall be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director other than liability:

- for any breach of the director s duty of loyalty to the corporation or its shareholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for any payment of a dividend or approval of a stock repurchase that is illegal under Section 174 of the Delaware corporation law; or

for any transaction from which a director derived an improper personal benefit.

Webster s bylaws also provide for indemnification of directors, officers, trustees, employees and agents of Webster, and for those serving in those roles with other business organizations or entities, in the event that the person was or is made a party to or is threatened to be made a party to any civil, criminal, administrative, arbitration or investigative action, suit, or proceeding, other than an action by or in the right of Webster, by reason of the fact that the person is or was serving in that kind of capacity for or on behalf of Webster. The bylaws provide that Webster will indemnify any person of this kind against expenses including attorneys fees, judgments, fines, penalties and amounts paid in settlement if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of Webster, and, for any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Similarly, the bylaws provide that Webster will indemnify these persons for expenses reasonably incurred and settlements reasonably paid in actions, suits, or proceedings brought by or in the right of Webster, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of Webster; provided, however, that no indemnification may be made against expenses for any claim, issue, or matter as to which the person is adjudged to be liable to Webster or against amounts paid in settlement unless and only to the extent that there is a determination made by the appropriate party set forth in Webster s bylaws that the person to be indemnified is, in view of all the circumstances of the case, fairly and reasonably entitled to indemnity for expenses or amounts paid in settlement. In addition, Webster s bylaws permit the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, trustee, employee, or agent of Webster or is acting in this kind of capacity for another business organization or entity at Webster s request, against any liability asserted against the person and incurred in that capacity, or arising out of that status, whether or not Webster would have the power or obligation to indemnify him against that kind of liability under the indemnification provisions of Webster s bylaws.

Likewise, First City s bylaws also provide for indemnification of its directors, officers, employees and to such other persons specified in the Stock Corporation Act of the State of Connecticut, to the full extent permitted or required of corporations subject to such Act.

Cumulative Voting. Neither Webster nor First City shareholders have cumulative voting rights in the election of directors.

Preemptive Rights. Webster s certificate of incorporation provides that shareholders do not have any preemptive rights regarding the entity s securities. First City s certificate of incorporation provides that shareholders do not have any preemptive rights with respect to any offering or sale by the corporation for cash or otherwise of any shares of the capital stock of the corporation or any securities convertible into any such shares, including, without limitation, warrants, rights to subscribe and options to acquire shares.

Notice of Meetings. Webster s bylaws require that notice be given not less than 10 nor more than 60 days prior to each annual or special meeting of shareholders. Similarly, First City must provide no fewer than 10 nor more than 60 days notice of an annual or special meeting of shareholders.

Quorum. Webster s bylaws provide that the holders of one-third of the capital stock issued and outstanding and entitled to vote at a meeting constitutes a quorum. First City s bylaws provide that the holders of a majority of the issued and outstanding shares of stock of the company entitled to vote at a meeting constitutes a quorum.

General Vote. Webster s bylaws provide that any matter brought before a meeting of shareholders will be decided by the affirmative vote of a majority of the votes cast on the matter except as otherwise required by law or Webster s certificate of incorporation or bylaws. First City s bylaws provide that any matter brought before a meeting of shareholders will be decided by the vote of the holders of a majority of the shares present at any meeting of shareholders at which a quorum is present, except as otherwise required by law or First City s articles of incorporation or bylaws.

Record Date. Webster s bylaws provide that the record date for determination of shareholders entitled to notice of or to vote at a meeting and for other specified purposes may not be less than 10 nor more than 60 days before the date of the meeting or other action. The record date for determination of shareholders entitled to notice of or to vote at a meeting of First City s shareholders may not be more than 70 days before the meeting.

Approvals for Acquisitions of Control and Offers to Acquire Control. Webster s certificate of incorporation prohibits any person, whether an individual, company or group acting in concert, from acquiring beneficial ownership of 10% or more of Webster s voting stock, unless the acquisition has received the prior approval of at least two-thirds of the outstanding shares of voting stock at a duly called meeting of shareholders held for that purpose and of all required federal regulatory authorities. Also, no person may make an offer to acquire 10% or more of Webster s voting stock without obtaining prior approval of the offer by at least two-thirds of Webster s Board of Directors or, alternatively, before the offer is made, obtaining approval of the acquisition from the Office of Thrift Supervision. These provisions do not apply to the purchase of shares by underwriters in connection with a public offering or employee stock ownership plan or other employee benefit plan of Webster or any of its subsidiaries, and the provisions remain effective only so long as an insured financial institution is a majority-owned subsidiary of Webster. Shares acquired in excess of these limitations are not entitled to vote or take other shareholder action or be counted in determining the total number of outstanding shares in connection with any matter involving shareholder action. These excess shares are also subject to transfer to a trustee, selected by Webster, for the sale on the open market or otherwise, with the expenses of the trustee to be paid out of the proceeds of the sale.

Procedures for Business Combinations. Webster s certificate of incorporation requires that business combinations between Webster or any majority-owned subsidiary of Webster and a 10% or more shareholder or its affiliates or associates, referred to collectively in this section as the interested shareholder, either be approved by at least 80% of the total number of outstanding shares of voting stock of Webster. The types of business combinations with an interested shareholder covered by this provision include: any merger, consolidation and share exchange; any sale, lease, exchange, mortgage, pledge or other transfer of assets other than in the usual and regular course of business; an issuance or transfer of equity securities having an aggregate market value in excess of 5% of the aggregate market value of Webster s outstanding shares; the adoption of any plan or proposal of liquidation proposed by or on behalf of an interested shareholder; and any reclassification of securities, recapitalization of Webster or any merger or consolidation of Webster with any of its subsidiaries or any other transaction which has the effect of increasing the proportionate ownership interest of the interested shareholder. Other business combinations require the vote provided for under the General Corporation Law of Delaware or the certificate of incorporation, provided the proposed business combination has been approved by at least two-thirds of the continuing directors then in office, which means those directors unaffiliated with the interested shareholder and serving before the interested shareholder became an interested shareholder, and the proposed business combination meets specified price and procedure requirements that provide for consideration per share generally equal to or greater than that paid by the interested shareholder when it acquired its block of stock. Webster s certificate of incorporation excludes employee stock purchase plans and other employee benefit plans of Webster and any of its subsidiaries from the definition of interested shareholder.

Anti-Greenmail. Webster s certificate of incorporation requires approval by a majority of the outstanding shares of voting stock before Webster may directly or indirectly purchase or otherwise acquire any voting stock beneficially owned by a holder of 5% or more of Webster s voting stock, if the holder has owned the shares for less than two years. Any shares beneficially held by the person are required to be excluded in calculating majority shareholder approval. This provision would not apply to a pro rata offer made by Webster to all of its shareholders in compliance with the Securities Exchange Act of 1934 and the rules and regulations under that statute or a purchase of voting stock by Webster if the Board of Directors has determined that the purchase price per share does not exceed the fair market value of that voting stock.

Criteria for Evaluating Offers. Webster s certificate of incorporation provides that the Board of Directors, when evaluating any acquisition offer, shall give due consideration to all relevant factors, including, without limitation, the economic effects of acceptance of the offer on depositors, borrowers and employees of its insured institution subsidiaries and on the communities in which its subsidiaries operate or are located, as well as on the ability of its subsidiaries to fulfill the objectives of insured institutions under applicable federal statutes and regulations.

Amendment to Certificate of Incorporation and Bylaws. Amendments to Webster s certificate of incorporation must be approved by at least two-thirds of Webster s Board of Directors at a duly constituted meeting called for that purpose and also by shareholders by the affirmative vote of at least a majority of the shares entitled to vote thereon at a duly called annual or special meeting; provided, however, that approval by the affirmative vote of at least two-thirds of the shares entitled to vote thereon is required to amend the provisions regarding amendment of the certificate of incorporation, directors, bylaws, approval for acquisitions of control and offers to acquire control, criteria for evaluating offers, the calling of special meetings of shareholders, greenmail, and shareholder action by written consent. In addition, the provisions regarding business combinations may be amended only by the affirmative vote of at least 80% of the shares entitled to vote thereon. Webster s bylaws may be amended by the affirmative vote of at least two-thirds of the Board of Directors or by shareholders by at least two-thirds of the total votes eligible to be voted, at a duly constituted meeting called for that purpose.

First City s bylaws may be altered, amended, added to or repealed by the affirmative vote of the holders of a majority of the voting power of shares entitled to vote thereon or by the affirmative vote of directors holding a majority of the number of directorships; provided that notice of the alteration, amendment, addition or repeal is given in the notice of the meeting of shareholders or of the Board of Directors; and provided further that the provisions relating to the number, election and term of office of directors, removal of directors and vacancies may not be amended without the affirmative vote of at least 80 percent of the directors then in office or the holders of at least 80 percent of the voting power of the shares entitled to vote for the election of directors.

Applicable Law

The following discussion is a general summary of particular federal and state statutory and regulatory provisions that may be deemed to have an anti-takeover effect.

Delaware Takeover Statute. Section 203 of the Delaware corporation law restricts transactions which may be entered into by the corporation and some of its shareholders. Section 203 provides, in essence, that a shareholder acquiring more than 15% of the outstanding voting stock of a corporation subject to the statute and that person s affiliates and associates, referred to in this section as an interested shareholder, but less than 85% of its shares may not engage in specified business combinations with the corporation for a period of three years after the date on which the shareholder became an interested shareholder unless before that date the corporation s board of directors approved either the business combination or the transaction in which the shareholder became an interested shareholder or at or after that time the business combination is approved by the corporation s board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the corporation not owned by the interested shareholder. Section 203 defines the term business combination to include a wide variety of transactions with or caused by an interested shareholder in which the interested shareholder receives or could receive a benefit on other than a pro rata basis with other shareholders, including mergers, consolidations, specified types of asset sales, specified issuances of additional shares to the interested shareholder, transactions with the corporation which increase the proportionate interest of the interested shareholder or transactions in which the interested shareholder receives specified other benefits.

Connecticut Takeover Statute and Regulatory Restrictions on Acquisitions of Stock. Section 33-844 of the Connecticut Business Corporation Act applies to Connecticut corporations with a class of voting stock registered on a national securities exchange and restricts transactions which may be entered into by the corporation and some of its shareholders. Section 844 provides, in general, that a shareholder acquiring more than 10% of the outstanding voting stock of a corporation subject to the statute and that person s affiliates and associates, referred to in this section as an interested shareholder, may not engage in specified business combinations, as discussed below, with the corporation for a period of five years after the date on which the shareholder became an interested shareholder unless the business combination is approved by the corporation s board of directors and a majority of the non-employee directors of the Company. Section 843 defines the term business combination to include a wide variety of transactions with or caused by an interested shareholder or its affiliates in which the interested shareholder receives or could receive a benefit on other than a pro rata basis with other shareholders, including mergers, consolidations, specified types of asset sales, specified issuances of additional shares to the interested shareholder, transactions with the corporation which increase the proportionate interest of the interested shareholder or transactions in which the interested shareholder receives specified other benefits.

Connecticut banking statutes prohibit any person from directly or indirectly offering to acquire or acquiring voting stock of a Connecticut-chartered savings bank, like First City Bank, a federal savings bank having its principal office in Connecticut, like Webster Bank, or a holding company of that kind of entity, like First City or Webster, that would result in the person becoming, directly or indirectly, the beneficial owner of more than 10% of any class of voting stock of that entity unless the person had previously filed an acquisition statement with the Connecticut Commissioner of Banking and the offer or acquisition has not been disapproved by the Connecticut Commissioner.

Federal Law. Federal law provides that, subject to some exemptions, no person acting directly or indirectly or through or in concert with one or more other persons may acquire control of an insured institution or holding company of an insured institution, without giving at least 60 days prior written notice providing specified information to the appropriate federal banking agency. In the case of Webster and Webster Bank, the appropriate federal banking agency is the Office of the Comptroller of the Currency and in the case of First City, the appropriate federal banking agency is the FDIC. Control is defined for this purpose as the power, directly or indirectly, to direct the management or policies of an insured institution or to vote 25% or more of any class of voting securities of an insured institution. Control is presumed to exist where the acquiring party has voting control of at least 10% of any class of the institution s voting securities and other conditions are present. The Office of the Comptroller of the Currency or the FDIC may prohibit the acquisition of control if the agency finds, among other things, that:

- the acquisition would result in a monopoly or substantially lessen competition;
- the financial condition of the acquiring person might jeopardize the financial stability of the institution; or
- the competence, experience or integrity of any acquiring person or any of the proposed management personnel indicates that it would not be in the interest of the depositors or the public to permit the acquisition of control by that person.

Federal law also provides that, subject to some exceptions, a bank holding company may not acquire more than 5 percent of the voting stock of a bank, and a new holding company may not be formed to acquire control of a bank, without the prior approval of the Board of Governors of the Federal Reserve System. Control is defined for this purpose in a similar manner as discussed in the preceding paragraph. The Board of Governors of the Federal Reserve System may not approve the acquisition of control if it finds that the acquisition of control would result in a monopoly or would further an attempt to monopolize the business of banking in any part of the United States or if the acquisition of control would substantially lessen competition or tend to create a monopoly and the anticompetitive effects are not clearly outweighed by the public benefits of the proposed transaction. The Board of Governors of the Federal Reserve System also may not approve the acquisition of control if the company fails to provide the Board of Governors of the Federal Reserve System with adequate assurances regarding the availability of information concerning the operations or activities of the company and any affiliate of the company that the Board of Governors of the Federal Reserve System determines to be appropriate. The Board of Governors of the Federal Reserve System also must take into consideration:

- the financial resources and future prospects of the companies and banks concerned, and the convenience and needs of the community to be served;
- the managerial resources of a company or bank, including the competence, experience, and integrity of officers, directors, and principal shareholders;

the company s record of meeting the credit needs of its entire community, including low-and moderate-income neighborhoods; and

the effectiveness of the company in combating money laundering activities.

ADDITIONAL INFORMATION

Additional information regarding Webster s business, current directors and executive officers, the principal holders of its voting securities, executive compensation, certain relationships and related transactions and financial statements is set forth in Webster s Annual Report on Form 10-K for the year ended December 31, 2003 or on Form 10-Q for the quarter ended June 30, 2004, which are incorporated in this document by reference. Shareholders desiring copies of such documents may contact Webster at its address or telephone number indicated under Where You Can Find More Information.

Additional information regarding First City s business, current directors and executive officers, the principal holders of its voting securities, executive compensation, certain relationships and related transactions and financial statements is set forth in First City s Annual Report on Form 10-K for the year ended December 31, 2003 or on Form 10-Q for the quarter ended June 30, 2004, which are attached hereto as appendices D and E, respectively, and incorporated in this document by reference.

WHERE YOU CAN FIND MORE INFORMATION

Webster and First City file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission and the Federal Deposit Insurance Corporation, respectively. You may read and copy any reports, statements or other information that Webster files with the SEC at the SEC s Public Reference Room at 450 Fifth Street, N.W., 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. Webster can be found on the Internet at http://www.websterbank.com. You may read any reports, statements or other information that First City files with the FDIC at the FDIC s Public Information Center (please call the FDIC at 1-800-276-6003 for information about obtaining this information). Webster s common stock is traded on the New York Stock Exchange under the trading symbol WBS. First City s common stock is traded on the American Stock Exchange under the trading symbol FBK.

Webster has filed with the SEC a registration statement on Form S-4 under the Securities Act relating to Webster s common stock to be issued to First City s shareholders in the merger. As permitted by the rules and regulations of the SEC, this proxy statement/prospectus does not contain all the information set forth in the registration statement. You can obtain that additional information from the SEC s principal office in Washington, D.C. or the SEC s Internet site as described above. Statements contained in this proxy statement/prospectus or in any document incorporated by reference into this proxy statement/prospectus about the contents of any contract or other document are not necessarily complete and, in each instance where the contract or document is filed as an exhibit to the registration statement, reference is made to the copy of that contract or document filed as an exhibit to the registration statement, with each statement of that kind in this proxy statement/prospectus being qualified in all respects by reference to the document.

INCORPORATION OF DOCUMENTS BY REFERENCE

The SEC allows Webster to incorporate by reference information into this proxy statement/prospectus, which means that Webster can disclose important information to you by referring you to another document filed separately with the SEC. The information that Webster incorporates by reference is considered a part of this proxy statement/prospectus, except for any information superseded by information presented in this proxy statement/prospectus. This proxy statement/prospectus incorporates important business and financial information about Webster, and its subsidiaries that is not included in or delivered with this document.

This proxy statement/prospectus incorporates by reference the documents listed below that Webster has filed with the SEC:

Filings	Period of Report or Date Filed
Annual Report on Form 10-K	Year ended December 31, 2003
Quarterly Reports on Form 10-Q	Quarters ended March 31 and June 30, 2004
Current Reports on Form 8-K	Filed February 20, March 12, April 8, April 12, and May 26, 2004 (other than information furnished under Item 9 or Item 12 of Form 8-K)
Registration Statement on Form S-4, as amended (333-33228) (for a description of Webster s common stock)	Filed March 24, 2000

These documents are available without charge to you if you call or write to: Terrence K. Mangan, Senior Vice President, Investor Relations of Webster Financial Corporation, Webster Plaza, Waterbury, Connecticut 06702, telephone (203) 578-2318.

Webster incorporates by reference additional documents that the company may file with the SEC between the date of this document and the date of the First City special meeting. These documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as proxy statements.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this document, and in documents that we incorporate by reference. These kinds of statements are subject to risks and uncertainties. Forward-looking statements include the information concerning possible or assumed future results of our operations. When we use words like believes, expects, anticipates or similar expressions, we are making forward-looking statements.

You should note that many factors, some of which are discussed elsewhere in this document and in the documents that we incorporate by reference, could affect our future financial results and could cause those results to differ materially from those expressed in our forward-looking statements. These factors include the following:

adverse changes or conditions in capital or financial markets;

general risks associated with the delivery of financial products and services;

fluctuating investment returns;

adverse changes in interest rates;

rapid technological changes;

increased competition;

less favorable general economic conditions, either nationally or in the markets where the entities are or will be doing business;

change in any applicable law, rule, regulation or practice with respect to tax or accounting issues or otherwise;

the failure to achieve anticipated cost savings or to achieve such savings in a timely manner;

greater costs, customer loss and business disruption in connection with the acquisition or the integration of our companies than expected;

failure to obtain governmental approvals without adverse regulatory conditions;

difficulties associated with achieving expected future financial results; and

failure of First City s shareholders to approve the acquisition.

The forward-looking statements are made as of the date of this document, and we assume no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those projected in the forward-looking statements.

No person is authorized to give any information or to make any representation not contained in this document, and, if given or made, that information or representation should not be relied upon as having been authorized. This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any of Webster s common stock offered by this document, or the solicitation of a proxy, in any jurisdiction in which it is unlawful to make that kind of offer or solicitation. Neither the delivery of this document nor any distribution of Webster s common stock offered pursuant to this proxy statement/prospectus shall, under any circumstances, create an implication that there has been no change in the affairs of First City or Webster or the information in this document or the documents or reports incorporated by reference into this document since the date of this document.

SHAREHOLDER PROPOSALS

Any proposal which a First City shareholder wishes to have included in First City s proxy statement and form of proxy relating to First City s 2005 annual meeting of shareholders must be received by First City at its principal executive offices at 370 West Main Street, New Britain, Connecticut 06050, no later than December 4, 2004. If a shareholder wishes to present a matter at First City s 2005 annual meeting that is outside the process for inclusion in the proxy statement, and if the matter relates to the nomination of directors, First City s bylaws provide that notice must be given (i) not fewer than 14 calendar days nor more than 50 calendar days prior to such annual meeting date or (ii) if fewer than 21 calendar days notice of the meeting is given, not later than the close of business on the seventh day following the day on which notice was mailed. If a shareholders wishes to present a matter which is outside the process for inclusion in the proxy statement and is not for the nomination of directors, notice must be given to the Secretary of First City not later than February 17, 2005. Nothing in this paragraph shall be deemed to require First City to include in its proxy statement and form of proxy for such meeting any shareholder proposal which does not meet the requirements of the SEC, including Rule 14a-8 of the Securities Exchange Act of 1934, as amended, in effect at the time. In addition, all shareholder proposals must comply with the First City s bylaws and Connecticut law. If the merger agreement is approved and the merger takes place, First City will not have an annual meeting of shareholders in 2005 or subsequent years.

OTHER MATTERS

We do not expect that any matters other than those described in this document will be brought before the special meeting. If any other matters are presented, however, it is the intention of the persons named in the First City proxy card, to vote proxies in accordance with the determination of a majority of First City s Board of Directors, including, without limitation, a motion to adjourn or postpone 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.

EXPERTS

The consolidated financial statements of Webster at December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003, have been incorporated by reference into this document and in the registration statement in reliance on the report of KPMG LLP, independent registered public accounting firm, which is incorporated by reference into this document and into the registration statement by reference to Webster s Annual Report on Form 10-K for the year ended December 31, 2003, and upon the authority of said firm as experts in accounting and auditing. The Webster audit report covering the December 31, 2003 consolidated financial statements refers to Webster s adoption of changes in accounting for stock-based compensation awards and goodwill and other intangible assets in 2002.

The financial statements of First City at December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003, have been included in this document in reliance on the report of KPMG LLP, independent registered public accounting firm, and upon the authority of said firm as experts in accounting and auditing.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

A representative of KPMG LLP will be present at the First City special meeting. The representative will have the opportunity to make a statement if he/she desires to do so and is expected to be available to respond to appropriate questions.

LEGAL MATTERS

The validity of Webster s common stock to be issued in the merger has been passed upon by Hogan & Hartson L.L.P., Washington, D.C. Certain federal income tax matters described herein will be passed upon by Hogan & Hartson L.L.P., New York, New York.

Appendix A

AGREEMENT AND PLAN OF MERGER

by and among
WEBSTER FINANCIAL CORPORATION,
WEBSTER BANK, N.A.
and
FIRST CITY BANK
dated as of
July 16, 2004

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of July 16, 2004 (this **Agreement**), is entered into by and among Webster Financial Corporation (**Webster**), a Delaware corporation, Webster Bank, N.A., a national association and a wholly owned subsidiary of Webster (**Webster Bank**), and First City Bank, a Connecticut chartered bank and trust company (**First City**).

WHEREAS, the Boards of Directors of Webster, Webster Bank and First City have determined that it is in the best interests of their respective companies and stockholders to consummate the business combination transaction provided for herein in which Webster will acquire First City through the Merger of First City with and into Webster Bank (the **Merger**);

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the Merger and also to prescribe certain conditions to the Merger; and

WHEREAS, unless otherwise indicated, capitalized terms shall have the meanings set forth in Section 9.13;

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

THE MERGER

1.1 The Merger.

Subject to the terms and conditions of this Agreement, pursuant to a Plan of Bank Merger substantially in the form of Exhibit A hereto (the **Plan of Bank Merger**), at the Effective Time, First City will merge into Webster Bank, with Webster Bank being the surviving institution (hereinafter sometimes called the **Surviving Institution**) in the Merger. Upon consummation of the Merger, the separate corporate existence of First City shall cease.

1.2 Effective Time.

The Merger shall become effective as of the date specified in the endorsement of the Plan of Bank Merger by the Office of the Comptroller of the Currency (**OCC**). The Merger shall not be effective unless and until approved by OCC and all other Governmental Entities as contemplated by this Agreement, including the Connecticut Commissioner of Banking.

1.3 Effects of the Merger.

The Merger shall have the effects set forth at 12 U.S.C. § 215(e) and Section 126(b) of Title 36a of the General Statutes of Connecticut.

1.4 Conversion of First City Common Stock.

(a) At the Effective Time, subject to Sections 1.4(b) and 1.4(c), each share of First City common stock, par value $5.00 per share (**First City Common Stock**) issued and outstanding immediately prior to the Effective Time (excluding Dissenters Shares) shall be converted, at the election of the holder thereof, in accordance with the procedures set forth in Section 2.2 and subject to Sections 2.1 and 2.3, into the right to receive the following, without interest:

(i) for each share of First City Common Stock with respect to which an election to receive cash has been effectively made and not revoked or lost, pursuant to Section 2.2 (a **Cash Election**), the right to receive in cash from Webster, without interest, an amount equal to $27.00 (the **Cash Consideration**) (collectively, **Cash Election Shares**);

(ii) for each share of First City Common Stock with respect to which an election to receive common stock, par value $0.01 per share, of Webster (together with the rights attached thereto issued pursuant to that certain Rights Agreement, dated as of February 5, 1996, as amended, as it may be further amended, supplemented, restated or replaced from time to time, between Webster and American Stock Transfer & Trust Company, as rights agent, **Webster Common Stock**) has been effectively made and not revoked or lost, pursuant to Section 2.2 (a **Stock Election**), the right to receive from Webster 0.57 (the **Exchange Ratio**) of a share of Webster Common Stock (the **Stock Consideration**) (collectively, the **Stock Election Shares**); and

(iii) for each share of First City Common Stock other than shares as to which a Cash Election or a Stock Election has been effectively made and not revoked or lost, pursuant to Section 2.2 (collectively, **Non-Election Shares**), the right to receive from Webster such Stock Consideration and/or Cash Consideration as is determined in accordance with Section 2.1(b).

The Cash Consideration and Stock Consideration are sometimes referred to herein collectively as the **Merger Consideration.**

(b) No Dissenters Shares shall be converted into the Merger Consideration pursuant to this Section 1.4 but instead shall be treated in accordance with the provisions set forth in Section 2.4(a).

(c) At the Effective Time, all shares of First City Common Stock that are owned by First City as treasury stock and all shares of First City Common Stock that are owned directly or indirectly by Webster or First City, including any shares of First City Common Stock held by Webster or First City or any of their respective Subsidiaries in respect of a debt previously contracted, other than shares that are held by Webster, if any, in a fiduciary capacity, shall be canceled and shall cease to exist and no cash or other consideration shall be delivered in exchange therefor. All shares of Webster Common Stock that are owned by First City shall become treasury stock of Webster.

1.5 Options.

At the Effective Time, each option granted by First City to purchase shares of First City Common Stock which is outstanding and unexercised immediately prior thereto shall be converted automatically into a right to purchase shares of Webster Common Stock in an amount and at an exercise price determined as provided below, and otherwise subject to the terms of the First City Bank 1989 Stock Option Plan, First City Bank 1997 Stock Option Plan, and First City Bank 2000 Stock Option Plan (collectively, the **First City Stock Plans**):

(a) The number of shares of Webster Common Stock subject to the option immediately after the Effective Time shall be equal to the number of shares of First City Common Stock subject to the option immediately before the Effective Time, multiplied by the Exchange Ratio, provided that any fractional shares of Webster Common Stock resulting from such multiplication shall be rounded down to the nearest whole share; and

(b) The exercise price per share of Webster Common Stock under the option immediately after the Effective Time shall be equal to the exercise price per share of First City Common Stock under the option immediately before the Effective Time divided by the Exchange Ratio, provided that such exercise price shall be rounded up to the nearest cent.

The adjustment provided herein shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Internal Revenue Code of 1986, as amended (the **Code&#1**