

WEBSTER FINANCIAL CORP

Form 424B3

November 27, 2012

Table of Contents

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Registration No. 333-178642

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

Subject to Completion, dated November 27, 2012

PROSPECTUS SUPPLEMENT

(To prospectus dated December 20, 2011)

WEBSTER FINANCIAL CORPORATION

Depository Shares, Each Representing a 1/1000th Interest

in a Share of % Series E Non-Cumulative Perpetual Preferred Stock

We are offering depository shares, each representing a 1/1000th ownership interest in a share of our % Series E Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25,000 per share (equivalent to \$25 per depository share) (the Series E Preferred Stock). As a holder of depository shares, you will be entitled to all proportional rights and preferences of the Series E Preferred Stock (including dividend, voting, redemption and liquidation rights). You must exercise such rights through the depository.

We will pay dividends on the Series E Preferred Stock, when, as, and if declared by our board of directors or a duly authorized committee of the board. Dividends will accrue and be payable from the date of issuance at a rate of % per annum, payable quarterly in arrears, on March 15, June 15, September 15 and December 15 of each year, beginning on March 15, 2013. Upon payment of any dividends on the Series E Preferred Stock, holders of depository shares are expected to receive a proportionate payment.

Dividends on the Series E Preferred Stock will not be cumulative and will not be mandatory. If for any reason our board of directors or a duly authorized committee of the board does not declare a dividend on the Series E Preferred Stock for any dividend period (as defined herein), such dividend will not accrue or be payable, and we will have no obligation to pay dividends for such dividend period, whether or not dividends are declared for any future dividend period.

We may redeem the Series E Preferred Stock at our option, in whole or in part, on December 15, 2017, or any dividend payment date thereafter, at a redemption price equal to \$25,000 per share (equivalent to \$25 per depository share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends. The Series E Preferred Stock also may be redeemed at our option, in whole or in part, upon the occurrence of a regulatory capital treatment event, as described herein, at a redemption price equal to \$25,000 per share (equivalent to \$25 per depository share), plus any declared and unpaid dividends, without accumulation of any undeclared dividends.

The Series E Preferred Stock will not have any voting rights except as described elsewhere in this prospectus supplement.

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We intend to apply to list the depositary shares on the New York Stock Exchange (NYSE) under the symbol WBS PrE. If the application is approved, we expect trading of the depositary shares on the NYSE to begin within the 30-day period after the initial delivery of the depositary shares.

Neither the Series E Preferred Stock nor the depositary shares are savings accounts, deposits or other obligations of any bank and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

Investing in the depositary shares involves risks. You should consider the information under the heading Risk Factors beginning on page S-7 before investing in the depositary shares.

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

	Per Depositary Share	Total
Public offering price	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to Webster Financial Corporation(1)	\$	\$

(1) Assumes no exercise of the underwriters' over-allotment option described below.

We have granted the underwriters an option to purchase up to an additional depositary shares within 30 days after the date of this prospectus supplement at the public offering price, less underwriting discounts and commissions, solely to cover over-allotments, if any.

The underwriters expect to deliver the depositary shares in book-entry form only, through the facilities of The Depository Trust Company on or about , 2012.

Joint Book-Running Managers

Deutsche Bank Securities

Jefferies
Lead Managers

J.P. Morgan

Raymond James

RBC Capital Markets
Co-Managers

Stifel Nicolaus Weisel

Keefe, Bruyette & Woods

Sandler O'Neill + Partners, L.P.

The date of this prospectus supplement is _____, 2012.

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About this Prospectus Supplement</u>	S-i
<u>Where You Can Find More Information</u>	S-ii
<u>Incorporation of Certain Documents by Reference</u>	S-iii
<u>Special Note Regarding Forward-Looking Statements</u>	S-iv
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-7
<u>Use of Proceeds</u>	S-12
<u>Ratios of Earnings to Combined Fixed Charges and Preferred Stock Dividends</u>	S-13
<u>Consolidated Statements of Comprehensive Income</u>	S-14
<u>Description of Series E Preferred Stock</u>	S-15
<u>Description of Depositary Shares</u>	S-25
<u>Book-Entry Procedures and Settlement</u>	S-29
<u>United States Federal Income Tax Consequences</u>	S-32
<u>Underwriting</u>	S-39
<u>Legal Matters</u>	S-44
<u>Experts</u>	S-44

Prospectus

	Page
<u>About this Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation of Certain Documents by Reference</u>	3
<u>Special Note Regarding Forward-Looking Statements</u>	4
<u>About Webster Financial Corporation</u>	5
<u>Ratio of Earnings (Deficit) to Fixed Charges and Ratio of Earnings (Deficit) to Combined Fixed Charges and Preferred Stock Dividends</u>	6
<u>Use of Proceeds</u>	6
<u>The Securities We May Offer</u>	7
<u>Description of Debt Securities</u>	8
<u>Description of Common Stock</u>	25
<u>Description of Preferred Stock</u>	28
<u>Description of Depositary Shares</u>	33
<u>Description of Warrants</u>	37
<u>Description of Purchase Contracts</u>	39
<u>Description of Units</u>	40
<u>Plan of Distribution</u>	41
<u>Legal Matters</u>	43
<u>Experts</u>	43

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to the offering. Generally, the term prospectus refers to both parts combined.

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We, and the underwriters, are offering to sell these securities and seeking offers to buy these securities only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and the accompanying prospectus is accurate only as of the date of each document regardless of the time of delivery of this prospectus supplement and the accompanying prospectus or any sale of these securities. In case there are any differences or inconsistencies between this prospectus supplement, the accompanying prospectus and the information incorporated by reference, you should rely on the information in the document with the latest date.

All references in this prospectus supplement to Webster Financial, the Company, we, us, our or similar references mean Webster Financial Corporation and its successors, and include our consolidated subsidiaries where the context so requires.

S-i

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and file annual, quarterly and special reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any materials we file with the SEC at the Public Reference Room of the SEC at Room 1580, 100 F Street, N.E., 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. In addition, we file many of our documents electronically with the SEC, and you may access those documents over the Internet. The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of the SEC's website is www.sec.gov. Documents we have filed with the SEC are also available on our website at www.websteronline.com. Except as expressly stated herein, information contained on our website does not constitute a part of this prospectus and is not incorporated by reference herein.

S-ii

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement, except for any information that is superseded by other information that is included in or incorporated by reference into this document.

This prospectus incorporates by reference the documents listed below that we have previously filed with the SEC (File No. 001-31486). These documents contain important information about us:

our Annual Report on Form 10-K for the year ended December 31, 2011, filed on February 28, 2012;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012 and September 30, 2012, filed on May 2, 2012, August 1, 2012 and November 2, 2012, respectively;

our Proxy Statement on Schedule 14A filed on March 23, 2012; and

our Current Reports on Form 8-K filed with the SEC on January 30, 2012, February 7, 2012, February 14, 2012, April 10, 2012, April 24, 2012, April 27, 2012, May 9, 2012, June 18, 2012, July 27, 2012 and October 26, 2012 (except, with respect to each of the foregoing, for portions of such reports which were deemed to be furnished and not filed).

We incorporate by reference any additional documents that we may file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than those furnished pursuant to Item 2.02 or Item 7.01 of Form 8-K or other information furnished to the SEC) from the date of the registration statement of which this prospectus supplement is part until the termination of the offering of the securities. These documents may include annual, quarterly and current reports, as well as proxy statements. Any material that we later file with the SEC will automatically update and replace the information previously filed with the SEC. These documents are available to you without charge. See [Where You Can Find More Information](#).

You may obtain copies of these documents, other than exhibits, free of charge by contacting Terrence K. Mangan, Senior Vice President, Investor Relations, at our principal executive offices, which are located at 145 Bank Street, Waterbury, Connecticut 06702, or by telephone at (203) 578-2202.

Table of Contents

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the prospectus and the information included or incorporated by reference in them include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements often include the words believes, expects, anticipates, estimates, forecasts, intends, plans, targets, potentially, probably, projects, outlook or similar conditional verbs such as may, will, should, would and could. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the actual results to differ materially from the statements, including:

local, regional, national and international economic conditions and the impact they may have on us and our customers and our assessment of that impact;

volatility and disruption in national and international financial markets;

government intervention in the U.S. financial system;

changes in the level of non-performing assets and charge-offs;

changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements;

adverse conditions in the securities markets that lead to impairment in the value of securities in our investment portfolio;

inflation, interest rate, securities market and monetary fluctuations;

the timely development and acceptance of new products and services and perceived overall value of these products and services by customers;

changes in consumer spending, borrowings and savings habits;

technological changes;

the ability to increase market share and control expenses;

impairment of our goodwill or other intangible assets;

changes in the competitive environment among banks, financial holding companies and other financial service providers;

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the effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which we and our subsidiaries must comply, including under the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III update to the Basel Accords;

the effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Public Company Accounting Oversight Board, the Financial Accounting Standards Board and other accounting standard setters;

the costs and effects of legal and regulatory developments including the resolution of legal proceedings or regulatory or other governmental inquiries and the results of regulatory examinations or reviews; and

our success at managing the risks involved in the foregoing items.

Some of these and other factors are discussed in our annual and quarterly reports previously filed with the SEC. Such developments could have an adverse impact on our financial position and our results of operations.

S-iv

Table of Contents

The forward-looking statements are based upon management's beliefs and assumptions and are made as of the date of this prospectus supplement. We undertake no obligation to publicly update or revise any forward-looking statements included or incorporated by reference in this prospectus supplement or to update the reasons why actual results could differ from those contained in such statements, whether as a result of new information, future events or otherwise, except to the extent required by federal securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus supplement or in the incorporated documents might not occur, and you should not put undue reliance on any forward-looking statements.

S-v

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

The following summary contains basic information about us and this offering. Because it is a summary, it does not contain all the information that may be important to you. Before making an investment decision, you should read this entire prospectus supplement and accompanying prospectus carefully, including the section entitled Risk Factors and the documents incorporated by reference herein, including the financial statements and the accompanying notes contained in such documents.

About Webster Financial Corporation

Webster Financial Corporation is a bank holding company and financial holding company under the Bank Holding Company Act of 1956, as amended, and was incorporated under the laws of Delaware in 1986. On a consolidated basis, at September 30, 2012, we had assets of \$19.7 billion and equity of \$2.0 billion. Our principal asset at September 30, 2012 was all of the outstanding capital stock of Webster Bank, National Association (Webster Bank).

Through Webster Bank and various non-banking financial services subsidiaries, we deliver financial services to individuals, families and businesses throughout southern New England and into Westchester County, New York. We also offer equipment financing, commercial real estate lending, asset-based lending, and health savings accounts on a regional or national basis. We provide business and consumer banking, mortgage, financial planning, trust and investment services through 167 banking offices, 466 ATMs, telephone banking, mobile banking and the Internet. Webster Bank owns the asset based lending firm Webster Business Credit Corporation, the equipment finance firm Webster Capital Finance Corporation, and provides health savings account trustee and administrative services through its HSA Bank division. References to our website and those of our subsidiaries are not intended to be active links and the information on such websites is not, and you must not consider the information to be, a part of this prospectus supplement except as expressly set forth herein.

Our common stock is traded on the New York Stock Exchange under the symbol WBS. Our principal executive offices are located at 145 Bank Street, Waterbury, Connecticut 06702. Our telephone number is (203) 578-2202.

Table of Contents

The Offering

The following is a summary of some of the terms of the depositary shares, the Series E Preferred Stock and this offering and is not intended to be complete. It does not contain all of the information that you should consider before deciding whether to invest in the depositary shares. For a complete description of the depositary shares and the Series E Preferred Stock, see the information under the heading "Description of the Series E Preferred Stock" and "Description of Depositary Shares" in this prospectus supplement.

Issuer

Webster Financial Corporation

Securities offered

depositary shares (or depositary shares if the underwriters exercise in full their over-allotment option to purchase additional depositary shares) each representing 1/1000th ownership interest in a share of our % Series E Non-Cumulative Perpetual Preferred Stock, par value \$0.01 per share, with a liquidation preference of \$25,000 per share of Series E Preferred Stock (equivalent to \$25 per depositary share). Each holder of depositary shares will be entitled, through the depositary, in proportion to the applicable fraction of a share of Series E Preferred Stock represented by such depositary shares, to all the rights and preferences of the Series E Preferred Stock represented thereby (including dividend, voting, redemption and liquidation rights).

We reserve the right to re-open this series of preferred stock and issue additional shares of Series E Preferred Stock either through public or private sales at any time and from time to time, without notice to or consent of holders of the Series E Preferred Stock. The additional shares would form a single series together with all previously issued shares of Series E Preferred Stock. In the event we issue additional shares of Series E Preferred Stock, we will cause a corresponding number of additional depositary shares to be issued.

Dividends

We will pay dividends on the Series E Preferred Stock, when, as and if declared by our board of directors (or a duly authorized committee of our board of directors). Subject to the foregoing, dividends will accrue and be payable from the date of issuance at a rate of % per annum, payable quarterly in arrears. See also Dividend Payment Date. Upon payment of any dividends on the Series E Preferred Stock, holders of depositary shares are expected to receive a proportionate payment.

Dividends on the Series E Preferred Stock will not be cumulative and will not be mandatory. If our board of directors (or a duly authorized committee of our board of directors) does not declare a dividend on the Series E

Table of Contents

Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, no dividend shall be payable on the applicable dividend payment date, and we will have no obligation to pay any dividend for that dividend period, whether or not our board of directors (or a duly authorized committee of our board of directors) declares a dividend for any future dividend period with respect to the Series E Preferred Stock or any other class or series of our capital stock. A dividend period is the period from, and including, a dividend payment date to, but excluding, the next dividend payment date, except that the initial dividend period for shares of Series E Preferred Stock issued in connection with this offering will begin on and include the date we first issue such shares of Series E Preferred Stock.

References to the accrual (or similar terms) of dividends in this prospectus supplement refer only to the determination of the amount of such dividend and do not imply that any right to a dividend arises prior to the date on which a dividend is declared.

Our ability to pay dividends on the Series E Preferred Stock is subject to certain legal, regulatory and other restrictions described under Description of Series E Preferred Stock Dividends Restrictions on Payment of Dividends.

Dividend Payment Dates

Dividends on the Series E Preferred Stock will be payable when, as, and if declared by our board of directors (or a duly authorized committee of our board of directors), quarterly on March 15, June 15, September 15 and December 15 of each year, beginning on March 15, 2013 (each a dividend payment date). If any dividend payment date falls on a day other than a business day, then such date shall nevertheless be a dividend payment date but any dividend declared and otherwise payable on that dividend payment date will instead be paid on the next business day without any adjustment to the amount of dividends paid.

Priority Regarding Dividends

So long as any share of Series E Preferred Stock remains outstanding, unless full dividends for the most recently completed dividend period have been declared and paid (or declared and a sum sufficient for the payment thereof has been set aside) on all outstanding shares of Series E Preferred Stock, and we are not in default on our obligation to redeem any shares of Series E Preferred Stock that have been called for redemption, we may not, subject to certain exceptions:

declare, pay or set aside for payment any dividend or distribution on any shares of junior stock (as defined herein); or

Table of Contents

repurchase, redeem or otherwise acquire for consideration, directly or indirectly, any shares of junior stock or dividend parity stock (as defined herein).

When dividends are not paid in full upon the shares of Series E Preferred Stock and any dividend parity stock, all dividends paid or declared for payment on a dividend payment date with respect to the Series E Preferred Stock and the dividend parity stock will be shared based on the ratio between the then-current dividends due on shares of Series E Preferred Stock and (i) in the case of any series of non-cumulative dividend parity stock, the aggregate of the current and unpaid dividends due on such series of preferred stock and (ii) in the case of any series of cumulative dividend parity stock, the aggregate of the current and accumulated and unpaid dividends due on such series of preferred stock.

See Description of Series E Preferred Stock Dividends Priority Regarding Dividends for more information.

Redemption

The Series E Preferred Stock is perpetual and has no maturity date. We may redeem the Series E Preferred Stock, at our option, at a price equal to \$25,000 per share (equivalent to \$25 per depositary share), plus the per share amount of any declared and unpaid dividends (without accumulation of any undeclared dividends) on the Series E Preferred Stock prior the redemption date, (i) in whole or in part, from time to time, on December 15, 2017 or any dividend payment date thereafter or (ii) in whole but not in part, at any time following our good faith determination of the occurrence of a regulatory capital treatment event (as defined herein). If we redeem the Series E Preferred Stock, the depositary is expected to redeem a proportionate number of depositary shares. See Description of Series E Preferred Stock Redemption and Description of Depositary Shares Redemption for more information.

Our ability to redeem part or all of the Series E Preferred Stock is subject to certain legal, regulatory and other restrictions described under Description of the Series E Preferred Stock Redemption Redemption Procedures and Limitations.

Neither the holders of Series E Preferred Stock nor holders of depositary shares will have the right to require the redemption or repurchase of the Series E Preferred Stock.

Liquidation Rights

In the event we liquidate, dissolve or wind-up our business and affairs, either voluntarily or involuntarily, holders of

Table of Contents

the Series E Preferred Stock are entitled to receive a liquidating distribution of \$25,000 per share (equivalent to \$25 per depositary share), plus the per share amount of any declared and unpaid dividends (without regard to any undeclared dividends) prior to the date of payment of the liquidating distribution, before we make any distribution of assets to the holders of our common stock or any other class or series of our capital stock ranking junior to the Series E Preferred Stock with respect to liquidating distributions. Distributions will be made only to the extent of our assets that are available after satisfaction of all liabilities or obligations to creditors and subject to the rights of holders of any securities ranking senior to the Series E Preferred Stock and pro rata as to the Series E Preferred Stock and any other shares of capital stock ranking equally as to such distribution, if any. Holders of the Series E Preferred Stock will not be entitled to any other amounts from us after they have received their full liquidating distribution.

Voting Rights

None, except as required by law and except with respect to authorizing or increasing the authorized amount of senior stock, certain changes to the terms of the Series E Preferred Stock, or in the case of certain dividend non-payments. See Description of Series E Preferred Stock Voting Rights. Holders of depositary shares must act through the depositary to exercise any voting rights, as described under Description of Depositary Shares Voting the Series E Preferred Stock.

Maturity

The Series E Preferred Stock does not have any maturity date, and we are not required to redeem the Series E Preferred Stock at any time. Accordingly, the Series E Preferred Stock will remain outstanding indefinitely, unless and until we redeem it.

Ranking

Shares of the Series E Preferred Stock will rank, with respect to the payment of dividends and distributions upon our liquidation, dissolution or winding-up, respectively:

senior to our common stock and each other series of our preferred stock issued in the future, unless the terms of that stock expressly provide that it ranks senior to, or on parity with, the Series E Preferred Stock;

on parity with our 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock (the Series A Preferred Stock);

on parity with each other series of our preferred stock issued in the future, the terms of which expressly provide that such stock will rank on parity with the Series E Preferred Stock; and

Table of Contents

junior to any class or series of our preferred stock issued in the future, the terms of which expressly provide that such stock will rank senior to the Series E Preferred Stock.

Preemptive and Conversion Rights

None.

Listing

We intend to apply to list the depositary shares on the NYSE under the symbol WBS PrE. If the application is approved, we expect trading of the depositary shares on the NYSE to begin within the 30-day period after the initial delivery of the depositary shares.

Tax Consequences

For a discussion of the tax consequences relating to the acquisition, ownership and disposition of Series E Preferred Stock and the depositary shares, see United States Federal Income Tax Consequences.

Use of Proceeds

We estimate that the net proceeds of this offering will be approximately \$ (\$ if the underwriters exercise their over-allotment option in full), after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds from the sale of the depositary shares for general corporate purposes, which may include, without limitation, refinancing, reduction or repayment of debt, investments in Webster Bank, N.A. and our other subsidiaries as regulatory capital, financing of possible acquisitions, repurchases of our capital stock, expansion of the business, and investments at the holding company level.

Risk Factors

See Risk Factors beginning on page of this prospectus supplement and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before deciding to invest in the depositary shares.

Depository, Registrar and Transfer Agent

Computershare Shareowner Services LLC

Table of Contents

RISK FACTORS

An investment in the depositary shares involves certain risks. You should carefully consider the risks described below and the risk factors included in our Annual Report on Form 10-K for the year ended December 31, 2012, as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the depositary shares could decline due to any of these risks, and you may lose all or part of your investment. This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus supplement and the accompanying prospectus.

You are making an investment decision about both the depositary shares and the Series E Preferred Stock.

As described in this prospectus supplement, we are issuing depositary shares representing fractional interests in shares of Series E Preferred Stock. The depositary will rely solely on the payments it receives on the Series E Preferred Stock to fund all payments on the depositary shares. You should carefully review the information in this prospectus supplement regarding both of these securities before making an investment decision.

Our ability to pay dividends on the Series E Preferred Stock may be limited by federal regulatory considerations.

We are a separate and distinct legal entity from our banking and nonbanking subsidiaries and depend on the payment of cash dividends from Webster Bank and our existing liquid assets as the principal sources of funds for paying cash dividends on our common stock. Unless we receive dividends from Webster Bank or choose to use our liquid assets, we may not be able to pay dividends. Webster Bank's ability to pay dividends is subject to its ability to earn net income and to meet certain regulatory requirements. See "Supervision and Regulation" in our Annual Report on Form 10-K for the year ended December 31, 2011 for a discussion of regulatory and other potential restrictions on dividend declarations.

In addition, Section 171 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") requires federal banking agencies to establish risk-based capital requirements and leverage limits for holding companies that are no less stringent than those applicable to banks. In June 2012, the Federal Reserve, the Federal Deposit Insurance Corporation and the Office of the Comptroller of the Currency issued three notices of proposed rulemaking, including a joint notice of proposed rulemaking (the "June NPR"), addressing, among other matters, Section 171 of the Dodd-Frank Act and the agreement reached with the Basel Committee on Banking Supervision (Basel III). The June NPR set forth the proposed criteria for qualifying additional Tier 1 capital instruments consistent with Basel III, including the requirement that any dividends on such instruments only be paid out of the banking organization's net income and retained earnings. Until the final rules are issued, we cannot predict the June NPR's actual effect on us. These requirements, our business need as a financial holding company to have the higher capital levels required to maintain our status and that of Webster Bank as well capitalized and any other new regulations or capital distribution constraints, could adversely affect our ability to pay dividends on the Series E Preferred Stock and therefore your ability to receive distributions on the depositary shares.

Table of Contents

The Series E Preferred Stock will be an equity security and will be subordinate to our and our subsidiaries' existing and future indebtedness.

The shares of Series E Preferred Stock will be equity interests and will not constitute indebtedness. This means that the depositary shares, which represent fractional interests in shares of the Series E Preferred Stock, will rank junior to all of our and our subsidiaries' existing and future indebtedness and our other non-equity claims with respect to assets available to satisfy claims against us, including claims in the event of our liquidation. As of September 30, 2012, our total consolidated liabilities were approximately \$17.7 billion, and we may incur additional indebtedness in the future to increase our capital resources.

In the future, we may attempt to increase our capital resources or, if our or Webster Bank's capital ratios fall below the required minimums, we or Webster Bank could be forced to raise additional capital by making additional offerings of debt securities, including medium-term notes, senior or subordinated notes or other applicable securities. The Series E Preferred Stock places no restrictions on our business or operations or on our ability to incur indebtedness or engage in any transactions, subject only to the limited voting rights referred to below in "Holders of Series E Preferred Stock and the depositary shares will have limited voting rights." Further, our existing and future indebtedness may restrict the payment of dividends on the Series E Preferred Stock.

Additional issuances of preferred stock or securities convertible into preferred stock may further dilute existing holders of the depositary shares.

We may, in the future, determine that it is advisable, or we may encounter circumstances where we determine it is necessary, to issue additional shares of preferred stock, securities convertible into, exchangeable for or that represent an interest in preferred stock, or preferred stock-equivalent securities to fund strategic initiatives or other business needs or to build additional capital. Our board of directors is authorized to cause us to issue one or more classes or series of preferred stock from time to time without any action on the part of the stockholders, including issuing additional shares of Series E Preferred Stock or additional depositary shares. Though the approval of holders of depositary shares representing interests in the Series E Preferred Stock will be needed to issue any equity security ranking senior to the Series E Preferred Stock, if we issue preferred stock in the future that has preference over, or is equal in preference to, the Series E Preferred Stock with respect to the payment of dividends or upon liquidation, or if we issue preferred stock with voting rights that dilute the voting power of the Series E Preferred Stock or depositary shares, the rights of holders of the depositary shares or the market price of the depositary shares could be adversely affected. The market price of the depositary shares could decline as a result of these other offerings, as well as other sales of a large block of depositary shares, Series E Preferred Stock or similar securities in the market thereafter, or the perception that such sales could occur. Holders of the Series E Preferred Stock are not entitled to preemptive rights or other protections against dilution.

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

The Series E Preferred Stock may rank junior to preferred stock issued in the future that by its terms is expressly senior in rights and preferences to the Series E Preferred Stock, although the affirmative vote or consent of the holders of at least two-thirds of all outstanding shares of the Series E Preferred Stock is required to authorize or issue any shares of stock senior in rights and preferences to the Series E Preferred Stock. The terms of any future preferred stock expressly senior to the Series E Preferred Stock may restrict dividend or liquidation payments on the Series E Preferred Stock. Unless full dividends for all outstanding preferred stock senior

Table of Contents

to the Series E Preferred Stock have been declared and paid or set aside for payment, we may be prohibited from declaring or paying dividends or other distributions, or from repurchasing, redeeming or otherwise acquiring, directly or indirectly, for consideration, shares of Series E Preferred Stock. This could result in dividends on the Series E Preferred Stock not being paid on any particular dividend payment date. We currently have outstanding preferred stock which ranks equal to the Series E Preferred Stock. We may in the future issue more such preferred stock or one or more new series of preferred stock which is equal to the Series E Preferred Stock with respect to the payment of dividends or upon liquidation as to liquidation payments. If our assets or the proceeds thereof are not sufficient to pay the full liquidation preferences (as defined below) to all holders of the Series E Preferred Stock and all holders of preferred stock that ranks equally with the Series E Preferred Stock, the amounts paid to the holders of Series E Preferred Stock will be paid *pro rata* in accordance with the respective aggregate liquidation preferences of the Series E Preferred Stock and other parity preferred stock.

Dividends on the Series E Preferred Stock are discretionary and non-cumulative.

Dividends on the Series E Preferred Stock are discretionary and will not be cumulative. If our board of directors or a duly authorized committee of the board does not declare a dividend on the Series E Preferred Stock in respect of a dividend period, then no dividend shall be deemed to have accrued for such dividend period, be payable on the applicable dividend payment date or be cumulative, and we will have no obligation to pay any dividend for that dividend period, whether or not our board of directors or a duly authorized committee of our board declares a dividend on the Series E Preferred Stock or any other class or series of our capital stock for any future dividend period.

Investors should not expect us to redeem the Series E Preferred Stock on the date it becomes redeemable or on any particular date after it becomes redeemable.

The Series E Preferred Stock is a perpetual equity security. This means that the Series E Preferred Stock has no maturity or mandatory redemption date and is not redeemable at the option of investors, including the holders of the depositary shares offered by this prospectus supplement. The Series E Preferred Stock may be redeemed by us at our option, (i) either in whole or in part, on [December 15], 2017 or on any dividend payment thereafter, or (ii) in whole but not in part, at any time following our good faith determination of the occurrence of a regulatory capital treatment event. Our right to redeem the Series E Preferred Stock is subject to an important limitation. Under the Federal Reserve's current risk-based capital guidelines applicable to bank holding companies, as well as those proposed under the June NPR, any redemption of the Series E Preferred Stock is subject to prior approval by the Federal Reserve. We cannot assure you that the Federal Reserve will approve any redemption of the Series E Preferred Stock that we may propose.

We may be able to redeem the Series E Preferred Stock before December 15, 2017.

In addition to our ability to redeem the Series E Preferred Stock on December 15, 2017 or any dividend payment thereafter, we may redeem the Series E Preferred Stock prior to December 15, 2017 following the occurrence of certain events involving the capital treatment of the Series E Preferred Stock if we determine in good faith that a regulatory capital treatment event has occurred. Such a redemption would be subject to the prior approval of the Federal Reserve. See Description of Preferred Stock Redemption Redemption Following a Regulatory Capital Treatment Event.

It is possible that the Series E Preferred Stock may not satisfy the proposed criteria for tier 1 capital instruments consistent with Basel III as may be adopted by the Federal Reserve. As a result, in addition to other circumstances that may constitute a regulatory capital treatment

Table of Contents

even, when the Federal Reserve revises and replaces its current capital rules with the final risk-based and leverage capital requirements implementing Basel III, a regulatory capital treatment event could occur whereby we would have the right, subject to prior approval of the appropriate federal banking agency, to redeem the Series E Preferred Stock in accordance with its terms prior to December 15, 2017.

Holders of the Series E Preferred Stock and the depositary shares will have limited voting rights.

Holders of the Series E Preferred Stock, and therefore holders of the depositary shares, have no voting rights with respect to matters that generally require the approval of voting shareholders. However, holders of the Series E Preferred Stock will have the right to vote as a class on certain fundamental matters that may affect the preference or special rights of the Series E Preferred Stock, as described under "Description of Series E Preferred Stock Voting Rights" below. In addition, if dividends on any shares of the Series E Preferred Stock or any other class or series of preferred stock that ranks on parity with the Series E Preferred Stock as to payment of dividends with similar voting rights have not been declared or paid for the equivalent of six or more dividend payments, whether or not for consecutive dividend periods, holders of the outstanding shares of Series E Preferred Stock, together with the holders of any other series of our preferred stock ranking equal with the Series E Preferred Stock with similar voting rights, will be entitled to vote for the election of two additional directors to our board of directors, subject to the terms and to the limited extent described under "Description of Series E Preferred Stock Voting Rights" below. Holders of depositary shares must act through the depositary to exercise any voting rights in respect of the Series E Preferred Stock.

We cannot assure you that a liquid trading market for our depositary shares will develop.

The depositary shares are a new issue of securities with no established trading market. We intend to apply to list the depositary shares on the NYSE. While we expect, if the application is approved, that trading of the depositary shares on the NYSE will begin within a 30-day period after the initial issuance of the depositary shares, there is no guarantee that we will be able to list the depositary shares. Even if the depositary shares are listed, there may be little or no secondary market for the depositary shares and such market may not provide sufficient liquidity. Because the depositary shares do not have a stated maturity date, investors seeking liquidity will need to rely on the secondary market. We cannot assure you that a liquid trading market for the depositary shares will develop, that you will be able to sell your depositary shares at a particular time or that the price you receive when you sell will be favorable. We do not expect that there will be any separate public trading market for the shares of the Series E Preferred Stock except as represented by the depositary shares.

General market conditions and unpredictable factors could adversely affect market prices for the depositary shares.

There can be no assurance about the market prices for the depositary shares. Several factors, many of which are beyond our control, will influence the market price of the depositary shares. Factors that might influence the market prices of the depositary shares include:

whether we declare or fail to declare dividends on the Series E Preferred Stock from time to time;

real or anticipated changes in the credit ratings assigned to the depositary shares, the Series E Preferred Stock or our other securities;

our creditworthiness;

interest rates;

Table of Contents

developments in the credit, mortgage and housing markets, the markets for securities relating to mortgages or housing and developments with respect to financial institutions generally;

the market for similar securities; and

economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

Accordingly, the depositary shares that an investor purchases, whether in this offering or in the secondary market, may trade at a discount to their purchase price.

Holders of Series E Preferred Stock may be unable to use the dividends received deduction or take advantage of preferential tax rates for qualified dividend income.

Distributions paid to corporate U.S. holders of the depositary shares out of dividends on the Series E Preferred Stock may be eligible for the dividends received deduction if we have current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. Although we presently have accumulated earnings and profits, we may not have sufficient current or accumulated earnings and profits during future fiscal years for the distributions on the Series E Preferred Stock to qualify, in whole or in part, as dividends for U.S. federal income tax purposes. If any distributions on the Series E Preferred Stock with respect to any fiscal year are not eligible for the dividends received deduction because of insufficient current or accumulated earnings and profits, the market value of the Series E Preferred Stock may decline. Moreover, dividends paid to noncorporate U.S. holders in taxable years beginning before January 1, 2013 will qualify for the preferential tax rates applicable to qualified dividend income if such holder meets certain holding period and other applicable requirements. However, in the absence of legislation extending the term of the preferential tax rates for qualified dividend income, dividends paid in taxable years beginning on or after January 1, 2013, including dividends on the Series E Preferred Stock, will be taxed at rates applicable to ordinary income. See United States Federal Income Tax Consequences.

Table of Contents

USE OF PROCEEDS

We expect to receive net proceeds from the offering of approximately \$ million (or approximately \$ million if the underwriters exercise their over-allotment option in full), after deducting underwriting discounts and commissions and estimated expenses payable by us.

We expect to use the net proceeds from the sale of the depositary shares for general corporate purposes, which may include, without limitation:

refinancing, reduction or repayment of debt;

investments in Webster Bank, N.A. and our other subsidiaries as regulatory capital;

financing of possible acquisitions;

repurchases of our capital stock;

expansion of the business; and

investments at the holding company level.

The precise amounts and timing of our use of the net proceeds will depend upon our and our subsidiaries funding requirements and the availability of other funds. Pending our use of the net proceeds from this offering as described above, we expect to invest the proceeds temporarily in short-term investments.

Table of Contents

**RATIOS OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS**

Our historical ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends for the periods indicated are set forth in the table below. As of September 30, 2012, we had 28,939 shares of preferred stock outstanding, all of which were issued on June 11, 2008. The ratio of earnings to fixed charges is computed by dividing (1) income from continuing operations before income taxes and fixed charges by (2) total fixed charges. The ratio of earnings to combined fixed charges and preferred stock dividends is computed by dividing (1) income from continuing operations before income taxes and fixed charges by (2) total fixed charges and preferred stock dividends. For purposes of computing these ratios:

earnings consist of income before income taxes plus fixed charges,

fixed charges, excluding interest on deposits, include interest expense (other than on deposits) and the estimated portion of rental expenses attributable to interest, net of income from subleases,

fixed charges, including interest on deposits, include all interest expense and the estimated portion of rental expense attributable to interest, net of income from subleases, and

pre-tax earnings required for preferred stock dividends were computed using the effective tax rate for the applicable year.

Ratio of Earnings to Fixed Charges

**Nine
Months Ended
September 30,** &nbs