

WEBSTER FINANCIAL CORP
Form FWP
June 06, 2008

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under the Securities Act of 1933
Registration Statement No. 333-114091

FINAL TERM SHEET

WEBSTER FINANCIAL CORPORATION

8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock

The following information supplements the Preliminary Prospectus Supplement, dated June 5, 2008, to the Prospectus dated April 1, 2004, filed pursuant to Rule 424(b)(2).

| | |
|---|---|
| Issuer | Webster Financial Corporation |
| Title of Securities | 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock (the Preferred Stock) |
| Number of shares issued | 225,000 shares of Preferred Stock |
| Over-allotment option | To the extent the underwriters sell more than 225,000 shares of Preferred Stock, the underwriters have the option to purchase, within 30 days of the date of the prospectus supplement, up to an additional 25,000 shares of Preferred Stock at the initial public offering price less the underwriting discount, solely to cover overallotments, if any. |
| Liquidation preference per share | \$1,000 |
| Aggregate liquidation preference offered | \$225,000,000 of liquidation preference (\$250,000,000 if the underwriter's option is exercised in full) |
| Price to Public | 100% of liquidation preference (\$1,000 per share) |
| Underwriting discounts and commissions | \$30 per share |
| Proceeds to Issuer (before expenses) | \$970 per share |
| Maturity | Perpetual |

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|---|--|
| Annual dividend rate (Non-Cumulative) | 8.50% on the per share liquidation preference of \$1,000 per share |
| Dividend Payment Date | March 15, June 15, September 15 and December 15 of each year, commencing on September 15, 2008 |
| Day Count | 30/360 |
| Closing price of Issuer's common stock on June 5, 2008 | \$22.18 per share |
| Conversion right | Each share of the Preferred Stock may be converted at any time, at the option of the holder, into 36.8046 shares |

of common stock (which reflects an approximate initial conversion price of \$27.17 per share of common stock) plus cash in lieu of fractional shares, subject to anti-dilution adjustments.

Mandatory conversion at Issuer's option

On or after June 15, 2013, the Issuer may, at its option, at any time or from time to time cause some or all of the Preferred Stock to be converted into shares of common stock at the then applicable conversion rate if, for 20 trading days within any period of 30 consecutive trading days, including the last trading day of such period, ending on the trading day preceding the date the Issuer gives notice of mandatory conversion, the closing price of common stock exceeds 130% of the then applicable conversion price of the Preferred Stock.

Conversion upon fundamental change

If the reference price in connection with a fundamental change is less than the applicable conversion price, each share of Preferred Stock may be converted during the period beginning on the effective date of the fundamental change and ending on the date that is 30 days after the effective date of such fundamental change at an adjusted conversion price equal to the greater of (1) the reference price and (2) \$11.09, which is 50% of the closing price of the Issuer's common stock on the date of the prospectus supplement, subject to adjustment. If the reference price is less than \$11.09, holders will receive a maximum of 90.1713 shares of common stock per share of Preferred Stock, subject to adjustment, which may result in a holder receiving value that is less than the liquidation preference of the Preferred Stock.

Make-whole shares upon certain acquisitions

The following table sets forth the number of make-whole shares per share of Preferred Stock for each stock price and effective date set forth below:

| Effective Date | Stock Price | | | | | | | | | |
|---------------------|-------------|---------|---------|---------|---------|---------|---------|---------|---------|----------|
| | \$22.18 | \$25.00 | \$27.50 | \$30.00 | \$35.00 | \$40.00 | \$45.00 | \$50.00 | \$75.00 | \$100.00 |
| 6/11/2008 | 8.2810 | 6.6531 | 5.5622 | 5.1430 | 4.4168 | 3.8737 | 3.4541 | 3.1138 | 2.0954 | 1.5827 |
| 6/15/2009 | 8.2810 | 6.5898 | 4.8760 | 4.3257 | 3.7162 | 3.2594 | 2.9068 | 2.6207 | 1.7647 | 1.3336 |
| 6/15/2010 | 8.2810 | 6.5796 | 4.6764 | 3.4008 | 2.9237 | 2.5617 | 2.2840 | 2.0585 | 1.3839 | 1.0441 |
| 6/15/2011 | 8.2810 | 6.5807 | 4.6622 | 3.0415 | 2.0490 | 1.8009 | 1.6066 | 1.4487 | 0.9765 | 0.7385 |
| 6/15/2012 | 8.2810 | 6.5774 | 4.6588 | 3.0079 | 1.0772 | 0.9384 | 0.8367 | 0.7538 | 0.5063 | 0.3815 |
| 6/15/2013 and after | 8.2810 | 6.5806 | 4.6621 | 3.0105 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

The exact stock price and effective dates may not be set forth on the table, in which case:

if the stock price is between two stock price amounts on the table or the effective date is between two dates on the table, the number of make-whole shares will be determined by straight-line interpolation between the number of make-whole shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;

if the stock price is in excess of \$100.00 per share (subject to adjustment), no make-whole shares will be issued upon conversion of the Preferred Stock; and

if the stock price is less than \$22.18 per share (subject to adjustment), no make-whole shares will be issued upon conversion of the Preferred Stock.

Limitation on Beneficial Ownership As described in the Preliminary Prospectus Supplement.

Trade date June 5, 2008

Settlement date June 11, 2008

CUSIP 947890307

Sole Bookrunning Manager Merrill Lynch, Pierce, Fenner & Smith Incorporated

Co-Managers J.P. Morgan Securities Inc.
Sandler O'Neill & Partners

Use of proceeds The Issuer expects to receive proceeds from the offering of the Preferred Stock, net of underwriting discounts, of approximately 218,250,000 (or approximately 242,500,000 if the underwriters exercise their over-allotment option in full). The Issuer intends to use the net proceeds of the offering of the Preferred Stock for general corporate purposes, including to increase liquidity and to provide for additional capital.

The Issuer has filed a registration statement (including a prospectus and prospectus supplement) with the Securities and Exchange Commission for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Issuer has filed with the Securities and Exchange Commission for more complete information about the Issuer and this offering. You may get these documents for free by visiting EDGAR on the web site of the Securities and Exchange Commission at www.sec.gov. Alternatively, the Issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus and prospectus supplement if you request it by calling Merrill Lynch, Pierce, Fenner & Smith Incorporated toll free at 1-800-248-3580.

Terms are used in this term sheet with the meanings assigned to them in the preliminary prospectus supplement subject to completion, dated June 5, 2008, included in the registration statement referred to above.

