

WEBSTER FINANCIAL CORP
Form DEF 14A
March 14, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(RULE 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as
permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Webster Financial Corporation

(Exact Name of Registrant as Specified In Its Charter)

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

..

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 14, 2014

To the Shareholders of

Webster Financial Corporation:

You are cordially invited to attend the Webster Financial Corporation Annual Meeting of Shareholders to be held on Thursday, April 24, 2014 at 4:00 p.m., Eastern Time, at the Webster Bank Resource Center, 436 Slater Road, New Britain, Connecticut 06053.

At the Annual Meeting, you will be asked: (i) to elect nine directors to serve for one-year terms; (ii) to approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster; (iii) to ratify the appointment of KPMG LLP as the independent registered public accounting firm of Webster for the year ending December 31, 2014; and (iv) to transact any other business that properly comes before the Annual Meeting or any adjournments of the meeting.

We encourage you to read the accompanying Proxy Statement, which provides information regarding Webster and the matters to be voted on at the Annual Meeting. Also enclosed is our 2013 Annual Report.

It is important that your shares be represented at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, you may vote your common shares via a toll-free telephone number or on the Internet or you may complete, date, sign and return the enclosed proxy card in the enclosed postage-paid envelope. If you attend the meeting and prefer to vote in person, you may do so.

Sincerely,

James C. Smith
Chairman and Chief Executive Officer

WEBSTER FINANCIAL CORPORATION

Webster Plaza

145 Bank Street

Waterbury, Connecticut 06702

800-325-2424

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 24, 2014

To the Shareholders of

Webster Financial Corporation:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the Annual Meeting) of Webster Financial Corporation (Webster) will be held on Thursday, April 24, 2014 at 4:00 p.m., Eastern Time, at the Webster Bank Resource Center, 436 Slater Road, New Britain, Connecticut 06053, for the following purposes:

1. *Election of Directors* - To elect nine directors to serve for one-year terms (Proposal 1);
2. *Say on Pay* - To approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster (Proposal 2);
3. *Ratification of Appointment of Independent Registered Public Accounting Firm* - To ratify the appointment by the Board of Directors of KPMG LLP as the independent registered public accounting firm of Webster for the fiscal year ending December 31, 2014 (Proposal 3); and
4. *Other Business* - To transact any other business that properly comes before the Annual Meeting or any adjournments thereof, in accordance with the determination of a majority of Webster's Board of Directors.

The Board of Directors has fixed the close of business on February 24, 2014 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

By order of the Board of Directors,

James C. Smith
Chairman and Chief Executive Officer

Waterbury, Connecticut

March 14, 2014

IT IS IMPORTANT THAT YOU VOTE PROMPTLY. THEREFORE, WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING, PLEASE VOTE YOUR COMMON SHARES VIA THE TOLL-FREE TELEPHONE NUMBER LISTED ON THE PROXY CARD, THE INTERNET OR BY MAIL.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on April 24, 2014: This proxy statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and our 2013 Annual Report, are available free of charge on the Investor Relations section of our website (www.wbst.com).

WEBSTER FINANCIAL CORPORATION

Webster Plaza

145 Bank Street

Waterbury, Connecticut 06702

800-325-2424

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON APRIL 24, 2014

Solicitation, Voting and Revocability of Proxies

This Proxy Statement (the "Proxy Statement") is being furnished to the shareholders of Webster Financial Corporation, a Delaware corporation ("Webster" or the "Company"), as part of the solicitation of proxies by its Board of Directors from holders of its outstanding shares of Common Stock, par value \$.01 per share (the "Common Stock"), for use at the Annual Meeting of Shareholders of Webster to be held on Thursday, April 24, 2014 at 4:00 p.m., Eastern Time, at the Webster Bank Resource Center, 436 Slater Road, New Britain, Connecticut 06053 (the "Annual Meeting") and at any adjournments thereof. The Proxy Statement, together with the enclosed proxy card, is being mailed to shareholders of Webster on or about March 14, 2014.

The Annual Meeting has been called for the following purposes:

1. To elect nine directors to serve for one-year terms (Proposal 1);
2. To approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster (Proposal 2);
3. To ratify the appointment by the Board of Directors of the firm of KPMG LLP as the independent registered public accounting firm of Webster for the year ending December 31, 2014 (Proposal 3); and
4. To transact any other business that properly comes before the Annual Meeting or any adjournments thereof.

If you vote using the enclosed proxy card, your shares will be voted in accordance with the instructions indicated. **Executed but unmarked proxies will be voted:**

- 1. FOR the election of the Board's nominees as directors;**
- 2. FOR the approval, on a non-binding, advisory basis, of the compensation of the named executive officers of Webster; and**
- 3. FOR the ratification of the appointment of Webster's independent registered public accounting firm.**

Except for procedural matters incident to the conduct of the Annual Meeting, the Board of Directors does not know of any matters other than those described in the Notice of Annual Meeting that are to come before the Annual Meeting. If any other matters are properly brought before the Annual Meeting, the persons named in the proxy will vote the shares represented by such proxy on such matters as determined by a majority of the Board of Directors. The proxies confer discretionary authority to vote on any matter of which Webster did not have notice at least 30 days prior to the date of the Annual Meeting.

The presence of a shareholder at the Annual Meeting will not automatically revoke that shareholder's proxy. A shareholder may, however, revoke a proxy at any time before it is voted: (i) by delivering either a written notice of revocation of the proxy or a duly executed proxy bearing a later date to Mark S. Lyon, Assistant Secretary, Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702; (ii) by re-voting by telephone or on the Internet; or (iii) by attending the Annual Meeting and voting in person.

The cost of soliciting proxies for the Annual Meeting will be borne by Webster. In addition to use of the mails, proxies may be solicited personally or by telephone or teletype by directors, officers and employees, who will not be specially compensated for such activities. Webster also will request persons, firms and companies holding shares in their names or in the name of their nominees, which are beneficially owned by others, to send proxy materials to and obtain proxies from those beneficial owners and will reimburse those holders for their reasonable expenses incurred in that connection. Webster also has retained Morrow & Co., LLC, a proxy soliciting firm, to assist in the solicitation of proxies at a fee of \$7,500, plus reimbursement of certain out-of-pocket expenses.

Who Can Vote - The securities which can be voted at the Annual Meeting consist of shares of Common Stock of Webster with each share entitling its owner to one vote on all matters properly presented at the Annual Meeting. There is no cumulative voting of shares. The Board of Directors has fixed the close of business on February 24, 2014 as the record date for the determination of shareholders of Webster entitled to notice of and to vote at the Annual Meeting. On the record date, there were 7,387 holders of record of the 90,254,151 shares of Common Stock then outstanding and eligible to be voted at the Annual Meeting.

Voting - If your Common Stock is held by a broker, bank or other nominee (*i.e.*, in street name), you should receive instructions from that person or entity that you must follow in order to have your shares of Common Stock voted. If you hold your Common Stock in your own name and not through a broker or another nominee, you may vote your shares of Common Stock:

- by using the toll-free telephone number listed on the proxy card,
- by using the Internet website listed on the proxy card,
- by signing, dating and mailing the proxy card in the enclosed postage-paid envelope, or
- by attending the Annual Meeting and voting in person.

Whichever of these methods you select to transmit your instructions, the proxy holders will vote your Common Stock in accordance with your instructions. If you give a proxy without specific voting instructions, your proxy will be voted by the proxy holders as recommended by the Board of Directors.

Vote by Telephone - If you hold your Common Stock in your own name and not through your broker or another nominee, you can vote your shares of Common Stock by telephone by dialing the toll-free telephone number printed on your proxy card. Telephone voting is available 24 hours a day until 11:59 p.m., Eastern Time, on April 23, 2014. Easy-to-follow voice prompts allow you to vote your shares of Common Stock and confirm that your instructions have been properly recorded. **If you vote by telephone, you do not need to return your proxy card.**

Vote by Internet - If you hold your Common Stock in your own name and not through your broker or another nominee, you can vote via the Internet. The website for Internet voting is printed on your proxy card. Internet voting is available 24 hours a day until 11:59 p.m., Eastern Time, on April 23, 2014. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you vote via the Internet, you do not need to return your proxy card.**

Vote by Mail - You can vote by mail by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

The presence, in person or by proxy, of at least one-third of the total number of outstanding shares of Common Stock entitled to vote at the Annual Meeting is necessary to constitute a quorum at the Annual Meeting. Assuming the presence of a quorum at the Annual Meeting, directors will be elected by a majority of the votes cast by shares present in person or represented by proxy and entitled to vote. The affirmative vote of the majority of the votes cast is required to approve the non-binding, advisory vote on the compensation of the named executive officers of Webster and to ratify the appointment of Webster's independent registered public accounting firm. Shareholders' votes will be tabulated by the persons appointed by the Board of Directors to act as inspectors of election for the Annual Meeting.

Under New York Stock Exchange Rule 452, which governs NYSE brokerage members, brokerage firms may not vote on non-routine matters in their discretion on behalf of their clients if such clients have not furnished voting instructions. A broker non-vote occurs when a broker customer does not provide the broker with voting instructions on non-routine matters for shares owned by the customer but held in the name of the broker. For non-routine matters, the broker cannot vote either FOR or AGAINST a proposal and reports the number of such shares as non-votes. Because none of the matters to be voted upon at the Annual Meeting are considered routine matters under Rule 452 except for the ratification of the appointment of the independent registered public accounting firm, there potentially can be broker non-votes at the Annual Meeting. Both abstentions and broker non-votes will be treated as shares present for purposes of determining the presence of a quorum at the Annual Meeting. Abstentions and broker non-votes will not be counted for purposes of determining the number of votes cast on Proposals 1 or 2 and, therefore, will have no effect on the outcome of the votes for those proposals. Abstentions will not be counted for purposes of determining the number of votes cast on Proposal 3 and, therefore, will have no effect on the outcome of the vote for that proposal. Proposal 3 concerns a routine matter and thus brokerage firms may vote, in person or by proxy, on such proposal on behalf of their clients without voting instructions.

Electronic Delivery of Proxy Materials - As a shareholder, you have the option of electing to receive future proxy materials (including annual reports) online over the Internet. This online service provides savings to Webster by eliminating printing, mailing, processing and postage costs associated with hard copy distribution. You may enroll for this service on the Internet after you vote your shares in accordance with the instructions for Internet voting set forth on the enclosed proxy card. You may also enroll for electronic delivery of future Webster proxy materials at any time on the Company's website at www.wbst.com. Under Electronic Enrollment, select the Click Here To Enroll link. Then select the box indicating your appropriate form of share ownership, and follow the instructions for electronic delivery enrollment. In the future, you will receive an email message, at the address you provided while enrolling, informing you that the Webster proxy materials are available to be viewed online on the Internet. Follow the instructions to view the materials and vote your shares. Your enrollment in electronic delivery of Webster proxy materials will remain in effect until revoked by you.

Annual Report on Form 10-K - Webster is required to file an annual report on Form 10-K for its 2013 fiscal year with the Securities and Exchange Commission (SEC). Shareholders may obtain, free of charge, a copy of the Form 10-K by writing to Mark S. Lyon, Assistant Secretary, Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702. Our annual report on Form 10-K is available on the Company's website, www.wbst.com.

ELECTION OF DIRECTORS

(Proposal 1)

At the Annual Meeting, nine directors will be elected to serve for one-year terms. Unless otherwise specified on the proxy, it is the intention of the persons named in the proxy to vote the shares represented by each properly executed proxy for the election as directors of the persons named below as nominees. The Board of Directors believes that the nominees will stand for election and will serve if elected as directors. If, however, any person nominated by the Board fails to stand for election or is unable to accept election, the proxies will be voted for the election of such other person as the Board of Directors may recommend. Assuming the presence of a quorum at the Annual Meeting, directors will be elected by a majority of the votes cast by shares present in person or represented by proxy and entitled to vote at the Annual Meeting. There are no cumulative voting rights in the election of directors.

As required by Webster's Bylaws, directors must be elected by a majority of the votes cast with respect to such director in uncontested elections (number of shares voted for a director must exceed the number of votes cast against that director). In a contested election (a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. In addition, under Webster's Bylaws, incumbent directors nominated for reelection are required, as a condition to such nomination, to submit a conditional letter of resignation. In the event an incumbent nominee for director fails to receive a majority of the votes cast at an annual meeting, the Nominating and Corporate Governance Committee will consider the resignation and make a recommendation to the Board whether to accept or reject the

resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who failed to receive a majority of the votes cast will not participate in the Board's decision.

Information as to Nominees

The following table sets forth the names of the Board of Directors' nominees for election as directors, all of whom are current directors of Webster. Also set forth in the table is certain other information with respect to each such person's age at December 31, 2013, the periods during which such person has served as a director of Webster and positions currently held with Webster and its wholly owned subsidiary, Webster Bank, National Association (Webster Bank). Mr. David A. Coulter, whose term ends as of the Annual Meeting, will be leaving the Board of Directors as of the date of the Annual Meeting. The Board of Directors greatly appreciates the service and contributions of Mr. Coulter to the success of Webster.

Following the table are biographies of each of the nominees which contain information regarding each such person's business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that such person should serve as a director as of the time of filing of this Proxy Statement. Each director brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance, board service, executive management, business, finance and marketing. The process undertaken by the Nominating and Corporate Governance Committee in recommending qualified candidates is described beginning on page 11 under Corporate Governance Director Qualifications and Nominations.

Director Nominees:	Age at 12/31/2013	Director Since	Expiration of Term	Positions Held with Webster and Webster Bank	Committee Membership
Joel S. Becker	65	1986	2014	Director	Compensation; Nominating and Corporate Governance
John J. Crawford	69	1996	2014	Lead Director	Executive; Audit; Nominating and Corporate Governance (Chair)
Robert A. Finkenzeller	63	1986	2014	Director	Audit; Nominating and Corporate Governance
C. Michael Jacobi	71	1993	2014	Director	Compensation; Risk
Laurence C. Morse	62	2004	2014	Director	Executive; Audit; Risk (Chair)
Karen R. Osar	64	2006	2014	Director	Executive; Audit (Chair); Risk
Mark Pettie	57	2009	2014	Director	Audit; Risk
Charles W. Shivery	68	2009	2014	Director	Executive; Compensation (Chair); Nominating and Corporate Governance
James C. Smith	64	1986	2014	Chairman and Chief Executive Officer; Director	Executive (Chair)

Joel S. Becker is Chairman and Chief Executive Officer of Torrco, a Waterbury, Connecticut based wholesale distributor of plumbing, heating and industrial pipe valve and fitting supplies to contractors and industry. Mr. Becker is a member of the Nominating and Corporate Governance Committee and the Compensation Committee.

Mr. Becker's experience as Chairman and Chief Executive Officer of a local business in Webster's market area combined with more than twenty-five years of experience on Webster's Board gives him unique insight into Webster's challenges, opportunities and operations. He also has extensive experience in public company executive compensation as a result of his over nine years of service as Chair of the Compensation Committee.

John J. Crawford is President of Strategem LLC, a New Haven, Connecticut based company which provides consulting services to the business and not-for-profit community on business and financial strategies. Mr. Crawford served as President, Chief Executive Officer and a director of Aristotle Corporation, a New Haven, Connecticut based education training company from October 1992 through December 2002. Mr. Crawford continued to serve on the Board of Directors of Aristotle Corporation until August 31, 2005. From 1994 until December 2000, he served as President and Chief Executive Officer of the South Central Connecticut Regional Water Authority, New Haven, Connecticut. Mr. Crawford is Lead Director, Chair of the Nominating and Corporate Governance Committee, and a member of the Audit Committee and the Executive Committee.

Mr. Crawford's extensive executive and corporate governance experience as a former Chief Executive Officer of three companies, including a financial institution, and his fifteen plus years of service on Webster's Board, including eleven years as the Lead Director, provides him with a seasoned view of Webster's operations and challenges.

Robert A. Finkenzeller is President of Eyelet Crafters, Inc., a Waterbury, Connecticut based company that manufactures deep drawn metal parts for the cosmetics, writing instrument and drapery hardware fields. Mr. Finkenzeller has held this position since 1990. Mr. Finkenzeller is a member of the Audit Committee and the Nominating and Corporate Governance Committee.

Mr. Finkenzeller brings meaningful corporate governance experience to the Board having served as a member of the Audit, Compensation, Nominating and Corporate Governance, and Risk Committees. Mr. Finkenzeller is an executive of a business based in Webster's market area and has over twenty-five years of experience on Webster's Board.

C. Michael Jacobi is President of Stable House 1, LLC, a Middlebury, Connecticut based company engaged in real estate development. Mr. Jacobi served from June 2001 to May 2005 as President, Chief Executive Officer and a director of Katy Industries, Inc., a publicly held company headquartered in Middlebury, Connecticut engaged in the design, manufacture and distribution of maintenance and electrical products. Mr. Jacobi is a certified public accountant. He is a director of Corrections Corporation of America (NYSE:CXW), a publicly held company headquartered in Nashville, Tennessee engaged in the ownership and management of prisons for federal, state and local governments, a director and chairman of the board of Sturm Ruger & Co., Inc. (NYSE:RGR), a publicly held company headquartered in Southport, Connecticut engaged in manufacturing and distribution of consumer products, a director of Kohlberg Capital Corporation (NASDAQ:KCAP), a publicly held company headquartered in New York, New York specializing in equity and debt investments in middle market companies, and a director of Bauer Performance Sports Ltd. (TSX:BAU), a publicly held company headquartered in Exeter, New Hampshire engaged in the design and manufacture of sports equipment. Mr. Jacobi is a member of the Compensation Committee and the Risk Committee.

Mr. Jacobi provides the Board with extensive experience and expertise in corporate finance and accounting as a Certified Public Accountant, having served as Chair of the Audit Committee of Webster for many years. His former service as the Chief Executive Officer of a public company also brings strong executive experience to the Board.

Laurence C. Morse is the Managing Partner of Fairview Capital Partners, Inc., in West Hartford, Connecticut, an investment management firm established in 1994 that oversees venture capital funds, some of which invest capital in venture capital partnerships and similar investment vehicles that provide capital primarily to minority-controlled companies. Mr. Morse is a director of the Institute of International Education, a trustee of the Harris Associates Investment Trust (The Oakmark Mutual Funds Group), a member of the Board of Trustees of Princeton University, and is a former director of Princeton University Investment Company and a former director and chairman of the National Association of Investment Companies, a private, not-for-profit trade association that represents 52 private equity and specialty finance investment firms. Mr. Morse is Chair of the Risk Committee, and is a member of the Audit Committee and the Executive Committee.

Mr. Morse's entire career has been spent in the investment management field, including as the co-founder and Managing Partner of an investment management firm, which provides the Board with extensive knowledge of the capital markets and accounting issues. His experience has made him adept at performing rigorous risk assessments of managers and management teams, and assessing new technologies, products and services, business strategies, markets and industries.

Karen R. Osar was Executive Vice President and Chief Financial Officer of Chemtura Corporation (NYSE:CHMT), a specialty chemicals company headquartered in Middlebury, Connecticut from 2004 until her retirement in March 2007. From 1999 to April 2003, Ms. Osar served as Senior Vice President and Chief Financial Officer of Westvaco Corporation and Mead Westvaco Corporation. She is a director and audit committee chair of Innophos Holdings, Inc. (NASDAQ:IPHS), a publicly held specialty chemicals company headquartered in Cranbury, New Jersey, a director and audit committee member of Sappi Limited (JSE:SAP), one of the largest producers of paper and chemical cellulose, headquartered in Johannesburg, South Africa, with annual revenues of \$6B, and from 1999 through 2006 she served as a director and audit and finance committee chair of Allergan, Inc., a publicly held multi-specialty health care company focused on developing and commercializing pharmaceuticals. Ms. Osar is Chair of the Audit Committee and a member of the Executive Committee and the Risk Committee.

Ms. Osar's experience as the former Chief Financial Officer of a public company, her previous corporate finance experience at JPMorgan Chase & Co. and her service as Chair of the Audit Committee for Webster and as the chair of the audit committee of another public company, provides the Board with strong corporate finance and accounting experience. Her board committee service also provides corporate governance and executive compensation expertise.

Mark Pettie is President of Blackthorne Associates, LLC, a Woodcliff Lake, New Jersey based company which provides consulting services to firms investing in a wide range of consumer oriented businesses. Mr. Pettie served as Chairman and Chief Executive Officer of Prestige Brands Holdings, Inc. (NYSE:PBH), a publicly held company headquartered in Irvington, New York which develops, sells, distributes and markets over-the-counter drugs, household cleaning products and personal care items, from January 2007 until September 2009. He was President of the Dairy Foods Group with ConAgra from 2005 to 2006. From 1981 to 2004, Mr. Pettie held various positions of increasing responsibility in finance, marketing and general management at Kraft Foods and was named Executive Vice President and General Manager of Kraft Foods Coffee Division in 2002. He is a member of the Audit Committee and the Risk Committee.

Mr. Pettie's experience as Chief Executive Officer of a public company brings strong executive experience to the Board, along with his expertise in finance and marketing. He also has extensive business and corporate governance experience as a director for both public and private companies.

Charles W. Shivery is former non-executive Chairman of the Board of Northeast Utilities (NYSE:NU). He joined Northeast Utilities in 2002 and was Chairman, President and Chief Executive Officer from March 2004 until April 2012, upon the completion of the merger with NSTAR, and then served as non-executive Chairman of the Board until October 2013. He previously held posts with the company including interim president, president-Competitive Group of Northeast Utilities, and president and chief executive officer of NU Enterprises, Inc., the unregulated subsidiary of the Northeast Utilities system. Prior to that, he was co-president

of the Constellation Energy Group, the parent company of Baltimore Gas & Electric and other energy related businesses. He is Chair of the Compensation Committee, a member of the Nominating and Corporate Governance Committee, and a member of the Executive Committee.

Mr. Shivery's former service as the President and Chief Executive Officer of an energy company provides extensive experience managing a sizable, highly regulated business. Northeast Utilities conducts business in a large part of the region serviced by Webster, so certain variables impact both businesses similarly. Mr. Shivery also provides the Webster Board with corporate governance and executive compensation knowledge.

James C. Smith is Chairman and Chief Executive Officer of Webster Financial Corporation and Webster Bank. Mr. Smith joined Webster Bank in 1975, and was appointed CEO in 1987 and Chairman in 1995. He was elected President, Chief Operating Officer and a director of Webster Bank in 1982 and of the parent company at its inception in 1986. He served as President of Webster and Webster Bank until 2000, and again from 2008 through 2011. Mr. Smith is co-chairman of the American Bankers Council (American Bankers Association's midsize banks). He serves as chairman of the Financial Services Roundtable Corporate Social Responsibility team after completing a three-year term on the FSR board in December. He is actively involved in the Midsize Banks Coalition of America. Mr. Smith served on the executive committee of the Connecticut Bankers Association for multiple terms ending 2012. He is a past member of the Federal Advisory Council, which advises the deliberations of the Federal Reserve Board of Governors, and served as a member of the board of directors of the Federal Reserve Bank of Boston for a three-year term ending in December 2010. He is a past member of the board of directors of the American Bankers Association and of the Federal Home Loan Bank of Boston. Mr. Smith is actively involved in community service and serves on the board of Saint Mary's Health System in Waterbury, Connecticut.

Mr. Smith's position as Chairman and Chief Executive Officer of Webster and his day to day leadership of the Company provide him with thorough knowledge of Webster's opportunities, challenges and operations. He also has extensive experience in banking.

The Board of Directors recommends that shareholders vote FOR the election of all of its director nominees.

CORPORATE GOVERNANCE

General

The business and affairs of Webster are managed under the direction of the Board of Directors (the Board). Members of the Board are kept informed of Webster's business through discussions with the Chairman of the Board and Webster's other executive officers, by reviewing materials provided to them and by participating in meetings and strategic planning sessions of the Board and its committees. The Board is also kept apprised by the Chairman of the Board and management of continuing educational programs on corporate governance and fiduciary duties and responsibilities. In addition, new directors of Webster participate in an orientation program, which is designed to familiarize them with Webster's business and operations and with their duties as directors under applicable laws and regulations. Each member of the Board also serves as a director of Webster Bank.

Webster believes in the importance of sound and effective corporate governance. Over the years, Webster has forged an explicit link between its corporate culture and corporate governance by identifying its core values, communicating them and living them every day. With uncompromising commitment to its core principles, Webster continues to add value for its customers, shareholders, employees and the communities it serves. The Board has adopted corporate governance practices and policies which the Board and senior management believe promote this philosophy. Certain of such practices and policies are listed in the chart below and certain of those listed are discussed in greater detail elsewhere in this Proxy Statement.

	2013
Board and Governance Information	
Size of Board	10 ¹
Number of Independent Directors	9 ²
Annual Election of All Directors	Yes
Majority Voting for Directors	Yes
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Annual Equity Grant to Non-Employee Directors	Yes
Board Orientation / Education Program	Yes
Code of Business Conduct & Ethics for Directors	Yes
Stock Ownership Guidelines for Directors	Yes
No Poison Pill	Yes
Policy Prohibiting Hedging / Pledging of Company Stock	Yes
Annual Board & Committee Evaluations	Yes

¹ Effective immediately following the Annual Meeting, the Board will consist of nine members due to the departure of Mr. Coulter. The Board may determine to increase the size of the board in the future in accordance with Webster's Bylaws.

² Following the Annual Meeting, eight of the nine members of Webster's Board will be independent.

Board Leadership

At Webster, the roles of Chairman of the Board and principal executive officer are combined, both held by Mr. Smith. In addition, there is a lead independent director who is appointed in accordance with Webster's Corporate Governance Policy, which provides that the Board shall appoint an independent director to serve as the Lead Director of the Board for a one-year term, or until a successor is appointed. The lead independent director presides over the executive sessions of independent directors and assists and advises the Chairman of the Board. During fiscal year 2013, Mr. Crawford served as the lead independent director. The Board believes that having a combined Chairman and principal executive officer, coupled with a lead independent director, is the most appropriate leadership structure for Webster, especially given Mr. Smith's long service as Chief Executive Officer and his extensive knowledge of the Company and its governance. This structure allows Board discussions regarding performance and strategic matters to be led by the person who oversees Webster's strategy and operations and establishes a single voice to speak on behalf of Webster, while the lead independent director component of the structure provides independent leadership that mitigates any real or perceived conflicts of interest.

Director Independence

Pursuant to the New York Stock Exchange (NYSE) listing standards, Webster is required to have a majority of independent directors on its Board. In addition, the Audit Committee, Compensation Committee and the Nominating and Corporate Governance Committee must be composed solely of independent directors. The NYSE listing standards define specific relationships that would disqualify a director from being independent and further require that for a director to qualify as independent, the board of directors must affirmatively determine that the director has no material relationship with the Company.

The Board, with the assistance of the Nominating and Corporate Governance Committee, conducted an evaluation of director independence, based primarily on a review of the responses of the directors and executive officers to questions regarding employment and compensation history, affiliations and family and other commercial, industrial, banking consulting, legal, accounting, charitable and legal relationships with Webster, including those relationships described under Compensation Committee Interlocks and Insider Participation and Certain Relationships on page 44 of this Proxy Statement, and on discussions with the Board.

As a result of this evaluation, the Board affirmatively determined that each of Messrs. Becker, Coulter, Crawford, Finkenzeller, Jacobi, Morse, Pettie, Shivery and Ms. Osar is an independent director for purposes of Section 303A of the Listed Company Manual of the NYSE and applicable SEC rules and regulations. In connection with this evaluation, the Board considered that in addition to Webster providing lending and other financial services to directors, their immediate family members, and their affiliated organizations in the ordinary course of business and without preferential terms or rates, some directors and their affiliated entities provide services to Webster in the ordinary course of business. In particular, the Board considered the following relationships:

John J. Crawford is Chairman of the Board of a non-profit organization to which Webster Bank made a charitable contribution in 2013. The Board determined that the amount contributed by Webster Bank was not material and would not impair Mr. Crawford's independence.

C. Michael Jacobi's son, Gregory Jacobi, was employed by Webster Bank in 2013 as a Senior Vice President. Mr. Jacobi's son's employment position with Webster Bank does not violate the independence standards contained in the NYSE rules and the Board determined that this relationship is not material and would not impair Mr. Jacobi's independence, in part because Mr. Jacobi's son is not an executive officer of Webster and his compensation and benefits were established in accordance with the compensation policies and practices applicable to Webster employees in comparable positions.

Mr. Smith is not considered independent because he is an executive officer of Webster and Webster Bank.

Executive Sessions of Independent Directors

In keeping with Webster's Corporate Governance Policy, in 2013 the Board held 4 meetings that were limited to independent directors. The lead independent director presides over the executive sessions of independent directors.

Risk Oversight

The Board administers its risk oversight function primarily through the Risk Committee, which is described in more detail below. The Risk Committee meets frequently throughout the year and reports its findings to the full Board on an ongoing basis. In addition, the Compensation Committee and the Risk Committee review and assess risks as related to Webster's compensation programs. Webster also has a Chief Risk Officer, Daniel H. Bley, who reports in that capacity to the Risk Committee, as well as two senior risk officers who report to the Chief Risk Officer.

Board and Committee Meetings

During 2013, Webster held 9 meetings of its Board. Each incumbent director attended at least 75 percent of the aggregate of (i) the total number of meetings held by the Board during the period that the individual served and (ii) the total number of meetings held by all committees of the Board on which the individual served during the period that the individual served.

Committees of the Board; Code of Business Conduct and Ethics and Corporate Governance Guidelines

The Board has established five standing committees. The standing committees are the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Executive Committee and the Risk Committee. The Board has adopted a charter for each of these committees, as well as corporate

governance guidelines that address the make-up and functioning of the Board and qualification guidelines for board members. The Board has also adopted a code of business conduct and ethics (the Code of Conduct) that applies to all employees, officers and directors. Each employee, officer and director participates in an annual training session that focuses on topics covered by our Code of Conduct. The training reinforces our core values and our commitment to full compliance with applicable laws and regulations. **You can find links to these materials on the Company s website at: www.wbst.com.**

You can also obtain a printed copy of any of the materials referred to above, without charge, by contacting us at the following address:

Webster Financial Corporation

145 Bank Street

Waterbury, Connecticut 06702

Attn: Harriet Munrett Wolfe, Esq.

Executive Vice President, General Counsel and Secretary

The Board has determined that all of the Directors who serve on the Audit, Compensation, and Nominating and Corporate Governance committees are independent for purposes of Section 303A of the Listed Company Manual of the NYSE. In addition, all of the Directors who serve on the Risk Committee are independent.

Audit Committee

The Board has appointed an Audit Committee that oversees the Company s financial reporting process, the system of internal financial and accounting controls, the audit process, and compliance with applicable laws and regulations. The Audit Committee reviews the Company s annual financial statements, including management s discussion and analysis, and regulatory examination findings. The Audit Committee recommends the appointment of an independent registered public accounting firm and is responsible for the oversight of such firm. **A copy of the Audit Committee s charter is available on the Company s website at: www.wbst.com.** During 2013, the Audit Committee held 5 meetings. The members of the Audit Committee currently are Ms. Osar (Chair) and Messrs. Crawford, Finkenzeller, Morse and Pettie. Each of the members of the Audit Committee meets the independence requirements of the rules of the NYSE and applicable rules and regulations of the SEC. The Board has determined that each of the members of the Audit Committee is financially literate and that Ms. Osar and Mr. Crawford each qualify as an audit committee financial expert, as that term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The Board has appointed a Compensation Committee. During 2013, the Compensation Committee held 6 meetings. Compensation Committee meetings are attended by Webster s Chief Executive Officer (CEO) and Chief Operating Officer (COO), other than while their compensation and benefits are discussed. For a description of the role of Webster s CEO in determining or recommending the amount of compensation paid to our named executive officers during 2013, see Compensation Discussion and Analysis. The members of the Compensation Committee currently are Messrs. Shivery (Chair), Becker, Coulter and Jacobi. Each of the members of the Compensation Committee meets the independence requirements of the rules of the NYSE, and also serves as the Compensation Committee of the Company s subsidiary, Webster Bank. **A copy of the Compensation Committee s charter is available on the Company s website at: www.wbst.com.** The Compensation Committee may delegate to its chairperson or any other Compensation Committee member such power and authority as the Compensation Committee deems appropriate, except such powers and authorities required by law to be exercised by the whole Compensation Committee or subcommittee thereof.

Pursuant to the Compensation Committee s charter, among other responsibilities, the Committee is charged with annually reviewing and approving annual bonus arrangements and long term incentive compensation paid to the CEO and COO. The Committee reviews and makes recommendations to the Board with respect to the annual base salary, and severance and/or change in control or similar agreements/provisions, if any,

for the CEO and COO; annually determining such compensation and benefits for the members of the Company's Executive Management Committee other than the CEO and COO; annually recommending to the Board the content of the annual performance evaluation for the CEO and COO and reviewing performance evaluations for all members of the Executive Management Committee; administering and implementing the Company's performance based incentive plans; reviewing the talent management and succession planning processes to ensure that there is a pool of qualified candidates to fill future Executive Management Committee positions; and reviewing and approving on a periodic basis the Company's employee stock ownership guidelines. The Committee also reviews and makes recommendations to the Board with respect to director compensation.

For information on the role of compensation consultants determining or recommending the amount or form of executive or director compensation, see Compensation Discussion and Analysis Compensation Consultant.

Executive Committee

The Board has appointed an Executive Committee that has responsibility for serving as an exploratory committee for mergers and acquisitions and to serve as an *ad hoc* committee as needed. The Executive Committee did not meet during 2013. The members of the Executive Committee are Messrs. Smith (Chair), Crawford, Morse, Shivery and Ms. Osar.

Nominating and Corporate Governance Committee

The Board has appointed a Nominating and Corporate Governance Committee that has overall responsibility for recommending corporate governance process and board operations for the Company. The Nominating and Corporate Governance Committee identifies director candidates, reviews the qualifications and experience of each person considered as a nominee for election or reelection as a director, and recommends director nominees to fill vacancies on the Board and for approval by the Board and the shareholders. **A copy of the Nominating and Corporate Governance Committee's charter is available on the Company's website at: www.wbst.com.** During 2013, the Nominating and Corporate Governance Committee held 3 meetings. The members of the Nominating and Corporate Governance Committee are Messrs. Crawford (Chair), Becker, Finkenzeller and Shivery. Each member of the Nominating and Corporate Governance Committee meets the independence requirements of the rules of the NYSE.

Risk Committee

The Board has appointed a Risk Committee whose primary function is to assist the Board in fulfilling its oversight responsibilities regarding the Company's enterprise risk management, receiving information regarding the Company's policies, procedures and practices relating to risk, and discussing material regulatory issues, compliance matters, and emerging risks to the Company. The Risk Committee also has responsibility for overseeing management's monitoring of security issues. During 2013, the Risk Committee held 6 meetings. The members of the Risk Committee are Messrs. Morse (Chair), Coulter, Jacobi, Pettie and Ms. Osar.

Director Qualifications and Nominations

The Board believes that it should be composed of directors with diverse experience in business and in areas that are relevant to the Company, and that directors should, at a minimum, possess the highest personal and professional ethics, integrity and values, and be committed to representing the long term interests of the shareholders. Directors should also have an objective perspective and practical wisdom, and should be willing and able to devote the required amount of time to Webster's business. These attributes are embodied in Webster's Qualification Guidelines for Board Members, which specifies that diversity is one of the factors to be considered in deciding on nominations for directors.

When considering candidates for the Board, the Nominating and Corporate Governance Committee takes into account a number of factors, including the following:

- independence from management;
- judgment, skill, integrity and reputation;

relevant specific industry experience;
age, gender and ethnic background;
current position with another business or entity;
potential conflicts of interests with other pursuits; and
existing ties to the Company's and Bank's markets.

When seeking candidates for director, the Nominating and Corporate Governance Committee may solicit suggestions from incumbent directors, management or others, including third party search firms. The Committee will review the qualifications and experience of each candidate. If the Committee believes a candidate would be a valuable addition to the Board, it will recommend to the full Board that candidate's election. The Nominating and Corporate Governance Committee reviews and assesses the effectiveness of the Qualification Guidelines for Board Members periodically.

Webster's Bylaws also permit shareholders eligible to vote at the Annual Meeting to make nominations for directors, but only if such nominations are made pursuant to timely notice in writing to the Secretary of Webster. To be timely, notice must be delivered to, or mailed to and received at, the principal executive offices of Webster not less than 30 days nor more than 90 days prior to the date of the meeting, provided that at least 45 days' notice or prior public disclosure of the date of the Annual Meeting is given or made to shareholders. If less than 45 days notice or prior public disclosure of the date of the Annual Meeting is given or made to shareholders, notice by the shareholder to be timely must be received by Webster not later than the close of business on the 15th day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made. Public disclosure of the date of the Annual Meeting was made by the issuance of a press release on February 14, 2014 and by filing a Current Report on Form 8-K under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission on February 14, 2014. The Nominating and Corporate Governance Committee will consider candidates for director suggested by shareholders applying the criteria for candidates described above and considering the additional information required by Article III, Section 13 of Webster's Bylaws, which must be set forth in a shareholder's notice of nomination. Section 13 of Webster's Bylaws requires that the notice include: (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of Webster which are beneficially owned by such person, and (iv) any other information relating to such person that is required to be disclosed in solicitations or proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); and (b) as to the shareholder giving notice, (i) the name and address, as they appear on Webster's books, of such shareholder, and (ii) the class and number of shares of Webster which are beneficially owned by such shareholder. In considering any nominees for directors recommended by a shareholder, the Nominating and Corporate Governance Committee considers, among other things, the same factors set forth above.

Compensation of Directors

The following table summarizes the compensation paid to Webster's non-employee directors during 2013. Employee directors of Webster receive no additional compensation for serving as directors or committee members of Webster or its subsidiaries. Beyond these and other standard arrangements described below, no other compensation was paid to any such director.

Name	Fees Earned or Paid in Cash (\$) ¹	Stock Awards (\$) ²	Option Awards (\$) ³	All Other Compensation (\$) ⁴	Total (\$)
Joel S. Becker	54,800	60,329		3,001	118,130
David A. Coulter ⁵	46,500	60,329		3,001	109,830
John J. Crawford	83,600	60,329		3,001	146,930
Robert A. Finkenzeller	53,600	60,329		3,001	116,930
C. Michael Jacobi	56,000	60,329		3,001	119,330
Laurence C. Morse	63,400	60,329		3,001	126,730
Karen R. Osar	69,600	60,329		3,001	132,930
Mark Pettie	54,600	60,329		3,001	117,930
Charles W. Shivery	60,600	60,329		3,001	123,930

¹ Includes meeting fees, fees paid to Mr. Crawford as Lead Director and committee chair, to Messrs. Morse, Shivery and Ms. Osar as committee chairs and the \$32,000 annual retainer fee.

² The amounts in this column represent the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718. The grant date fair value of the restricted shares awarded to Ms. Osar and Messrs. Becker, Coulter, Crawford, Finkenzeller, Jacobi, Morse, Pettie and Shivery in 2013 was \$22.93 per share. The assumptions used to calculate the amount recognized for these stock awards are set forth in footnote 20 to Webster's audited financial statements contained in Webster's Form 10-K for the year ended December 31, 2013. As of December 31, 2013, Ms. Osar and Messrs. Becker, Coulter, Crawford, Finkenzeller, Jacobi, Morse, Pettie and Shivery had 5,419 unvested restricted shares from the annual equity grants in 2011, 2012 and 2013.

³ No stock options were granted to non-employee directors in 2013. As of December 31, 2013, each director had the following number of options outstanding, all of which are currently exercisable: Mr. Becker, 54,528; Mr. Coulter, 12,000; Mr. Crawford, 54,528; Mr. Finkenzeller, 54,528; Mr. Jacobi, 54,528; Mr. Morse, 54,528; Ms. Osar, 46,528; Mr. Pettie, 25,423; and Mr. Shivery, 13,274.

⁴ Reflects the dollar amount of dividends paid on unvested restricted stock for the fiscal year ended December 31, 2013.

⁵ Mr. Coulter is currently a director of Webster but will no longer serve as a director after the Annual Meeting. Webster uses a combination of cash and restricted stock to attract and retain qualified candidates to serve on the Board. Webster targets director compensation to be at the median for its peer group (as described in Compensation Discussion and Analysis below), with the opportunity to earn significantly more based on Webster's total shareholder return. Stock ownership guidelines have also been established for directors to closely align directors' interests with those of Webster's shareholders.

During 2013, each non-employee director of Webster received an annual retainer of \$32,000. In addition, non-employee directors of Webster received 2,631 shares of restricted stock, which vest incrementally over three years.

In addition, except as set forth below, each non-employee director received \$1,200 for each Webster or Webster Bank Board meeting attended, \$1,200 for each committee meeting attended, and \$600 for each telephonic Webster or Webster Bank Board and committee meeting called by either Webster or Webster Bank. Each non-employee director of both Webster and Webster Bank received a total of \$2,000 for separate board meetings of Webster and Webster Bank that were held on the same day. Non-employee directors receive \$1,000 for a committee meeting if it is held on the same day as a Board meeting and \$1,000 for a second committee meeting if more than one committee meeting is held on the same day. Webster also reimburses directors for reasonable travel expenses incurred in connection with attending off-site Board meetings (including the travel expenses of spouses if they are specifically invited to attend).

In 2013, the Lead Director received an additional annual retainer of \$22,500. The Chair of the Audit Committee received an annual additional retainer of \$15,000, the Chair of the Compensation Committee and the Chair of the Risk Committee received additional annual retainers of \$10,000 and the Chair of the Nominating and Corporate Governance Committee received an additional annual retainer of \$7,500.

Our stock ownership guidelines require non-employee directors to own Webster Common Stock with a market value equal to at least \$200,000. Non-employee directors who do not meet the guidelines agree to hold all long term incentives, which include vested restricted stock and exercised stock options (net of exercise price and taxes), until they achieve the required ownership threshold of Webster Common Stock.

Communications with Directors

The Company's shareholders and other interested persons who want to communicate with the Board of Directors, any individual Director, the Lead Director, the non-management directors as a group or any other group of directors, can write to:

[Name of Director or Directors]

c/o Lead Director of the Board of Directors

Webster Financial Corporation

P.O. Box 1074

754 Chapel Street

New Haven, Connecticut 06510

All communications received (except for communications that are primarily commercial in nature or relate to an improper or irrelevant topic) will be forwarded to the intended recipient(s) or the full Board, as appropriate.

Director Attendance at Annual Meetings

Webster typically schedules a meeting of the Board of Directors in conjunction with the annual meeting and expects that the Board of Directors will attend the annual meeting, absent a valid reason, such as a previously scheduled conflict. Last year all of the individuals then serving as directors, except for Mr. Coulter, attended the annual meeting.

EXECUTIVE COMPENSATION AND OTHER INFORMATION
Named Executive Officers of Webster Financial Corporation

The following table sets forth information regarding the Chief Executive Officer, the Chief Financial Officer, the three other most highly compensated executive officers who were serving on December 31, 2013, and one former executive officer who would have been one of such other three most highly compensated executive officers but for the fact that he was not serving as an executive officer at the end of 2013 (the named executive officers or NEOs).

Name	Age as of December 31, 2013	Positions with Webster and Webster Bank
James C. Smith	64	Chairman, Chief Executive Officer and Director
Glenn I. MacInnes	52	Executive Vice President and Chief Financial Officer
Joseph J. Savage	61	President and Director of Webster Bank
Daniel M. FitzPatrick	55	Executive Vice President, Private Banking
Nitin J. Mhatre	43	Executive Vice President, Community Banking
Gerald P. Plush ¹	55	President, Chief Operating Officer and Director of Webster Bank

¹ Gerald P. Plush voluntarily resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Provided below is biographical information for each of Webster's NEOs, other than Mr. Smith. For information regarding Mr. Smith, see Election of Directors-Information as to Nominees.

Glenn I. MacInnes is Executive Vice President and Chief Financial Officer of Webster and Webster Bank. He joined Webster in 2011. Prior to that, Mr. MacInnes was Chief Financial Officer at New Alliance Bancshares for two years and was employed for 11 years at Citigroup in a series of positions, including deputy CFO for Citibank North America and CFO of Citibank (West) FSB. Mr. MacInnes serves on the International Festival of Arts & Ideas Board.

Joseph J. Savage is President, Webster and Webster Bank and a director of Webster Bank. He joined Webster in April 2002 as Executive Vice President, Commercial Banking and was promoted to President of Webster Bank and elected to the board of directors of Webster Bank in January of 2014. Prior to this, Mr. Savage was Executive Vice President of the Communications and Energy Banking Group for CoBank in Denver, Colorado from 1996 to April 2002. Mr. Savage serves as a director of the MetroHartford Alliance, the Connecticut Technology Council and the Travelers Championship Committee. He is also the chair of the 2013-14 United Way Campaign for United Way of Central and Northeastern Connecticut.

Daniel M. FitzPatrick is Executive Vice President, Private Banking of Webster and Webster Bank. He joined Webster in October 2012. Prior to this, Mr. FitzPatrick was Regional Managing Director for the BNY Mellon Wealth Management business in Fairfield and Westchester counties. Before that, he held the positions of: Managing Director, Goldman Sachs and CEO at The Goldman Sachs Trust Company, N.A.; Managing Director at Citigroup and CEO of its Citi Trust division; Managing Director of Samoset Capital Group LLC and CEO of Samoset Financial Services LLC; and Managing Director and head of Fiduciary Management at J.P. Morgan. Prior to that, he practiced law as an attorney at Davis Polk & Wardwell. Mr. FitzPatrick serves as a Board Member for Greenwich Emergency Medical Services, Inc.

Nitin J. Mhatre is Executive Vice President, Community Banking for Webster and Webster Bank. He joined Webster in October 2008 as Executive Vice President, Consumer Lending of Webster Bank and was appointed Executive Vice President, Consumer Finance in January 2009. He was promoted to his current position in August 2013. Prior to this, Mr. Mhatre worked at Citigroup in St. Louis, Missouri and Stamford, Connecticut

in various capacities. In his most recent position, he was the Managing Director for the Home Equity Retail business for CitiMortgage based in Stamford, Connecticut. Prior to that, he was Director, Cards Cross-Sell and Portfolio Management for CitiMortgage based in St. Louis, Missouri, Marketing Director for Citibank Guam, Product management head for Mass affluent & Diners Club Cards for Citibank, India based in Chennai, India and Cards Sales Manager for Citibank India based in Mumbai, India.

Gerald P. Plush served as President and Chief Operating Officer of Webster and Webster Bank and a director of Webster Bank until September 30, 2013. Mr. Plush joined Webster in July 2006 as Executive Vice President and Chief Financial Officer and was promoted to Senior Executive Vice President in July 2007. He was appointed Chief Risk Officer in July 2008 and served in this role until August 2010. Mr. Plush was promoted to Vice Chairman and Chief Operating Officer on January 5, 2011, and to President and elected to the board of directors of Webster Bank on December 15, 2011. Prior to joining Webster, Mr. Plush was employed at MBNA America in Wilmington, Delaware, from 1995 to 2006 in a number of senior executive positions. Mr. Plush served as chairman of the board of directors of Junior Achievement of Southwest New England, Inc., on the board of trustees of the Connecticut Public Broadcasting Network, and on the executive committee of the Connecticut Bankers Association.

Compensation Committee Report

The Compensation Committee met with management to review and discuss the Compensation Discussion and Analysis disclosures that follow. Based on such review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company's Form 10-K for its 2013 fiscal year, and the Board has approved the recommendation.

Compensation Committee

Charles W. Shivery (Chair)

Joel S. Becker

David A. Coulter

C. Michael Jacobi

Compensation Discussion and Analysis

The Compensation Discussion and Analysis (CD&A) discusses in detail the 2013 compensation program for the Company's named executive officers (NEOs). The Compensation Committee (Committee) recommends the base salary for the CEO and COO to the Board of Directors, approves the annual and long term incentives for the CEO and COO, and sets the compensation for Webster's other NEOs. Non-NEO members of the Executive Management Committee are also compensated under the same compensation program.

At the annual meeting of shareholders held on April 25, 2013, Webster held an advisory vote on executive compensation. Although the vote was non-binding, the Committee has considered and will continue to consider the outcome of the vote when determining compensation policies and setting NEO compensation. Approximately 98% of the shares of Webster Common Stock that were voted on the proposal were voted for the approval of the compensation of the NEOs as discussed in Webster's 2013 Proxy Statement. The Committee believes that the results of this advisory vote show strong support for Webster's compensation policies and procedures, and decided no changes in the overall structure of the programs were needed in 2013.

Objectives of Compensation Program

Webster's executive compensation program is designed to attract, retain and motivate qualified executives and to reward actions and results that the Committee and Board of Directors believe will increase Economic Profit¹ and maximize shareholder return. Special attention is given to ensuring that compensation plans do not encourage NEOs and other executive officers to take unnecessary or excessive risks.

¹ Economic Profit is a non-GAAP measure and is calculated at both the consolidated and business unit level. Economic Profit is defined as the net income earned over the cost of capital.

Webster's compensation program closely aligns total compensation with achievement of Webster's financial and strategic goals. A meaningful portion of total compensation is tied to future shareholder return thereby rewarding NEOs for pursuing strategies that are expected to increase Economic Profit over time.

The compensation program has three primary objectives:

Equity Based A meaningful portion of the total compensation opportunity is equity based and is highly dependent on the Company's return on equity (ROE) and total shareholder return (TSR) over a three-year period.

Performance Based A majority of total compensation is intended to be variable based on the Company's success in achieving predetermined financial and strategic goals and its performance relative to its Compensation Peer Group (Peer Group).

Competitive Total compensation opportunities should be competitive, thus enabling Webster to attract and retain highly qualified NEOs who will be motivated to achieve Webster's financial and strategic goals.

Compensation Best Practices

The Committee annually reviews best practices in executive compensation and governance and continues to enhance our policies and practices, which include the following:

A substantial portion of each NEO's total compensation opportunity is variable, such that actual compensation is closely tied to financial performance and business results;

A substantial portion of each NEO's equity mix is performance based shares that are directly aligned with total shareholder return;

The value of long term incentives granted in February each year is determined based in part on the NEOs' performance in the prior year;

Perquisites available to NEOs and other executive officers have been limited;

The incentive compensation clawback policy has been expanded;

There are no excise tax gross-up provisions in any agreements with our NEOs;

Stock ownership guidelines are robust to help ensure that the interests of the executive officers are aligned with long term shareholder value;

Annual risk reviews of the Company's compensation plans are performed; and

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

A prohibition on hedging and pledging of Webster securities by executive officers and directors as collateral for loans is in place.

Setting 2013 Compensation

In February 2013 the Committee reviewed all elements of compensation for NEOs and approved the compensation structure as consistent with the objectives outlined above. The design comprises base salary, annual incentive and long term incentive (LTI). The annual incentive rewards current year performance, while the long term equity based incentive grant aligns the NEOs' interests with the long term goals and performance of the Company. The long term incentive grant made in February 2013, comprises a 60/40 mix of performance based shares and stock options. The grant is based in part on NEOs' prior year performance. Performance shares have a three-year performance period and stock options have a three-year vesting of one-third on each anniversary. Grants in February 2014 based in part on 2013 performance were made 75% in performance based shares and 25% in time-vested restricted shares.

For 2013, the Committee approved total compensation for NEOs which was intended to be approximately the same or somewhat higher than compensation for 2012², given the continuing improvement in financial and credit-related results, considerable progress toward achieving strategic goals, and improved financial performance relative to Webster's Peer Group. The Committee intended that total compensation should be commensurate with that at like institutions with similar performance. Given 2013 financial performance that was above the peer median, the Committee intended that total direct compensation (the total of base salary, the annual incentive and long-term incentives granted in February 2014, based in part on 2013 performance, that will be disclosed in the 2014 Long Term Annual Incentive Compensation table) be reasonably commensurate with median peer group total direct compensation for 2013.

Compensation Consultant

In carrying out its responsibilities, the Committee engages McLagan, an independent compensation consultant, to offer market perspectives on annual pay, current executive compensation trends and compensation programs currently in place at Webster. The consultant also provides insight into regulatory issues affecting compensation. The Committee has the authority to hire and terminate the consultant and determine the nature and scope of the consultant's assignments. The Committee has engaged McLagan since June 2010. The Committee reviewed the work performed by McLagan and, under SEC and NYSE regulations, determined that the work did not create a conflict of interest.

McLagan provided the Committee ongoing insights relating to trends in executive compensation in the banking sector. At the direction of the Committee, McLagan reviewed all elements of compensation for the NEOs and made recommendations with regard to plan design. McLagan reviewed management's proposals to the Committee regarding 2013 executive compensation and also presented an analysis of Webster's 2013 performance relative to the Peer Group as an additional point of reference. McLagan attended all Committee meetings and in each one of those meetings had the opportunity to meet with the Committee in executive session. The Committee weighs the consultant's perspective as part of its decision making process. The Committee communicates compensation decisions directly to management. McLagan did not determine the amount or form of compensation paid to Webster's executive officers or directors during 2013.

Compensation Peer Group

The Committee regularly uses proxy information for the Peer Group to review annually the compensation of Webster's NEOs relative to comparable positions. This review is supplemented by available market survey data. The Committee may also use comparisons to the Peer Group to consider other market practices relevant to the scope of the NEOs' responsibilities. This may include, for example, change in control provisions and stock ownership guidelines.

In 2013, the Committee considered actual and, where available, target compensation data from the Peer Group. This data was presented by McLagan and contributed to an assessment of the competitiveness of actual and target pay for Webster NEOs.

² The valuations of the 2012 stock awards and option awards reported in the Summary Compensation Table have been revised from the 2013 Proxy to reflect the computation of the aggregate date fair value in accordance with FASB ASC 718. The valuation initially used in determining stock options granted reflected a multi-year fixed valuation ratio adopted by the Compensation Committee which resulted in a lower value being reported. The Company reported and corrected the error in its Form 10-Q for the quarterly period ended March 31, 2013.

The Committee reviews the composition of the Peer Group annually with the assistance of McLagan with the objective of maintaining a group of peer banks that individually and collectively represent suitable comparators for compensation-related analyses. Suitability is defined using a number of factors, including size, scope, business mix and geographic focus. Scope measures include total assets, net revenue, market capitalization and number of employees. Business mix is reflected by an analysis of loan composition (consumer, real estate, commercial and construction) and revenue composition (sources and proportion of net interest income and non-interest income). Banks with a geographic focus outside the continental United States are excluded regardless of the appropriateness of their scope and business mix. In 2013, McLagan, at the request of the Compensation Committee, prepared an evaluation of our peer group and determined that our current peer group meets the criteria stated above and no action is needed. The Committee approved the recommendation and identified the 13 companies listed below as the Peer Group for 2013:

2013 Compensation Peer Group¹	
Company	Total Assets (in millions)
Associated Banc-Corp	\$ 23,488
BancorpSouth, Inc.	\$ 13,397
BOK Financial Corporation	\$ 28,149
City National Corporation	\$ 28,619
Commerce Bancshares, Inc.	\$ 22,160
Cullen/Frost Bankers, Inc.	\$ 23,124
First Niagara Financial Group, Inc.	\$ 36,806
Fulton Financial Corporation	\$ 16,528
Hancock Holding Company	\$ 19,465
People's United Financial, Inc.	\$ 30,324
Susquehanna Bankshares, Inc.	\$ 18,038
TCF Financial Corporation	\$ 18,226
Valley National Bancorp	\$ 16,013
75th Percentile	\$ 28,149
Median	\$ 22,160
25th Percentile	\$ 18,038
Webster	\$ 20,147
Percent Rank	46%

¹ Data as of 12/31/2012 and is provided by Equilar Insight.

Elements of 2013 Compensation

Webster's compensation program has three basic elements: a fixed base salary, a variable annual cash incentive and a variable equity based long term incentive. All elements of compensation are reviewed annually, both separately and in aggregate by the Committee, to ensure that the total amount of compensation is within appropriate competitive parameters based on data from independent sources and based on the performance of the Company and NEOs. The program is intended to provide NEOs with a compensation opportunity commensurate with persons with similar duties and responsibilities at other financial institutions with comparable performance. In determining levels of NEOs' overall compensation, the Committee also considers the qualifications and experience of the respective officer, Webster's size and complexity of operations and, to a certain extent, the compensation paid to other persons employed by the Company. The Committee uses external data as input for the Committee's analysis and to obtain a general understanding of current compensation practices rather than

strict rules for establishing compensation. A large portion of pay is tied to financial and strategic performance and other goals believed to be related to increasing shareholder value over the long term. Consequently, actual compensation received will vary from targeted compensation.

In early 2013, the Committee engaged McLagan to provide an analysis of Webster's total compensation as well as the individual components compared to the Peer Group and McLagan's 2012 Top Management Survey. This data contributed to an assessment of the competitiveness of actual and target pay for Webster's NEOs. Based on the findings, the Committee set the components of pay and the weight of each component creating a structure that reflects Webster's objectives for compensation outlined above while allowing individual variations based on job scope, tenure, retention risk, and other factors relevant to the Committee.

The chart below breaks down total compensation by element, target and pay mix of each component by NEO for the program approved in February 2013. For purposes of this table, pay mix represents the percentage of total direct compensation represented by each component.

Components of Total Direct Compensation at Target

Name and Principal Position	Salary		Annual Incentive		Total Cash Compensation		Long Term Incentive		Total Direct Compensation	
	Pay Mix	Target	Pay Mix	Target	Pay Mix	Target	Pay Mix	Target	Pay Mix	
James C. Smith, Chairman and CEO	26%	\$ 879,800	26%	\$ 879,800	52%	\$ 1,759,600	48%	\$ 1,627,630	100%	\$ 3,387,230
Glenn I. MacInnes, EVP and CFO	40%	\$ 400,000	25%	\$ 250,000	65%	\$ 650,000	35%	\$ 350,000	100%	\$ 1,000,000
Joseph J. Savage, President ¹	40%	\$ 380,000	26%	\$ 247,000	66%	\$ 627,000	34%	\$ 323,000	100%	\$ 950,000
Daniel M. FitzPatrick, EVP, Private Banking	39%	\$ 300,000	35%	\$ 275,000	74%	\$ 575,000	26%	\$ 200,000	100%	\$ 775,000
Nitin J. Mhatre, EVP, Community Banking ²	43%	\$ 300,000	26%	\$ 180,000	68%	\$ 480,000	32%	\$ 225,000	100%	\$ 705,000
Gerald P. Plush, Former President and COO ³	33%	\$ 535,000	28%	\$ 454,750	62%	\$ 989,750	38%	\$ 615,250	100%	\$ 1,605,000

¹ Mr. Savage was elected President of Webster and Webster Bank effective January 1, 2014. The 2013 compensation and pay mix referenced above were in conjunction with his prior position as EVP, Commercial Banking.

² Mr. Mhatre was promoted to EVP, Community Banking effective August 26, 2013; his 2013 pay mix did not change.

³ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Salary

Annual salary is the only fixed component of Webster's executive compensation program. In setting salary, the Committee looks at current pay practices, Peer Group comparisons and general market analysis in consultation with its compensation consultant, McLagan. The Committee then establishes salaries that are competitive to the Peer Group for similar positions. The salaries are reviewed on an annual basis by the Committee.

In the case of a change in role, an officer's new responsibilities, external pay practices, internal equity, past performance and experience are all considered in determining whether a change in salary is warranted.

As part of the Committee's annual salary review, salaries were determined to be reasonably competitive when compared with the actual proxy data of the Peer Group and benchmark survey information. In 2013, two of the NEOs received an adjustment to base salary as a result of this review. Mr. Savage's salary was increased in 2013 from \$330,500 to \$380,000, and Mr. Mhatre's salary was increased from \$252,500 to \$300,000 to reflect increased responsibilities and better alignment to market.

Annual Incentive Compensation Plan Overview

Annual incentive compensation is variable based on performance and ties a significant portion of the NEOs' compensation to achievement of the Company's annual financial and strategic goals, and to financial performance relative to the Peer Group. Measurements for the plan are approved annually by the Committee. For 2013, target incentives were set for each of the NEOs between 25% and 35% of total compensation. The plan is designed so that the weighted average performance for the financial measures must exceed a predetermined threshold before a payout can be made.

The plan is structured to include three Primary Components:

1. **Corporate Component** - This component has three elements: Financial Performance, Strategic Assessment, and Performance Relative to Peer Group. Financial Performance is determined by scoring performance against five pre-established financial measures. Each measure is weighted based on relative importance and then the measures are totaled to determine a weighted score. Adjustments to this score may then be made based on the Committee's assessment of the progress against the Company's stated strategic objectives (the Strategic Assessment) and its performance against the five pre-established financial measures relative to its Peer Group (Performance Relative to Peer Group).
2. **Line of Business Component** - The Line of Business Component is determined based on the financial and operating results of the line of business against its goals for the year and an assessment of results against strategic objectives. The program dictates that the Line of Business Component is not scored or paid out unless the Corporate Component is scored at or above its threshold payout level. Mr. Savage, President, formerly Webster's Executive Vice President, Commercial Banking; Mr. FitzPatrick, Webster's Executive Vice President, Private Banking; and Mr. Mhatre, Webster's Executive Vice President, Community Banking, are the line of business heads among the NEOs.
3. **Individual Component** - The Individual Component is determined based on an assessment of each NEO's individual performance measured against specific performance objectives.

The three Primary Components are weighted based on each NEO's responsibilities. The weighting of the Primary Components is shown in the chart below:

Weight of Primary Components			
Name and Principal Position	Corporate Performance	Line of Business Performance	Individual Performance
James C. Smith, Chairman and CEO	80%	0%	20%
Glenn I. MacInnes, EVP and CFO	80%	0%	20%
Joseph J. Savage, President ¹	40%	40%	20%
Daniel M. FitzPatrick, EVP, Private Banking	40%	40%	20%
Nitin J. Mhatre, EVP, Community Banking ²	40%	40%	20%

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

Gerald P. Plush, Former President and
COO³

80%

0%

20%

21

¹ Mr. Savage was elected President of Webster and Webster Bank effective January 1, 2014. The 2013 compensation weightings referenced above were in conjunction with his prior position as EVP, Commercial Banking.

² Mr. Mhatre was promoted to EVP, Community Banking effective August 26, 2013; his compensation weightings did not change.

³ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Annual Incentive Scoring

Corporate Component - The Corporate Component is determined by calculating a weighted performance score against five pre-established financial measures (Financial Performance). The resulting score may then be modified up or down at the Committee's discretion by up to 30% of target based on performance relative to stated strategic goals (Strategic Assessment) and by up to 30% of target based on performance against the five pre-established financial measures relative to Webster's Peer Group (Performance Relative to Peer Group). The Committee has discretion to make adjustments for extraordinary, unusual or non-recurring items. Scores below 50% on an individual measure are reduced to zero and a total weighted score below 50% on the five goals in the aggregate earns no payout.

The Corporate Component rating generates a potential payout of 0% to 200% of target. A score of 100% would pay out at target. There is a threshold score of approximately 70%, which generates a payout of 50% of target, below which no incentive is earned. Beginning with 2014 awards, the maximum payout will be reduced to 150% of target, consistent with the Committee's goal to ensure our compensation programs are competitive to market.

Financial Performance - Webster's results from 2012 to 2013 include the following: Pre-Tax Pre-Provision Income improved from \$271.40 million to \$295.59 million, Return on Average Equity declined from 8.65% to 8.13%, Return on Average Assets slightly declined from 0.87% to 0.86%, the Efficiency Ratio improved from 62.78% to 60.53% and Non-performing Loans (NPL's) excluding Troubled Debt Restructuring (TDR's) / Loans improved from 1.62% to 1.28%. While generally improved, final results were below plan on four of five financial goals: Pre-Tax Pre-Provision Income, Return on Average Equity, Return on Average Assets, and the Efficiency Ratio, and better than plan on Non-performing Loans /Loans. These results reflect adjustments for certain items. The chart below shows the adjusted Financial Performance.

2013 Annual Incentive - Corporate Financial Performance

Financial Metric	Threshold	Target	Maximum	Actual	Score	Weight	Payout
Pre-Tax Pre-Provision Income ¹	\$ 252.86	\$ 306.50	\$ 413.78	\$ 295.59	89.84%	35%	31%
Return on Average Equity ¹	7.14%	8.78%	11.97%	8.13%	80.29%	30%	24%
Efficiency Ratio ¹	62.88%	60.15%	54.68%	60.53%	93.05%	15%	14%
Return on Average Assets ¹	0.70%	0.87%	1.21%	0.86%	97.14%	10%	10%
NPL's (excluding TDR's) / Loans	1.89%	1.59%	0.99%	1.28%	151.99%	10%	15%
TOTAL						100%	94%

¹ The Pre-Tax Pre-Provision Income, Return on Average Equity, Efficiency Ratio and Return on Average Assets exclude non-recurring items.

Strategic Assessment - The Committee has discretion to adjust the weighted Financial Performance score within the Corporate Component by up to 30% of target based on Webster's performance against the objectives set forth in the strategic plan. In conducting its review, the Committee noted Webster's total revenue growth, although

strong, fell short of plan, as did total non-interest income. Webster exceeded target in total average transaction account deposits and met our goal of scoring two points higher than the industry benchmark on banker engagement, while falling short on the targeted percentage of retention of high value bankers. Therefore, the Committee determined that a downward adjustment of (6%) was appropriate. 2013 strategic measurements are summarized in the chart below.

2013 Annual Incentive - Strategic Assessment				
Strategy	Objective	Target	Actual	
Build-out of high potential Economic Profit businesses	Total revenue growth in Private Banking, Middle Market, Business Banking and Personal Banking Consumer Finance (in thousands)	\$ 388,141	\$ 365,692	
Higher non-interest income	Total non-interest income (in millions)	\$ 216.3	\$ 191.1	
Grow transaction account deposits	Total average transaction account deposits (in thousands)	\$ 6,233,540	\$ 6,267,219	
Strong, engaging and motivating culture	Banker engagement score 2 points higher than industry benchmark based on third party survey	2 pts	2 pts	
	Retention of high value bankers	96.0%	93.4%	

Performance Relative to Peer Group - The Committee also has discretion to adjust the weighted score within the Corporate Component by up to 30% of target based on Webster's performance relative to its Peer Group against a set of five predetermined measures. Webster outperformed the Peer Group in the return on average equity and return on average assets categories and maintained its position at the 62nd percentile in both categories as compared to 2012. Webster outperformed against the pre-tax pre-provision income to average assets metric and improved from the 38th percentile in 2012 to the 62nd percentile in 2013, outperformed against the efficiency ratio metric and improved from the 46th percentile in 2012 to the 69th percentile in 2013, and underperformed in the non-performing loans to total loans metric and lost ground from the 31st percentile in 2012 to the 15th percentile in 2013.

Applying the same weightings to these metrics as the Committee applies to the similar metrics in the Financial Performance component, Webster's weighted average financial performance improved relative to the Peer Group by approximately 10 percentage points from 48.1% in 2012 to 58.06% in 2013. The Committee noted that Webster improved its relative performance over the prior year and exceeded the Peer Group median. Therefore, the Committee determined that an upward adjustment of 2% was appropriate. The table below shows Webster's performance relative to the Peer Group:

2013 Annual Incentive - Performance Relative to Peer Group

Financial Metric ¹	2013			2012			
	Results	% Rank	Weight	Weighted Score	% Rank	Weight	Weighted Score
Pre-Tax Pre-Provision Income/Average Assets	1.43%	61.5%	35%	21.53%	38%	35%	13.30%
Return on Average Equity	8.35%	61.5%	30%	18.45%	62%	30%	18.60%
Efficiency Ratio	60.89%	69.3%	15%	10.40%	46%	15%	6.90%
Return on Average Assets	0.89%	61.5%	10%	6.15%	62%	10%	6.20%
NPL s (excluding TDR s)/Loans	1.28%	15.4%	10%	1.54%	31%	10%	3.10%
				Weighted Score: 58.1%		Weighted Score: 48.1%	

¹ Data as reported by SNL Securities for comparability.

Final Corporate Component - The Corporate Component is then calculated by taking the Financial Performance score of 94% and applying the downward adjustment of (6%) for Strategic Assessment and the upward adjustment of 2% for Performance Relative to Peer Group for a final score of 90% of target.

2013 Annual Incentive - Financial Performance and Adjustments			
	Strategic	Peer Group	Total Adjusted
Financial Performance	Adjustment	Adjustment	Payout
94%	-6%	2%	90%

Line of Business Component - Given Mr. Savage's responsibilities as head of the Commercial Banking business segment, Mr. Mhatre's as head of the Community Banking business segment, and Mr. FitzPatrick's as head of the Private Banking business, 40% of each NEO's target bonus is payable based on the financial and operating results of his line of business and on results relative to strategic initiatives. The results of Commercial Banking, Community Banking, and Private Banking are noted below:

Commercial Banking registered record financial and operating performance delivering \$91.1 million in Net Income and a 16.4% Return on Allocated Capital. All five Commercial lines of business delivered positive Economic Profit again in 2013. Fueled by strong loan originations of \$2.4 billion, the commercial loan portfolio grew \$591 million (+12%) to \$5.6 billion. Strategic areas of focus including Middle Market banking and Commercial Real Estate led growth at \$337 million (+16%) and \$108 million (+6%), respectively. Regarding deposits, strategic focus on core operating relationships drove Demand Deposit Account (DDA) growth of \$253 million (+27%). Commercial Banking built out its Treasury and Payment Solutions Group and continued to enhance its capabilities to help clients manage cash flow, while driving higher Non-Interest Income. Credit quality improved with commercial classified, Non-performing Loans and net charge offs down significantly. As testament to its focus on service quality, Webster won two Greenwich Excellence awards for client satisfaction. Mr. Savage led the Commercial Banking segment to a strong year in which it achieved double digit revenue growth and strong year-to-year performance in several key categories resulting in a line of business score of 109%.

Community Banking registered solid financial and operating performance in 2013 while upgrading its electronic infrastructure. Net income increased 15% over 2012 and loans increased 4% year over year. Mortgage banking share of originations increased by 1%, and purchase volume increased by 30%. Transaction deposits grew by 2% year over year and finished ahead of plan due to higher customer balances per account. Webster Investment Services' fee revenues set a record for the full year on the strength of increased branch referral activity. Strategic progress was driven by an increased focus on the customer experience, product enhancements and efficiency initiatives. The Universal Banker rollout was completed across the banking center network, realizing a 7% headcount reduction and improvement in sales productivity. Our highly-rated mobile app launched in June, exceeding mobile user goals by 13%. A broad set of efficiency initiatives yielded substantial progress with accounts enrolled in e-statements up 15% and self-service deposits up 29%.

Private Banking delivered strong year over year performance while implementing key elements of its strategic growth plan. Deposits grew 12% to \$206 million, total loan balances rose 32% to \$344 million fueled by \$157 million in new originations, and assets under management, adjusted for the disposition of a non-strategic portfolio, increased 17% to \$1.8 billion. Credit quality remained strong, with no new non-performing loans or net charge-offs. Net interest income rose 18%, non-interest income grew 11% and total revenues were up 14%. Increased hiring and investment in strategic growth initiatives drove expenses higher by 9% yet operating contribution more than doubled and net income increased. Economic Profit declined, driven primarily by a 19% increase in allocated capital. Private Banking hired additional senior talent, including a new Chief Investment Strategist, Director of Fiduciary Services, Director of Relationship Management and Portfolio Manager. Significant enhancements were also made to Private Banking's investment management offering, including expanded investment options and the adoption of a new asset allocation methodology.

Individual Component - The Individual Component score accounts for 20% of the total target bonus for each NEO. The Individual Component is determined through the annual review process as part of the Company-wide performance management process. Each NEO is evaluated based on achievement of individual

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

performance objectives. The Committee evaluates the CEO, and the CEO evaluates the other NEOs in consultation with the Committee. As part of the evaluation, the Committee and the CEO, in consultation with the Chief Risk Officer, consider potential adjustments to scores based on each NEO's record of identifying, managing and mitigating risk, including an assessment of outcomes in the areas of compliance, operating risk, credit issues, audit findings or regulatory citing, or other contributions that should be taken into account. There were no such adjustments for NEOs in 2013.

The chart below lists the individual component scores for each NEO and summarizes each NEO's performance:

Name and Principal Position	STI Individual Component Score	Performance Summary
James C. Smith Chairman and CEO	90%	Mr. Smith led Webster's strong performance year over year and as compared to Webster's Peer Group, though the Company missed some of its financial and strategic goals, as described herein. Mr. Smith effectively guided Webster's strategic choices including the allocation of capital and other resources. Notable achievements were record core revenues, positive operating leverage for the fourth consecutive year leading to a much improved efficiency ratio, improved credit quality, and strong risk management. Net income and EPS increased year over year. Webster's culture is strong as measured by continuing strong banker engagement survey results.
Glenn I. MacInnes EVP and CFO	90%	Mr. MacInnes developed initiatives and provided guidance enabling Webster to improve operating leverage, further reduce the efficiency ratio, and optimize the balance sheet, though the Company missed some of its financial goals. He led multiple successful capital actions during the year. He further streamlined and accelerated internal and external reporting of financial performance, and improved the financial planning process.
Joseph J. Savage President	150%	Mr. Savage led Commercial Banking to another strong year in which it achieved double digit revenue growth, and high performance in several key categories. These categories include growth in Economic Profit, total loan originations, and DDA balances. All five Commercial business units generated Economic Profit again in 2013. Commercial Banking achieved plan on all critical asset quality metrics. Webster was again recognized by Greenwich Associates for excellence in middle market customer satisfaction in the northeast and nationally. Effective January 1, 2014, in recognition of his contributions and leadership qualities, Mr. Savage was promoted to President of Webster and Webster Bank, and appointed to the Board of Directors of Webster Bank.
Daniel M. FitzPatrick, EVP, Private Banking	See Performance Summary	Mr. FitzPatrick has a guaranteed annual incentive for 2013 per his new hire offer letter. Mr. FitzPatrick led the Private Banking unit through a period of significant transformation and growth. He recruited experienced executives to head the investment management, fiduciary services and relationship management teams, and oversaw the implementation of an expanded investment offering. Under his leadership, Private Banking achieved growth in revenue, loans, originations, deposits and assets under management.
Nitin J. Mhatre EVP, Community Banking	100%	Mr. Mhatre led Community Banking with 12% growth in net income in 2013. However the unit was short of plan, most of the gap attributable to lower mortgage revenue due to a sharp slowdown in mortgage originations, and to pressure on deposit service fees due to the continuing rapid shift in consumer banking behavior and evolving preferences for electronic delivery channels. The consumer lending group gained market share organically across Webster's four state footprint and expanded correspondent channel activities. Mr. Mhatre reconfigured the organization and hired experienced sales staff. Total loans grew, and checking and investments originations were higher year over year. Mr. Mhatre was given additional responsibility for Business Banking at year end.
Gerald P. Plush Former President and COO	N/A	Mr. Plush was paid a bonus per his non-competition agreement, prorated through his resignation date of September 30, 2013.

Total 2013 Short Term Incentive Compensation - Upon completing scoring for the Primary Components (Corporate, Line of Business and Individual), the scores for each NEO were added together to determine the Total Score. The Total Score was then multiplied by each NEO's target annual incentive to determine each NEO's annual incentive. The Committee retains discretion to adjust the CEO's and the other NEOs' annual incentives. The final tabulations for incentive compensation are set forth below.

Name and Principal Position	2013 Annual Incentive Compensation					Annual Incentive Award	Award as a Percent of Target
	Annual Incentive Target	Corporate Component @90% Weighted Score ¹	Line of Business Weighted Score (if applicable)	Individual Weighted Score (incl risk adj if applicable)	Total Weighted Score		
	James C. Smith, Chairman and CEO	\$879,800	72%		18%			90%	$792,000	90%
Glenn I. MacInnes, EVP and CFO	\$250,000	72%		18%	90%	\$225,000	90%
Joseph J. Savage, President ²	\$247,000	36%	44%	30%	110%	\$271,000	110%
Daniel M. FitzPatrick, EVP, Private Banking ³	\$275,000					\$300,000	
Nitin J. Mhatre, EVP, Community Banking ⁴	\$180,000	36%	36%	20%	92%	\$166,000	92%
Gerald P. Plush, Former President and COO ⁵	\$341,062	72%		20%	92%	\$313,778	92%

¹ Corporate Officers are weighted 80% on the corporate component and 20% based on individual performance; Line of Business Officers are weighted 40% on the corporate component, 40% on a Line of Business, and 20% based on individual performance.

² Mr. Savage was elected President of Webster and Webster Bank effective January 1, 2014; the weightings shown above for Mr. Savage are based on his prior position as EVP, Commercial Banking.

³ Mr. FitzPatrick has a guaranteed annual incentive payout for 2013.

⁴ Mr. Mhatre was promoted to EVP, Community Banking effective August 26, 2013.

⁵ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013; his annual incentive award is based on a prorated target of 75% of the original target.

2013 Long Term Incentive Compensation Plan Overview

Webster grants long term equity awards to reward performance that increases Economic Profit and maximizes shareholder value over time. LTI grants made in February 2013 were based in part on NEOs' 2012 performance. In accordance with the plan structure, LTI grants are made to the CEO and the COO in 2013 based on their respective target LTI and for the other NEOs from a pool that is determined by the sum of the NEOs' collective target LTI. The LTI target values are listed in the 2013 Long Term Annual Incentive Compensation section. The Committee may increase or decrease the CEO's LTI or the NEOs' pool based on a variety of factors including the Company's prior year performance against financial and strategic goals. The Committee determines the recommended grant for the CEO and considers the CEO's recommendation for the other officers.

2013 Long Term Incentive Award Vehicles: Webster granted two forms of long term incentive awards, performance shares and stock options as displayed in the table below:

Vehicle	Long Term Incentive Award Vehicles		Vehicle Mix
	Vesting	Rationale	
Performance Based Restricted Stock	Vests at the conclusion of three-year performance period	To align long term incentives to the achievement of company total shareholder return and return on equity	60%
Stock Options	One third vests per year	To provide value based on stock price appreciation	40%

Performance Based Restricted Stock: Performance based restricted stock vests at the conclusion of the three-year performance period and the Committee certifies the results based 50% on Company total shareholder return relative to peers and 50% on the three-year average return on equity compared to plan.

Three-year Total Shareholder Return (TSR) reflects the rate of return reflecting price appreciation plus reinvestment of dividends calculated as follows: $(\text{Ending stock price} - \text{beginning price} + \text{dividends paid per share}) / \text{beginning stock price}$.

§ **Peer Group** reflects Webster's Compensation Peer Group listed in the Compensation Peer Group section. Webster currently has 13 companies in its Peer Group.

Average Return on Equity (ROE) is calculated as the ratio of adjusted net income to adjusted average equity. The average return on equity targets are set annually during the performance period by the Committee giving consideration to the Board approved strategic plan set at the end of the prior year. The score is calculated each year and then averaged over three years.

Payout Determination for Performance Based Restricted Stock

Metric	Below		Target	Maximum
	Threshold	Threshold		
Peer-relative three-year Total Shareholder Return	0%	62%	100%	200%
Average Return on Equity over three-year period	0%	10%	100%	200%

Once threshold performance is achieved, actual awards will be interpolated between threshold and 200% of target to reward for incremental performance. Total shareholder return threshold is set at the 31st percentile of the Peer Group. The Company does not distribute performance based restricted stock for performance below threshold level of achievement. Beginning with 2014 awards, the maximum payout will be reduced to 150% of target, consistent with the Committee's goal to ensure our compensation programs are competitive to market.

After a market review in late 2013 against the Peer Group and emerging trends, it was decided to increase the weighting of performance based shares from 60% to 75% of total equity awards to continue to drive pay for performance. Also, based on the declining usage of stock options in the market, Webster has replaced 40% stock options with 25% time-vested restricted stock. The Committee believes that increasing the portion of performance based shares and replacing the balance of stock options with restricted shares, along with reducing the maximum payout from 200% to 150% will ensure our compensation programs are competitive to market.

The February 2014 LTI grants were made in the form of 75% performance shares and 25% time-vested restricted stock. The maximum payouts for the performance based shares have been reduced from 200% to 150% to ensure Webster's compensation programs are competitive to market. The grants are shown in two non-required tables below for the purpose of setting forth clearly the compensation earned for 2013 performance. The first non-required table is the 2014 Long Term Annual Incentive Compensation and the second is the non-required 2-year earned summary compensation table. Note that while these 2014 grants were made based in part

on 2013 performance, they are not reflected in the required Summary Compensation Table since they were granted in 2014. In 2014, the Committee approved grants at 100% of target for all the NEOs based on their 2014 total compensation.

The non-required chart below reflects the 2014 LTI grants awarded based in part for 2013 performance:

2014 Long Term Annual Incentive Compensation (Based in part on 2013 performance)
Long Term

Name and Principal Position	Incentive Target	Award as a Percent of Target	Long Term Incentive Award
James C. Smith, Chairman and CEO	\$ 1,627,630	100%	\$ 1,627,630
Glenn I. MacInnes, EVP and CFO	\$ 400,000	100%	\$ 400,000
Joseph J. Savage, President	\$ 400,000	100%	\$ 400,000
Daniel M. FitzPatrick, EVP, Private Banking	\$ 200,000	100%	\$ 200,000
Nitin J. Mhatre, EVP, Community Banking	\$ 266,250	100%	\$ 266,250
Gerald P. Plush, Former President and COO ¹	\$ 615,250	Not Eligible	

¹ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013. Similarly, LTI grants made in February 2013 were based in part on each NEO's 2012 performance. The Committee approved grants at 110% of target for Mr. Smith and, based on Mr. Smith's recommendation, at 110% of target for Mr. Plush and Mr. MacInnes, and at 120% of target for Mr. Savage and Mr. Mhatre and at 100% for Mr. FitzPatrick as he was recently hired. The individual performance of each NEO on which the February 2013 grants were based is described in detail beginning on page 30 and is included as 2013 compensation in the required 2013 Summary Compensation Table on page 33.

2013 Long Term Annual Incentive Compensation (Based in part on 2012 performance)
Long Term

Name and Principal Position	Incentive Target	Award as a Percent of Target	Long Term Incentive Award
James C. Smith, Chairman and CEO	\$ 1,627,630	110%	\$ 1,790,393
Glenn I. MacInnes, EVP and CFO	\$ 350,000	110%	\$ 385,000
Joseph J. Savage, President	\$ 280,925	120%	\$ 337,110
Daniel M. FitzPatrick, EVP, Private Banking	\$ 200,000	100%	\$ 200,000
Nitin J. Mhatre, EVP, Community Banking	\$ 189,000	120%	\$ 227,250
Gerald P. Plush, Former President and COO	\$ 615,250	110%	\$ 676,775

The non-required chart below shows total direct compensation approved by the Committee for 2013 and 2012 performance. LTI grants made in February 2014 are based in part on 2013 performance and are reflected in the 2013 Total Direct Compensation. LTI grants made in February 2013 are based in part on 2012 performance and are reflected in 2012 Total Direct Compensation. Although the 2014 grants will be discussed in next year's CD&A, we have determined to voluntarily disclose the grants in the table set forth below under 2013 Total Direct Compensation. The 2013 grants were in performance shares and stock options and 2014 grants were in performance shares and time vested restricted stock as described above.

Name	Year	Salary	Annual Incentive	2014 Long Term Incentive Awards for 2013 Performance ³ , 2013 Long Term Incentive Awards for 2012 Performance ^{4,5}		Total Direct Compensation Received for Performance
James C. Smith	2013	\$ 879,800	\$ 792,000	\$ 1,626,823	\$ 3,298,623	
	2012	\$ 879,800	\$ 1,059,279	\$ 2,524,304	\$ 4,463,383	
Glenn I. MacInnes	2013	\$ 400,000	\$ 225,000	\$ 399,830	\$ 1,024,830	
	2012	\$ 400,000	\$ 301,000	\$ 542,830	\$ 1,243,830	
Joseph J. Savage	2013	\$ 380,000	\$ 271,000	\$ 399,830	\$ 1,050,830	
	2012	\$ 330,500	\$ 291,518	\$ 475,302	\$ 1,097,320	
Daniel M. FitzPatrick ¹	2013	\$ 300,000	\$ 300,000	\$ 199,900	\$ 799,900	
	2012					
Nitin J. Mhatre	2013	\$ 300,000	\$ 166,000	\$ 266,147	\$ 732,147	
	2012	\$ 252,500	\$ 200,283	\$ 320,399	\$ 773,182	
Gerald P. Plush ²	2013	\$ 453,721	\$ 313,778		\$ 767,499	
	2012	\$ 535,000	\$ 450,898	\$ 954,212	\$ 1,940,110	

¹ Mr. FitzPatrick was hired on October 22, 2012 at an annual salary of \$300,000.

² Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

³ 2014 Long Term Incentive Awards which are based in part on 2013 performance are based on the following valuation: for the portion based on ROE, we have used the closing price of February 19, 2014; for the portion based on TSR, we have used the Monte Carlo valuation.

⁴ 2013 Long Term Incentive Awards which are based in part on 2012 performance are based on the following valuation: For the portion based on ROE, we have used the closing price of February 20, 2013; for the portion based on TSR, we have used the Monte Carlo valuation.

⁵ The valuations of the 2012 stock awards and option awards reported in the Summary Compensation Table have been revised from the 2013 Proxy to reflect the computation of the aggregate date fair value in accordance with FASB ASC 718. The valuation initially used in determining stock options granted reflected a multi-year fixed valuation ratio adopted by the Compensation Committee which resulted in a lower value being reported. The Company reported and corrected the error in its Form 10-Q for the quarterly period ended March 31, 2013.

NEO 2012 Performance as previously reported:

Name and Principal Position	LTI 2013 Grants Awarded as a % of target (Based on 2012 Performance)	2012 Performance Summary
James C. Smith Chairman and CEO	110%	In 2012, Mr. Smith led a year of solid improvement in financial results and strategic progress, both of which exceeded plan. Results included higher net income and EPS, strengthened capital position, record loan originations, revenue growth, positive operating leverage, and strong loan growth. Also notable are improved credit quality, enhanced risk management, meaningful progress in expense reduction, and continued strong employee engagement. Webster's return on average equity improved and exceeded the median for its compensation Peer Group. Mr. Smith effectively guided the formulation and implementation of Webster's strategic plan.
Glenn I. MacInnes EVP and CFO	110%	In 2012, Mr. MacInnes led all areas of accounting, financial planning & reporting, tax accounting, treasury and procurement. He streamlined and accelerated reporting of financial performance, and oversaw the ongoing development of customer and product profitability. Mr. MacInnes actively and effectively communicated with analysts and investors, and made enhancements to the annual and three-year financial plan process. He also provided leadership and guidance to ensure the achievement of Webster's Pathway to 60% Efficiency Initiative, and was instrumental in leading several opportunistic financing and capital actions.
Joseph J. Savage President	120%	In 2012, Mr. Savage led the Commercial Banking segment to an unprecedented year in which it achieved double digit revenue growth and strong year-to-year performance in several key categories. These categories include Economic Profit, Middle Market loan originations, total loan originations, and DDA's. Under his leadership, Mr. Savage also led the formulation and successful execution of the most critical objectives for the Commercial Bank in 2012, including Middle Market expansion, Commercial Real Estate multi-family and reinvigorating Sales and Structuring.
Daniel M. FitzPatrick EVP, Private Banking	100%	Mr. FitzPatrick joined Webster in October 2012 as EVP, Private Banking. He began the transformation of the Private Bank thru recruitment of key executives, and implementation of expanded investment offerings.
Nitin J. Mhatre EVP, Community Banking	120%	Mr. Mhatre delivered strong results for Consumer Finance group in 2012. Net Income for Consumer Finance group improved by 27% year over year. His group delivered record originations and revenues, delivered on all strategic priorities, executed significant positive organizational and participation choices, significantly expanded sales force, improved efficiency ratio for the group while maintaining a high employee engagement.
Gerald P. Plush Former President and COO	110%	In 2012, Mr. Plush performed his responsibilities well as Chief Operating Officer.

Retirement Plans

Pension Plan - Webster Bank maintains a frozen defined benefit pension plan. Webster stopped benefit accruals under the plan for all employees, including the NEOs, after December 31, 2007. The Pension Benefits section of this Proxy Statement details pension benefits for the NEOs.

401(k) Plan - Webster Bank maintains a defined contribution 401(k) plan for eligible employees, including the NEOs. All participants in the plan, including each of the NEOs, are eligible to make pre-tax contributions from 1% to 25% of their pay, up to Internal Revenue Code (IRC) limits (\$17,500 in 2013). Webster Bank matches the employee s contributions on a dollar for dollar basis for the first 2% of pay the employee contributes and then 50 cents on the dollar for up to the next 6% of pay the employee contributes. In addition, Webster provides transition credits ranging from 1% to 6% of pay for those employees, including NEOs, who were hired before January 1, 2007 and had reached age 35 or older on January 1, 2008. The purpose of transition credits is to help offset the impact of freezing the pension plan. A two-year vesting schedule applies to all Webster contributions. Under IRC limits, annual compensation in excess of \$255,000 in 2013 may not be taken into account for determining benefits or contributions under the qualified plan. Employees who are age 50 or older by the last day of the year may contribute an additional \$5,500 to the plan.

Supplemental Defined Benefit Plan - Webster Bank maintains a frozen non-qualified supplemental defined benefit plan for certain executives, including NEOs who were participants in the pension plan. The purpose of the plan was to provide these individuals with supplemental pension benefits in excess of IRC limits for tax qualified pension plans. The plan was frozen as of December 31, 2007. Thus, service and compensation after this date are not used in calculating an NEO s benefit from the plan.

Supplemental Defined Contribution Plan - Webster Bank maintains a non-qualified supplemental defined contribution plan for certain executives, including the NEOs. This plan provides each NEO with an allocation to their supplemental 401(k) account equal to the additional match and transition credit contributions that the NEO would have received in the qualified 401(k) plan if there were no IRC compensation or deferral limits. In addition, Mr. Smith receives an additional supplemental transition credit allocation equal to 25.5% of base salary plus bonus, respectively. The purpose of the additional supplemental allocation is to help offset the impact of freezing the supplemental defined benefit plan.

Non-Qualified Deferred Compensation Plan - The executive officers, including each of the NEOs, were eligible to participate in a voluntary non-qualified deferred compensation plan. The plan allowed employees at the senior vice president level and above to defer a portion of their compensation because of the statutory limits under the qualified plan. All deferrals under this plan ceased as of January 1, 2012.

Employment Agreements

The NEOs do not have employment agreements; however, Messrs. Smith, MacInnes and Savage are subject to change in control and non-competition agreements. Messrs. FitzPatrick and Mhatre are subject to change in control and non-solicitation agreements.

Other Executive Benefits

Webster offers a limited number of benefits to the NEOs and other executives in addition to the broad-based employee benefits program. Each benefit supports a specific objective, but falls within the overall purpose of recognizing leadership responsibility and contributions to the Company s goals. Management reviews the benefits with the Committee for consistency with Webster s organizational culture and market practices. These benefits are described in footnote 7 to the Summary Compensation Table. In 2014, the car allowance and costs for a home security system and monitoring will be eliminated, consistent with the Committee s goal to ensure our compensation programs are competitive to market.

Post-Termination Arrangements

Webster s change in control practices are designed to retain the NEOs during rumored and actual change in control activity. During these times, continuity is a key factor in preserving the value of the business. Webster also provided other termination benefits designed to facilitate changes in key executives as needed. The amounts payable, triggering events and other terms of Webster s change in control and other termination arrangements are set at the time of hiring by the Committee generally based on Company policy and competitive

market information. Webster reviews the provisions of the change in control agreements annually. In 2012, Webster amended all of the change in control agreements for the NEOs, removing the gross-up provisions and modifying the severance formula so that the bonus component is based on target bonus rather than the highest bonus in the prior three years. Webster also amended the Stock Option Plan to provide for accelerated vesting of equity awards if a change in control occurs and the eligible individual is terminated without cause or resigns for Good Reason within two years following the change in control.

Executive Stock Ownership

Webster believes stock ownership by management is beneficial in aligning the interests of management and shareholders. Executive Stock Ownership Guidelines are established to enhance shareholder value and focus each executive's attention on the long-term success of the Company. Webster has adopted formal stock ownership guidelines for all of the executive officers, including the NEOs.

Stock Ownership Guidelines

Name and Principal Position	Multiple of Base	Value of	Target Ownership
	Salary	Multiple	Status
James C. Smith, Chairman and CEO	6X	\$5,278,800	Met
Glenn I. MacInnes, EVP and CFO	3X	\$1,200,000	Did Not Meet
Joseph J. Savage, President	3X	\$1,140,000	Met
Daniel M. FitzPatrick, EVP, Private Banking	2X	\$ 600,000	Did Not Meet
Nitin J. Mhatre, EVP, Community Banking	2X	\$ 600,000	Did Not Meet

Once achieved, ownership of the guideline amount must be maintained for as long as the executive is subject to the stock ownership guidelines. Even if stock ownership guidelines have been achieved, NEOs are required to continue to hold all net vested restricted stock and performance shares and net shares of Common Stock delivered after exercising stock options for a minimum of one year. NEOs who do not meet the guidelines further agree to hold Common Stock received through LTI awards until they achieve their respective ownership thresholds. As of December 31, 2013, Messrs. Smith and Savage met the stock ownership guidelines. As of December 31, 2013, Mr. MacInnes and Mr. Mhatre are making satisfactory progress toward the ownership goal. Mr. FitzPatrick was hired as the EVP, Private Banking on October 22, 2012 and was not eligible for LTI awards until February 2013. The Committee believes Mr. FitzPatrick is making satisfactory progress toward the ownership goal.

Directors, officers and employees of Webster are prohibited from hedging their ownership of Webster securities, including through the use of options, puts, calls, short sales, futures contracts, equity swaps, collars or other derivative instruments relating to Webster securities, regardless of whether such directors, officers and employees have material non-public information about Webster. Directors and Executive Officers are prohibited from pledging their Webster securities as collateral for a loan.

Policy on Internal Revenue Code Section 162(m)

The Internal Revenue Code Section 162(m) limits the deduction available for compensation paid to the chief executive officer and the three most highly compensated executive officers other than the chief financial officer to the extent the compensation paid to any such person exceeds \$1,000,000, unless such compensation was based on performance goals determined by a compensation committee consisting solely of two or more non-employee directors and the performance goals are approved by the shareholders prior to payment. In 2012, Webster had non-deductible compensation arising from amounts paid to its President and COO resulting from a compensation structure in place for part of 2011 that was designed for Webster to comply with U.S. Treasury's guidance while participating in the Treasury's Capital Purchase Program.

Webster's compensation programs are generally structured to comply with IRC Section 162(m). Where applicable, Webster will endeavor to structure compensation as exempt performance-based compensation. Webster does, however, reserve the right to determine to pay compensation to the executive officers, including the CEO, which may not be deductible under Section 162(m) of the IRC.

COMPENSATION OF EXECUTIVE OFFICERS

The following tables contain certain compensation information for the Chief Executive Officer, the President, the Chief Financial Officer, and the other NEOs.

Summary Compensation Table

Salary, bonus, incentive payments and other compensation amounts to Webster's NEOs are summarized in the following table. Some of the amounts below represent the opportunity to earn future compensation under performance based compensation incentives that may be forfeited based on future performance vesting. As a result of mixing compensation paid and contingent compensation, the total shown in the Summary Compensation Table includes amounts that the named executives may never receive.

Name and Principal Position	Year	Salary (\$) ¹	Bonus (\$)	Stock Awards (\$) ^{2,3}	Option Awards (\$) ^{3,4}	Non-Equity Incentive Plan Compensation (\$) ⁵	Change in Pension Value and Non- qualified Deferred Compensation Earnings (\$) ⁶	All Other Compensation (\$) ⁷	Total (\$)
James C. Smith Chairman and Chief Executive Officer	2013	879,800		1,139,256	1,385,048	792,000	0	709,416	4,905,520
	2012	879,800		1,071,805	1,315,864	1,059,279	699,100	757,685	5,783,533
	2011	1,171,285		1,030,052		896,245	1,192,400	702,450	4,992,432
Glenn I. MacInnes Executive Vice President And Chief Financial Officer	2013	400,000		244,992	297,838	225,000		54,325	1,222,155
	2012	400,000		230,467	282,960	301,000		20,091	1,234,518
	2011	218,462	275,000	76,160				6,554	576,176
Joseph J. Savage President	2013	380,000		214,509	260,793	271,000	0	96,143	1,222,445
	2012	330,500		203,480	249,833	291,518	40,400	91,289	1,207,020
	2011	378,775		231,618		226,164	68,300	62,582	967,439
Daniel M. FitzPatrick ⁸ Executive Vice	2013	300,000	300,000	127,268	154,722			20,589	902,579
	2012	43,846	350,000	204,659				2,775	601,280
President, Private Banking									
Nitin J. Mhatre ⁹ Executive Vice President, Community Banking	2013	300,000		144,601	175,798	166,000		44,494	830,893
	2012	252,500		186,414	166,739	200,283		29,165	835,101
	2011	281,966		81,013		162,284		31,180	556,443
Gerald P. Plush ^{10,11} Former President and Chief Operating Officer	2013	453,721		430,653	523,559	313,778	0	733,579	2,455,290
	2012	535,000		445,672	547,138	450,898	5,300	227,964	2,211,972
	2011	631,510		1,125,987		420,300	9,500	192,446	2,379,743

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

- ¹ Amounts shown for 2011 include a stock salary. Webster's stock for salary program was discontinued in 2011. For 2011, a cash salary and a stock salary were paid to the NEOs as follows: Mr. Smith: \$879,800 and \$291,485, respectively; Mr. Savage: \$330,500 and \$48,275, respectively; Mr. Mhatre: \$250,000 and \$31,966, respectively; and Mr. Plush: \$535,000 and \$96,510, respectively. Mr. MacInnes commenced his employment on May 31, 2011 and was paid solely in cash. Mr. FitzPatrick commenced his employment on October 22, 2012.
- ² Amounts shown in this column are based on the grant date value related to restricted stock awards made in 2011, 2012 and 2013, in accordance with FASB ASC Topic 718. Webster uses three-year cliff vesting for most time-vested annual restricted stock grants awarded since 2005 and a three-year performance period for performance vested stock grants. For more information, see Compensation Discussion and Analysis herein.
- ³ The valuations of the 2012 stock awards and option awards reported in the Summary Compensation Table have been revised from the 2013 Proxy to reflect the computation of the aggregate date fair value in

accordance with FASB ASC 718. The valuation initially used in determining stock options granted reflected a multi-year fixed valuation ratio adopted by the Compensation Committee which resulted in a lower value being reported. The Company reported and corrected the error in its Form 10-Q for the quarterly period ended March 31, 2013.

Amounts shown in this column are based on the grant date value related to stock option awards made in 2012 and 2013, in accordance with FASB ASC Topic 718. No stock options were granted in 2011.

Amounts in this column represent cash awards paid under the performance based annual incentive plan. Mr. Plush received a pro-rated cash award in accordance with the terms of his non-competition agreement.

Webster Bank maintains both a frozen tax-qualified pension plan and a frozen non-qualified supplemental defined benefit plan. These are described more fully in the Pension Benefits section of this Proxy Statement. Benefit accruals for service and compensation were frozen after December 31, 2007. The amounts in this column reflect the change in the actuarial present value of the NEOs' benefits under both plans determined using interest rate and mortality assumptions consistent with those used in the Company's financial statements. Specifically, the assumptions used to value the accumulated benefits at December 31, 2013 consisted of a 4.80% interest rate for the qualified plan versus 3.90% in 2012, a 4.25% interest rate for the non-qualified supplemental plan (4.80% for benefits payable as a lump sum) versus 3.40% in 2012, and the RP00 mortality table projected to 2028 for non-annuitants and 2020 for annuitants (hereafter, the RP00 Mortality Table). The changes in pension value in 2013 under the tax-qualified pension plan and non-qualified pension plan for each of the NEOs were as follows:

Name	Change in		Total (\$)
	Change in Qualified Pension Value (\$)	Non-Qualified Pension Value (\$)	
James C. Smith	0	0	0
Glenn I. MacInnes			
Joseph J. Savage	0	0	0
Daniel M. FitzPatrick			
Nitin J. Mhatre			
Gerald P. Plush	0		0

All Other Compensation includes amounts contributed or allocated, as the case may be, to the 401(k) plan (excluding the executive officer's contributions to the qualified 401(k) plan), the non-qualified supplemental defined contribution plan, a car allowance, dividends paid on unvested restricted stock awards, dividends paid on earned performance-based stock awards, a premium on a term life insurance policy and costs for a home security system. The amount for Mr. Plush also includes \$535,000 of severance paid in fiscal 2013 in connection with Mr. Plush's resignation from Webster on September 30, 2013 and in accordance with the terms of his non-competition agreement regarding which more information is provided in Potential Payments on Termination or Change in Control below. Mr. Smith also receives a premium on a supplemental Long Term Disability policy. All Other Compensation items in the Summary Compensation Table also include the following amounts:

Name	401(k) Plan (\$)	Supplemental Defined Contribution Plan (\$)
James C. Smith	26,597	613,011
Glenn I. MacInnes	11,297	23,754
Joseph J. Savage	26,597	47,270
Daniel M. FitzPatrick		
Nitin J. Mhatre	11,297	13,718
Gerald P. Plush	21,497	129,107

Mr. FitzPatrick was hired on October 22, 2012; he was given an award of restricted stock on his date of hire with a grant date fair value of \$204,659. He received a sign-on cash incentive of \$50,000 and a guaranteed bonus for the fiscal year 2012 of \$300,000.

9 Mr. Mhatre was given an annual award, granted February 22, 2012, with performance shares of \$135,823 and stock options valued at \$166,739 and a special award of restricted stock, granted April 24, 2012, of \$50,591.
 10 Mr. Plush was given an annual award of restricted stock, granted February 22, 2011, of \$460,278, and a promotional award, granted April 25, 2011, of \$665,709 which was forfeited upon his resignation.
 11 Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013. In connection with Mr. Plush's resignation, Mr. Plush received the payments and benefits applicable on a termination under his non-competition agreement and Webster's Amended and Restated 1992 Stock Option Plan, regarding which more information is provided in Potential Payments on Termination or Change in Control.

Grants of Plan-Based Awards

During the fiscal year ended December 31, 2013, the following table sets out all non-equity incentive plan and equity incentive plan awards that were made to the NEOs.

Name	Grant Date	Estimated Possible Payouts			Estimated Future Payouts			All Other Awards:		Exercise Price	Closing Price	Grant Date	Fair Value of Stock and Option Awards
		Under Non-Equity Incentive Plan Awards	Under Equity Incentive Plan Awards	Other Stock Awards:	All Other Option Awards:								
		Threshold	Target	Maximum	Threshold	Target	Maximum	Units	Options	Awards	Date	Awards	
		(\$) ¹	(\$) ¹	(\$) ¹	(#) ²	(#) ²	(#) ²	(#)	(#)	(\$/Sh)	(\$)	(\$) ³	
James C. Smith	02/20/2013	439,900	879,800	1,759,600	4,739	47,390	94,780	126,373	23.00	22.53	2,524,304		
Glenn I. MacInnes	02/20/2013	125,000	250,000	500,000	1,019	10,191	20,382	27,175	23.00	22.53	542,830		
Joseph J. Savage	02/20/2013	123,500	247,000	494,000	892	8,923	17,846	23,795	23.00	22.53	475,302		
Daniel M. FitzPatrick	02/20/2013	137,500	275,000	550,000	529	5,294	10,588	14,117	23.00	22.53	281,990		
Nitin J. Mhatre	02/20/2013	90,000	180,000	360,000	602	6,015	12,030	16,040	23.00	22.53	320,399		
Gerald P. Plush ⁴	02/20/2013	227,375	454,750	909,500	1,791	17,914	35,828	47,770	23.00	22.53	954,212		

¹ These columns represent the potential payouts to each of the NEOs resulting from the grant of an award pursuant to the annual incentive compensation plan, subject to achievement of pre-established performance goals discussed on page 22 of this Proxy Statement. Actual amounts earned by Messrs. Smith, MacInnes, Savage, Mhatre and Plush are set forth under the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 33 of this Proxy Statement. The guaranteed amount paid to Mr. FitzPatrick is shown in the Bonus column of the Summary Compensation Table on page 33 of this Proxy Statement.

² Represents the threshold, target and maximum number of performance shares that may vest if performance targets in respect of the 2013 through 2015 performance period are satisfied. Dividends will be deferred on the unearned performance shares and will be paid out upon conclusion of the performance period to the extent earned.

³ Represents the grant date fair value, computed in accordance with FASB ASC Topic 718 of all equity awards granted in 2013.

⁴ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013. In connection with his resignation, all equity awards granted to him in 2013 were forfeited.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth outstanding option awards and unvested stock awards held by Webster's NEOs as of December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options ¹ Unexercisable	Option Awards			Number of Shares or Units That Have Not Vested (#)	Stock Awards		
			Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Price (\$)	Option Expiration Date		Market Value of Shares or Units That Have Not Vested ² (\$)	Equity Incentive Awards: Number of Unearned Shares, or Other Rights that Have Not Vested (#)	Equity Incentive Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ² (\$)
James C. Smith	60,707			49.62	12/20/2014				
	47,182			47.40	12/20/2015				
	64,483			48.88	12/19/2016				
	106,199			32.03	12/18/2017				
	213,674			12.85	12/16/2018				
						45,277 ³	1,411,737		
	37,457	74,914		23.81	02/22/2022			42,139 ⁵	1,313,894
		126,373		23.00	02/20/2023			47,390 ⁶	1,477,620
Glenn I. MacInnes						3,651 ⁴	113,838		
	8,054	16,110		23.81	02/22/2022			9,061 ⁵	282,522
		27,175		23.00	02/20/2023			10,191 ⁶	317,755
Joseph J. Savage	10,165			49.62	12/20/2014				
	8,131			47.40	12/20/2015				
	10,079			48.88	12/19/2016				
	16,601			32.03	12/18/2017				
	34,400			12.85	12/16/2018				
						10,181 ³	31,744		
	7,111	14,224		23.81	02/22/2022			8,000 ⁵	249,440
		23,795		23.00	02/20/2023			8,923 ⁶	278,219
Daniel M. FitzPatrick		14,117		23.00	02/20/2023	9,290 ⁷	289,662	5,294 ⁶	165,067
Nitin J. Mhatre	19,984			12.85	12/16/2018				
						3,561 ³	111,032		
						2,340 ⁸	72,961		
	4,746	9,493		23.81	02/22/2022			5,340 ⁵	166,501
		16,040		23.00	02/20/2023			6,015 ⁶	187,548
Gerald P. Plush ⁹								10,221 ⁵	318,691

¹ The remaining vesting dates of each option are listed in the table below by expiration date:
Table of Option Vesting Dates

EXPIRATION DATE	VESTING DATE	VESTING DATE	VESTING DATE
02/22/2022	02/22/2014	02/22/2015	
02/20/2023	02/20/2014	02/20/2015	02/20/2016

² Market value calculated by multiplying the closing market price of Webster's Common Stock on December 31, 2013, or \$31.18, by the number of shares of stock.

- 3 The restricted stock award vested and became transferable on February 22, 2014, the third anniversary of the date of grant.
 4 The restricted stock award will vest and be transferable on May 31, 2014, the third anniversary of the date of grant.
 5 The performance criteria will be evaluated after the close of the performance period on December 31, 2014.
 6 The performance criteria will be evaluated after the close of the performance period on December 31, 2015.
 7 The restricted stock award will vest and be transferable on October 22, 2015, the third anniversary of the date of grant.
 8 The restricted stock award will vest and be transferable on April 24, 2014, the third anniversary of the date of grant.
 9 Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Option Exercises and Stock Vested in 2013

The table below sets forth the number of shares of stock acquired in fiscal 2013 upon the exercise of stock options awarded to the NEOs and as a result of the vesting of shares of restricted stock awarded to the NEOs under Webster's compensatory equity programs.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ¹ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ² (\$)
James C. Smith				
Glenn I. MacInnes				
Joseph J. Savage				
Daniel M. FitzPatrick				
Nitin J. Mhatre				
Gerald P. Plush	105,515	1,249,157	17,422 ³	442,170

- ¹ Value realized calculated based on the difference between the market price of Webster's Common Stock on the date of exercise and the exercise price.
² Value realized calculated by multiplying the number of shares vesting by the fair market value of Webster's Common Stock on the vesting date.
³ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013. In connection with Mr. Plush's resignation, Mr. Plush became vested in the identified shares pursuant to the terms of his non-competition agreement and Webster's Amended and Restated 1992 Stock Option Plan, regarding which more information is provided in Potential Payments on Termination or Change in Control below.

Pension Benefits

The following table shows the present value of accumulated benefits payable to each of the NEOs, including the number of years of service credited to each such NEO, under both the frozen pension plan and the frozen supplemental defined benefit plan as of December 31, 2013. The accumulated benefit value is based upon the benefit that is payable at the NEO's Normal Retirement Age (65).

Pension Benefits

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James C. Smith	Webster Bank Pension Plan	30.0	1,298,600	0
	Supplemental Defined Benefit Plan for Executive Officers	32.3	6,720,900	0
Glenn I. MacInnes ¹	Webster Bank Pension Plan			0
	Supplemental Defined Benefit Plan for Executive Officers			0
Joseph J. Savage	Webster Bank Pension Plan	6.0	198,400	0
	Supplemental Defined Benefit Plan for Executive Officers	6.0	182,100	0
Daniel M. FitzPatrick ¹	Webster Bank Pension Plan			0
	Supplemental Defined Benefit Plan for Executive Officers			0
Nitin J. Mhatre ¹	Webster Bank Pension Plan			0
	Supplemental Defined Benefit Plan for Executive Officers			0
Gerald P. Plush ²	Webster Bank Pension Plan	2.0	38,800	0
	Supplemental Defined Benefit Plan for Executive Officers			0

¹ Messrs. MacInnes, FitzPatrick and Mhatre joined Webster after the pension plan and supplemental defined benefit plan were frozen and therefore have accumulated no credited years of service under either plan.

² Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Webster Bank maintains a frozen pension plan for eligible employees of Webster Bank and affiliated companies that have adopted the plan. Pension benefits in the pension plan were frozen as of December 31, 2007. Thus, service and compensation after this date will not be used in calculating a benefit from this plan.

The pension plan is a qualified plan under the IRC and complies with the requirements of the Employee Retirement Income Security Act of 1974, as amended. All employees hired before January 1, 2007 were eligible to participate in the pension plan upon attaining age 21 and completing one year of service.

Benefits under the pension plan are funded solely by contributions made by Webster Bank. Under the pension plan's benefit formula, a participant's monthly normal retirement benefit will equal the sum of: (a) his or her accrued benefit as of December 31, 1986 (adjusted through August 31, 1996 to reflect certain future increases in compensation), plus (b) the sum of 2% of the participant's monthly compensation for each year of credited service beginning on or after January 1, 1987 through August 31, 2004, plus (c) the sum of 1.25% of the participant's monthly compensation if the participant has less than 10 years of credited service at the beginning of the year, or 1.50% of the participant's monthly compensation if the participant has 10 or more years of credited service at the beginning of the year, for each year of credited service beginning on or after September 1, 2004 through December 31, 2007. In general, benefits may not be based on more than 30 years of credited service. The normal form of benefit is a life annuity for the participant's lifetime. A pension plan participant

becomes 100% vested in the benefits under the pension plan upon completion of five years of service. Benefit payments to a participant or beneficiary may commence upon a participant's early retirement date (age 55), normal retirement date (age 65), deferred retirement date or death. Benefits payable at early retirement date are reduced 1/15th each year for the first five years and 1/30th each year for the next five years before normal retirement date. Messrs. Smith and Savage are eligible for early retirement benefits. Participants may elect to receive their benefits in one of several optional forms, including a lump sum or periodic payments during the participant's lifetime or during the lifetime of the participant and his or her surviving spouse or designated beneficiary. The lump sum option has been eliminated for benefits earned after January 26, 1998.

Webster Bank also maintains a frozen non-qualified supplemental defined benefit plan for executive officers. As with the qualified pension plan, pension benefits in the non-qualified supplemental defined benefit plan were frozen as of December 31, 2007. Thus, service and compensation after this date will not be used in calculating an executive's benefit from this plan.

The frozen supplemental defined benefit plan provides supplemental pension benefits that are not available under the pension plan because annual compensation in excess of \$255,000 in 2013 (subject to cost of living increases) may not be used in the calculation of retirement benefits under the IRC and because annual pension benefits are subject to a maximum of \$205,000 in 2013 (subject to cost of living increases). Annual compensation for both the qualified pension plan and the supplemental defined benefit plan is defined as base pay, overtime, commissions, and bonuses (including bonuses for which the participant has deferred to a future year).

In place of the pension formula in the supplemental plan, Mr. Smith receives a benefit at age 65 equal to 60% of the average of the highest compensation during five consecutive calendar years, reduced by benefits from the pension plan and Social Security. The 60% is prorated based upon service at the time the benefits were frozen to service at age 65. Credited service is not limited to 30 years under the plan. The benefit is also reduced in the event of retirement before age 65 in the same manner as the pension plan. Benefits under the supplemental defined benefit plan are payable in monthly installments or a lump sum. The assumptions used to determine the present value of the accumulated benefits for purposes of the Pension Benefits table consisted of a 4.80% interest rate for the qualified plan, a 4.25% interest rate for the non-qualified supplemental defined benefit plan (4.80% for benefits payable as a lump sum), and the RP00 Mortality Table.

Non-Qualified Deferred Compensation

The following table shows the contributions to, the earnings of, and the distributions from each NEO's account under Webster's non-qualified deferred compensation plans for the fiscal year ended December 31, 2013.

Non-Qualified Deferred Compensation

Name	Executive Contributions in Last FY (\$)	Registrant Contributions in Last FY ¹ (\$)	Aggregate Earnings in Last FY ² (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregated Balance at Last FYE (\$)
James C. Smith		613,011	3,028,850		9,209,458
Glenn I. MacInnes		23,754	0		24,498
Joseph J. Savage		47,270	47,961		284,528
Daniel M. FitzPatrick					
Nitin J. Mhatre		13,718	2		34,795
Gerald P. Plush ³		129,107	104,815		1,016,868

¹ The amounts in this column are reported as supplemental defined contribution plan contributions in "All Other Compensation" in the Summary Compensation Table on page 33 of this Proxy Statement.

² The amounts in this column show the investment gain or loss for each NEO during 2013, based on the investment choices selected by each NEO.

³ Mr. Plush resigned from Webster and relinquished all offices and positions held with Webster effective September 30, 2013.

Deferred Compensation

Prior to January 1, 2011, executive officer participants could elect to defer up to 25% of their base pay and up to 100% of their bonuses. Effective January 1, 2011, Webster suspended the ability of executive officers to defer their base pay into the plan. Starting January 1, 2012, all deferrals of base pay and bonuses into the plan were suspended. All deferred compensation accounts are payable upon death, disability, termination of service or a specified date after the year of deferral. Distribution elections may be paid in a lump sum or in ten annual installments, except in the case of disability, where lump sum distribution is required.

Potential Payments on Termination or Change in Control

Historically, Webster has entered into Change in Control Agreements and Non-Competition Agreements with its NEOs, which provide post-termination payments to the NEOs. In 2012, Webster amended all of the Change in Control Agreements for the NEOs, removing the gross-up provisions.

Change in Control Agreements

Change in control provisions benefit Webster's shareholders by assisting with retention of executives during rumored and actual change in control activity when continuity is a key factor in preserving the value of the business. Other termination benefits are provided based on the time needed by executives of that level to find new employment and to facilitate changes in key executives as needed.

Webster has entered into a Change in Control Agreement with each of the NEOs, except that Mr. Plush's Change in Control Agreement terminated in accordance with its terms upon his resignation. Pursuant to the Change in Control Agreements with Messrs. Smith, MacInnes, Savage, FitzPatrick and Mhatre, each executive is eligible to receive payments and other benefits, subject to the conditions described below, in the event the executive is terminated during the two year period following a change in control. A change in control is defined by the agreements as:

with certain exceptions, the acquisition by any person of beneficial ownership of 20% or more of either (i) the outstanding shares of the Common Stock or (ii) the combined voting power of the outstanding voting securities of Webster entitled to vote generally in the election of directors;

individuals who, as of the date of each executive's agreement, constituted the Board of Directors (the Incumbent Board) cease for any reason to constitute at least a majority of the Board of Directors, except for individuals subsequently joining the Board who are approved by at least a majority of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board of Directors;

generally, consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Webster (with certain standard exceptions); or

approval by the shareholders of a complete liquidation or dissolution of Webster.

Payments and Benefits - The payments and benefits payable to the NEOs under the Change in Control Agreements are as follows:

Death or Disability - If an executive's employment is terminated by reason of death or disability (defined as the absence of the executive from his or her duties on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness determined to be total and permanent), following a change in control, the executive, or the executive's estate, as the case may be, is entitled to receive the executive's accrued salary, bonus, deferred compensation (together with accrued interest or earnings thereon), any accrued vacation pay plus any other amounts or benefits required to be paid or provided to the executive under any agreement or plan of Webster and its affiliated companies.

Cause - If an executive's employment is terminated for Cause following a change in control, the Change in Control Agreement terminates and the executive is entitled to receive only his or her annual base salary through the date of termination, the amount of any compensation previously deferred by the executive, and any other amounts or benefits required to be paid or provided to the executive under any agreement or plan of Webster and its affiliated companies. Cause is defined as:

§ the willful and continued failure by the executive to perform substantially the executive's duties with Webster or one of its affiliates (other than a failure resulting from incapacity due to physical or mental illness), after written demand for performance is delivered to the executive by the Chief Executive Officer, or

§ the willful engaging by the executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to Webster.

For Good Reason or Other than for Cause, Death or Disability - Executives are entitled to certain payments and continued benefits in the event of a termination following a change in control other than for Cause, Death or Disability, or in the event the executive terminates his or her employment for Good Reason. Good Reason is defined as:

§ the assignment to the executive of duties inconsistent with the executive's position, authority, duties or responsibilities resulting in a diminution in such position, authority, duties or responsibilities;

§ the failure by Webster to comply with the compensation terms of the executive's change in control agreement;

§ a material change in the office or location at which the executive is primarily based or Webster's requiring the executive to travel on company business to a substantially greater extent than required immediately prior to the change in control;

§ the termination by Webster of the executive's employment other than expressly as permitted by the change in control agreement; or

§ the failure by Webster to require that any successor assume, and perform according to, the executive's change in control agreement.

In the event of a termination under the above circumstances, the executive is entitled to:

the executive's base salary through the termination date to the extent not previously paid;

a bonus based on the target bonus in effect for the executive;

any previously deferred compensation and accrued vacation pay;

in the event of a Good Reason resignation or termination other than for Cause, death or disability, an amount equal to three times the sum of the executive's base salary and bonus;

the additional amounts that would have been contributed or credited to his or her 401(k) accounts in both the qualified and supplemental 401(k) plans if the executive's employment had continued for three years after the date of termination based on the compensation amounts that would have been required to be paid to him or her under the change of control agreement;

continued benefits for the executive and his or her family for a period of three years following termination;

outplacement services; and

any other amounts or benefits to which he or she is entitled under any agreement or plan of Webster and its affiliated companies.

The Change in Control Agreement for Messrs. MacInnes, FitzPatrick and Mhatre are similar to the Change in Control Agreements for Messrs. Smith and Savage, except that their agreement provides for payment of up to two times base salary and bonus, and benefits coverage for two years following termination.

Non-Change in Control Executive Severance Plan

Under Webster's Non-Competition Agreement with Messrs. Smith, MacInnes and Savage, if Webster terminates the executive without Cause (and under circumstances in which payment would not be due under the Change in Control Agreements) severance benefits become payable. The executive's severance benefits for involuntary termination without Cause are (a) a lump sum payment equal to the sum of (x) the executive officer's then current annual base salary and (y) the prorated amount of any target bonus to be paid pursuant to Webster's annual incentive compensation plan during the then current fiscal year, and (b) subject to certain limitations, continued medical and dental coverage for the shorter of one year or until the executive officer accepts other employment on a substantially full time basis if earlier. The executive's receipt of the foregoing severance payments and benefits is conditioned upon the executive entering into a general release and waiver in favor of Webster, and in consideration of the payment the executive agrees to a one-year non-competition and non-solicitation covenant. Messrs. FitzPatrick and Mhatre are covered by Webster's Severance Policy which provides similar benefits. They have entered into non-solicitation agreements.

Pursuant to Webster's Amended and Restated 1992 Stock Option Plan, in the event an executive is terminated by Webster without Cause, and the termination occurs prior to the full vesting and exercisability of an executive's options, the portion of the executive's options considered vested and exercisable is to be determined by reference to the length of time the executive was employed by Webster.

The NEOs are not entitled to any gross-up payment in the event they would be subject to excise tax under Section 4999 of the Internal Revenue Code (relating to excess parachute payments).

Assuming a December 31, 2013 termination event, the aggregate value of the payments and benefits to which each NEO would be entitled in the event of termination other than for Cause, Death or Disability, or in the event the executive terminates employment for Good Reason would be a follows:

Payment Type	James C. Smith	Glenn I. MacInnes	Joseph J. Savage	Daniel M. FitzPatrick	Nitin J. Mhatre
VOLUNTARY TERMINATION					
Salary Payments and Bonus (\$)					
Accrued Deferred Compensation and Vacation (\$)					
Health Programs (\$)					
Value of Accelerated Equity (\$)					
TOTAL VOLUNTARY TERMINATION BENEFITS					
SEVERANCE					
Salary Payments and Bonus (\$)	1,759,600	650,000	627,000	575,000	480,000
Accrued Deferred Compensation and Vacation (\$)					
Health Programs (\$)	14,851	11,756	14,851	14,851	14,851
Value of Accelerated Equity (\$)	2,630,945	377,021	546,154	112,622	309,833
TOTAL SEVERANCE BENEFITS					
	4,405,396	1,038,777	1,188,005	702,473	804,684
CHANGE IN CONTROL /INVOLUNTARY TERMINATION NOT FOR CAUSE OR TERMINATION FOR GOOD REASON					
Salary Payments and Bonus (\$)	3,575,983	1,268,294	1,349,993	1,152,000	960,000
Accrued Deferred Compensation and Vacation (\$)					
Qualified and Non-qualified 401(k) Contribution Equivalent (\$)	1,985,992	70,102	221,601	60,000	50,028
Benefits and Health Programs (\$)	115,301	79,002	108,048	111,186	107,378
Value of Accelerated Equity (\$) ¹	1,423,055	307,552	270,673	62,351	190,857
TOTAL TERMINATION BENEFITS					
	7,100,331	1,724,950	1,950,315	1,385,537	1,308,263

¹ In the event of a change in control, if an NEO is terminated, all equity awards granted under Webster's Amended and Restated 1992 Stock Option Plan that are outstanding immediately prior to the change in control shall become fully vested and exercisable (provided that they have been held for a period of one year).

For the actual value of severance paid to Mr. Plush during fiscal 2013 in accordance with the terms of his non-competition agreement and Webster's Amended and Restated 1992 Stock Option Plan, see the All Other Compensation column of the Summary Compensation Table herein and the applicable footnote. For the amounts of Mr. Plush's unvested equity awards that vested during fiscal 2013, see the Option Exercises and Stock Vested in Fiscal 2013 table above and the applicable footnotes. Mr. Plush remains subject to the non-competition agreement between Webster and Mr. Plush dated as of December 31, 2012.

Risk Assessment Disclosure

The Compensation Committee has discussed, evaluated and reviewed with the Chief Risk Officer, each compensation program applicable to Webster's NEOs and other employees. The Compensation Committee concluded that Webster's compensation programs do not incentivize excessive risk taking by its NEOs or other employees. The Compensation Committee furthermore concluded that the structure provides strong incentives to appropriately balance risk and reward, provides sufficient risk controls and aligns the interests of the employees with those of shareholders.

The following features of the compensation programs, agreements and organizational structure restrain risk taking to acceptable levels and strongly discourage the manipulation of earnings for personal gain:

The clawback feature applicable to NEOs and certain other executives encourages executives and staff to maintain accurate books and records and comply with relevant accounting policies. Under the clawback, any bonus or incentive compensation for executives is subject to recovery by Webster if such compensation is based on criteria that are later shown to be materially inaccurate, without regard to whether the inaccuracy arose from any misconduct.

The vesting elements of the equity awards align the interests of the officers with the long-term health of Webster, the quality of earnings, and the interests of shareholders.

The programs include a mix of cash and equity awards, which support an appropriate balance of short-term and long-term risk and reward decision making. Equity awards include a performance element with a payout dependent upon achieving designated goals.

Strong governance structure, which includes key elements such as a code of conduct and ethics policy, various risk management and board committees, and a new activity process with embedded risk controls and executive approvals.

Risk function reports outside of the lines of business and the pay of risk managers is not determined by the businesses they evaluate.

Stock ownership requirements that align executive officers with the interests of the shareholders.

Strong independent internal credit oversight and quality controls.

Shared accountability for incentive design, budget and payout with oversight by the Office of the Chairman and the Compensation Committee with input from the Chief Risk Officer.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are Messrs. Shivery (Chair), Becker, Coulter and Jacobi. No person who served as a member of the Compensation Committee during 2013 was a current or former officer or employee of Webster or any of its subsidiaries or, except as disclosed below, engaged in certain transactions with Webster required to be disclosed by regulations of the SEC. Additionally, there were no compensation committee interlocks during 2013, which generally means that no executive officer of Webster served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of the Compensation Committee of Webster.

From time to time, Webster Bank makes loans to its directors and executive officers and related persons and entities for the financing of homes, as well as home improvement, consumer and commercial loans. These loans are made in the ordinary course of business, are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons

not related to Webster or Webster Bank, and neither involve more than normal risk of collectability nor present other unfavorable features.

Certain Relationships

Gregory Jacobi, son of C. Michael Jacobi, a director of Webster and Webster Bank, is employed by Webster Bank as a Senior Vice President. At the end of fiscal year 2013, Gregory Jacobi's base salary rate was \$200,000. For 2013, Mr. Jacobi received a bonus of \$54,900 and a restricted stock award with a value of \$33,726 at the time of the grant.

For a description of loans made to Webster Bank's directors, executive officers and related persons and entities, see Compensation Committee Interlocks and Insider Participation.

Policies and Procedures Regarding Transactions with Related Persons

Pursuant to Webster's Code of Business Conduct and Ethics, any transactions between Webster and a Webster affiliate, director, employee, an immediate family member of a Webster director or employee or business entities in which a Webster director or employee or an immediate family member of a Webster director or employee is an officer, director and/or controlling shareholder must be conducted at arm's length. Prior approval of the Board of Directors for any such transactions are governed by Federal Reserve Regulation O, and the related person's interest in any such transaction requiring Board action must be disclosed to the Board prior to any action being taken. Any consideration paid or received by Webster in such a transaction must be on terms no less favorable than terms available to an unaffiliated third party under similar circumstances. Any interest of a director or officer in such transactions that do not require prior Board approval shall be reported to the Board of Directors at least annually.

Audit Committee Report

The Company's Audit Committee currently has five members, Ms. Osar (Chair) and Messrs. Crawford, Finkenzeller, Morse and Pettie. As of the date of the Proxy Statement, each of the Committee members is an independent director under the New York Stock Exchange rules. The Audit Committee's responsibilities are described in a written charter that was adopted by the Company's Board of Directors.

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements for the fiscal year ended December 31, 2013 with Webster's management. The Audit Committee has discussed with KPMG LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 16, Communications with Audit Committees issued by the Public Company Accounting Oversight Board (PCAOB). The Audit Committee has received the written disclosures from KPMG LLP required by relevant professional and regulatory standards, and has discussed with KPMG LLP the independence of KPMG LLP. Based on the review and discussions described in this paragraph, the Audit Committee recommended to Webster's Board of Directors that the Company's audited consolidated financial statements for the year ended December 31, 2013 be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 for filing with the Securities and Exchange Commission.

Audit Committee

Karen R. Osar (Chair)

John J. Crawford

Robert A. Finkenzeller

Laurence C. Morse

Mark Pettie

STOCK OWNED BY MANAGEMENT

The following table sets forth information as of February 1, 2014 with respect to the amount of Webster Common Stock beneficially owned by each director of Webster, each nominee for election as a director, each of the NEOs and by all directors and executive officers of Webster as a group.

Name and Position(s) with Webster	Number of Shares and Nature of Beneficial Ownership ¹	Percent of Common Stock Outstanding
Joel S. Becker Director	95,839	*
David A. Coulter ² Director	26,618	*
John J. Crawford Director	90,775	*
Robert A. Finkenzeller Director	78,332	*
Daniel M. FitzPatrick Executive Vice President, Private Banking	13,995	*
C. Michael Jacobi Director	77,405	*
Glenn I. MacInnes Executive Vice President and Chief Financial Officer	56,318	*
Nitin J. Mhatre Executive Vice President, Community Banking	48,189	*
Laurence C. Morse Director	72,332	*
Karen R. Osar Director	63,976	*
Mark Pettie Director	40,396	*
Joseph J. Savage President	169,296	*
Charles W. Shivery Director	28,992	*
James C. Smith Chairman, Chief Executive Officer, Director	1,478,682	1.62%
All Directors and Executive Officers as a group (19 persons)	2,566,722	2.79%

* Less than 1% of Common Stock outstanding.

¹ In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Common Stock if such person has or shares voting power and/or investment power with respect to the security, or has the right to acquire beneficial ownership at any time within 60 days from February 1, 2014. As used herein, 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.

The table includes shares owned by spouses, other immediate family members and others over which the persons named in the table possess shared voting and/or shared investment power as follows: Mr. Becker, 2,016 shares; Mr. Smith, 225,031 shares; and all directors and executive officers as a group, 227,047 shares. The table also includes the following: 1,276,990 shares subject to outstanding options which are exercisable within 60 days from February 1, 2014; 160,807 shares held in the 401(k) Plan by executive officers; 12,367 shares purchased by executive officers through the Employee Stock Purchase Plan held by Fidelity Investments; 106,529 shares of restricted stock that were not vested as of February 1, 2014; and 86,626 shares of Common Stock underlying restricted stock for Mr. Smith that were deferred pursuant to the terms of the Stock Option Plan. All other shares included in the table are held by persons who exercise sole voting and sole investment power over such shares.

Outstanding options reflected in the table were held as follows: Mr. Becker, 54,528 shares; Mr. Coulter, 12,000 shares; Mr. Crawford, 54,528 shares; Mr. Finkenzeller, 54,528 shares; Mr. FitzPatrick, 4,705 shares; Mr. Jacobi, 54,528 shares; Mr. MacInnes, 25,167 shares; Mr. Mhatre, 34,822 shares; Mr. Morse, 54,528 shares; Ms. Osar, 46,528 shares; Mr. Pettie, 25,423 shares; Mr. Savage, 101,530 shares; Mr. Shivery, 13,274 shares; and Mr. Smith, 609,283 shares. Also reflected are 200,546 shares of phantom stock held by Mr. Smith in the Webster Bank Deferred Compensation Plan for Directors and Officers.

The table includes 7,360 shares of Common Stock issuable upon conversion of 200 shares of Webster's 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock beneficially owned by Mr. Crawford, which are convertible at the option of the holder at any time. Mr. Crawford owns less than one percent of the outstanding shares of 8.50% Series A Non-Cumulative Perpetual Convertible Preferred Stock.

² Mr. Coulter is currently a director of Webster but will no longer serve as a director after the Annual Meeting.

PRINCIPAL HOLDERS OF VOTING SECURITIES OF WEBSTER

The following table sets forth information as of January 31, 2014 with respect to the beneficial ownership of Common Stock by any person or group as defined in Section 13(d)(3) of the Exchange Act who is known to the Company to be the beneficial owner of more than five percent of the Common Stock.

Name and Addresses of Beneficial Owners	Number of Shares; Nature of Beneficial Ownership ¹	Percent of Common Stock Owned
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	8,791,611 ²	9.70%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	6,259,481 ³	6.90%
Dimensional Fund Advisors LP Palisades West Building One 6300 Bee Cave Road	5,452,315 ⁴	6.04%

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

Austin, TX 78746

The Vanguard Group

4,972,501⁵

5.50%

100 Vanguard Boulevard

Malvern, PA 19355

¹ Based on information in the most recent Schedule 13D or 13G filed with the Securities and Exchange Commission pursuant to the Exchange Act, unless otherwise indicated. In accordance with Rule 13d-3

under the Exchange Act, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Common Stock if such person has or shares voting power and/or investment power with respect to the security, or has the right to acquire beneficial ownership at any time within 60 days from January 31, 2014. As used herein, "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 Blackrock, Inc. reported that it had sole voting and sole dispositive power over 8,479,218 and 8,791,611 shares, respectively.

³ State Street Corporation reported that it had shared voting and shared dispositive power over all of the shares beneficially owned.

⁴ Dimensional Fund Advisors LP reported that it had sole voting and sole dispositive power over 5,353,376 and 5,452,315 shares, respectively. All securities over which Dimensional Fund Advisors LP reported that it had sole dispositive or sole voting power are owned by investment companies, trusts and accounts, to which Dimensional Fund Advisors LP furnishes investment advice. Dimensional Fund Advisors LP disclaims beneficial ownership of such securities.

⁵ The Vanguard Group reported that it had sole voting power over 135,885 shares and sole dispositive power over 4,843,916 shares and shared dispositive power over 128,585 shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Webster's directors, certain officers and persons who own more than 10 percent of its Common Stock to file with the Securities and Exchange Commission initial reports of ownership of Webster's equity securities and to file subsequent reports when there are changes in such ownership. Based on a review of reports submitted to Webster, the Company believes that during the fiscal year ended December 31, 2013, all Section 16(a) filing requirements applicable to Webster's directors, officers and more than 10% owners were complied with on a timely basis, except that one report on Form 4 covering one transaction was filed one day late for Mr. Smith.

**NON-BINDING, ADVISORY VOTE REGARDING THE COMPENSATION OF THE NAMED
EXECUTIVE OFFICERS OF WEBSTER**

(Proposal 2)

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the Dodd-Frank Act), requires Webster to provide its shareholders an opportunity to vote to approve, on a non-binding, advisory basis, the compensation of its named executive officers (NEOs) as disclosed in this Proxy Statement. At the 2011 Annual Meeting of Shareholders, Webster s shareholders voted on a non-binding, advisory basis to hold a non-binding, advisory vote on the compensation of NEOs of Webster annually. In light of the results, the Board of Directors determined to hold the vote annually.

The compensation of our NEOs is disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 16 to 40 of this Proxy Statement. As discussed in those disclosures, the Board of Directors believes that Webster s executive compensation philosophy, policies and procedures provide a strong link between each NEO s compensation and Webster s short and long-term performance. The objective of Webster s executive compensation program is to provide compensation which is competitive, variable based on Webster s performance, and aligned with the long-term interests of shareholders.

Webster is asking its shareholders to indicate their support for its NEO compensation as described in this Proxy Statement. This proposal, commonly known as a Say-on-Pay proposal, gives Webster s shareholders the opportunity to express their views on the compensation of Webster s NEOs. Accordingly, shareholders are being asked to vote FOR the following resolution:

RESOLVED, that the shareholders of Webster Financial Corporation approve, on an advisory basis, the compensation of the named executive officers, as described in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 16 to 40 of this Proxy Statement.

Your vote on this Proposal 2 is advisory, and therefore not binding on Webster, the Compensation Committee or the Board of Directors. The Board of Directors and Compensation Committee value the opinions of Webster s shareholders and to the extent there is any significant vote against the NEO compensation as disclosed in this Proxy Statement, Webster will consider its shareholders concerns and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

A majority of the votes present in person or represented by proxy at the Annual Meeting is required to approve Proposal 2. Abstentions and broker non-votes will have no effect on the vote for this proposal. If no voting instructions are given, the accompanying proxy will be voted for this Proposal 2.

The Board of Directors recommends that the shareholders vote FOR the approval of the compensation of Webster s named executive officers, as described in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 16 to 40 of this Proxy Statement.

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

(Proposal 3)

The Board of Directors, upon the recommendation of the Audit Committee, has approved the appointment of KPMG LLP (KPMG) to serve as the independent registered public accounting firm for Webster for the year ending December 31, 2014. KPMG audited Webster's financial statements for the year ended December 31, 2013. Ernst & Young LLP (E&Y) had performed audits of Webster's financial statements for the years ended December 31, 2009 through 2012.

On February 21, 2013, the Board of Directors determined not to reappoint E&Y as Webster's independent registered public accounting firm for the fiscal year ended December 31, 2013 or any quarterly periods therein. On February 25, 2013, the Board of Directors engaged KPMG as Webster's independent registered public accounting firm for the fiscal year ended December 31, 2013. The Audit Committee of the Board of Directors of the Company recommended these actions to the Board of Directors following the completion of a competitive process concerning Webster's independent registered public accounting firm for the fiscal year ending December 31, 2013, in which several firms were invited to participate.

E&Y was notified of this action on February 25, 2013. The reports of E&Y on Webster's consolidated financial statements as of and for the fiscal years ended December 31, 2012 and 2011 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles. The audit reports of E&Y on the effectiveness of internal control over financial reporting as of December 31, 2012 and 2011 did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years ended December 31, 2012 and 2011, and in the subsequent interim period through March 6, 2013, there were (i) no disagreements between Webster and E&Y on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of E&Y, would have caused E&Y to make references to the subject matter of the disagreement in their reports on the financial statements for such years, and (ii) no reportable events as that term is defined in Item 304(a)(1)(v) of Regulation S-K.

Webster provided E&Y with a copy of the above disclosures and requested that E&Y furnish a letter addressed to the Securities and Exchange Commission stating whether or not it agrees with the statements made above. A copy of E&Y's letter dated March 6, 2013 is filed as Exhibit 16.2 to Webster's Current Report on Form 8-K/A filed with the Securities and Exchange Commission on March 6, 2013.

In deciding to recommend the engagement of KPMG to the Board of Directors, the Audit Committee reviewed auditor independence and existing commercial relationships with KPMG, and concluded that KPMG had no commercial relationships with Webster that would impair its independence. During the fiscal years ended December 31, 2012 and 2011, and in the subsequent interim period through March 6, 2013, neither Webster nor anyone acting on its behalf has consulted with KPMG on any matters or events set forth in Item 304(a)(2) of Regulation S-K.

Unless otherwise indicated, properly executed proxies will be voted in favor of ratifying the appointment of KPMG, an independent registered public accounting firm, to audit the consolidated financial statements of Webster for the year ending December 31, 2014 and the internal control over financial reporting of Webster as of December 31, 2014. No determination has been made as to what action the Board of Directors would take if Webster's shareholders do not ratify the appointment.

Assuming the presence of a quorum at the Annual Meeting, the affirmative vote of the majority of the votes cast is required to ratify the appointment of KPMG as Webster's independent registered public accounting firm for the year ending December 31, 2014.

Representatives of KPMG are expected to be present at the Annual Meeting. They will be given an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The Board of Directors recommends that shareholders vote FOR ratification of the appointment of KPMG LLP as Webster's independent registered public accounting firm for the year ending December 31, 2014.

Auditor Fee Information

The following table presents the aggregate fees and expenses incurred by Webster for professional audit services rendered by each firm in connection with their audit of Webster's annual financial statements for the years ended December 31, 2013 and December 31, 2012, respectively, and fees billed for other services rendered by KPMG and E&Y during those periods.

	Fiscal 2013	Fiscal 2012
Audit Fees ¹	\$ 1,230,000	\$ 1,747,000
Audit-Related Fees ²	130,000	69,000
Tax Fees ³	2,050	138,658
All Other Fees ⁴	0	0
Total	\$ 1,362,050	\$ 1,954,658

¹ Audit Fees consist of fees billed for professional services rendered for the audit of Webster's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the respective independent public accounting firm in connection with statutory and regulatory filings or engagements. Audit Fees also include activities related to internal control reporting under Section 404 of the Sarbanes-Oxley Act. Fiscal 2012 includes additional services related to corporate equity transaction filings.

² Audit Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Webster's consolidated financial statements and are not reported under Audit Fees. This category includes fees related to financial statement audits of certain employee benefit plans. In fiscal 2013, there was an additional servicing related audit that was not required in prior years.

³ Tax Fees consist of fees billed for professional services rendered for tax compliance and tax advice.

⁴ Other Fees consist of fees for products and services other than for services for which fees were reported as Audit Fees, Audit-Related Fees and Tax Fees.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

Consistent with Securities and Exchange Commission requirements regarding auditor independence, the Audit Committee has adopted a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Audit Committee has delegated authority to the Chair of the Audit Committee to pre-approve up to \$100,000 in audit and permissible non-audit services. Any decisions by the Chair of the Audit Committee under this delegated authority will be reported at the next meeting of the Audit Committee. Management is required to report, on a quarterly basis, to the Audit Committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

All engagements of the independent registered public accounting firm to perform any audit services and non-audit services after implementation of the pre-approval policy have been pre-approved by the Audit Committee in accordance with the policy. The pre-approval policy has not been waived in any instance. All engagements of the independent registered public accounting firm to perform any audit services and non-audit services prior to the date the pre-approval policy was implemented were approved by the Audit Committee in accordance with its normal functions, and none of those engagements made use of the *de minimus* exception to pre-approval contained in the Commission's rules.

DATE FOR SUBMISSION OF SHAREHOLDER PROPOSALS

FOR INCLUSION IN PROXY STATEMENT

Any proposal which a Webster shareholder wishes to have included in Webster's Proxy Statement and form of proxy relating to Webster's 2015 Annual Meeting of Shareholders under Rule 14a-8 of the Securities and Exchange Commission must be received by Webster's Secretary at 145 Bank Street, Waterbury, Connecticut 06702 by November 14, 2014. Nothing in this paragraph shall be deemed to require Webster to include in its Proxy Statement and form of proxy for the meeting any shareholder proposal which does not meet the requirements of the Securities and Exchange Commission in effect at the time. Any other proposal for consideration by shareholders at Webster's 2015 Annual Meeting of Shareholders must be delivered to, or mailed to and received by, the Secretary of Webster not less than 30 days nor more than 90 days prior to the date of the meeting if Webster gives at least 45 days' notice or prior public disclosure of the meeting date to shareholders.

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors does not know of any other matters to be presented for action by the shareholders at the Annual Meeting. If, however, any other matters not now known properly come before the meeting, the persons named in the accompanying proxy will vote the proxy in accordance with the determination of a majority of the Board of Directors.

By order of the Board of Directors,
James C. Smith
Chairman and Chief Executive Officer

Waterbury, Connecticut

March 14, 2014

145 BANK STREET

WEBSTER PLAZA

WATERBURY, CT 06702

INSTRUCTIONS FOR VOTING BY INTERNET, TELEPHONE OR MAIL

Webster Financial Corporation encourages you to take advantage of convenient voting methods. Please take this opportunity to use one of the three voting methods below. Voting is easier than ever. Proxies submitted by Internet or telephone must be received no later than 11:59 p.m., Eastern Time, on April 23, 2014.

VOTE BY INTERNET - www.proxymail.com

Use the Internet to transmit your voting instructions and for electronic delivery of information no later than 11:59 p.m., Eastern Time, on April 23, 2014. Have your proxy card in hand when you access the web site and follow the instructions.

VOTE BY TELEPHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions no later than 11:59 p.m., Eastern Time, on April 23, 2014. Have your proxy card in hand when you call and follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

ELECTRONIC DELIVERY OF FUTURE SHAREHOLDER COMMUNICATIONS

If you would like to reduce the costs incurred by Webster Financial Corporation in mailing proxy material, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above for voting by Internet and, when prompted, indicate that you agree to receive or access future shareholder communications electronically.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

WEBST1 KEEP THIS PORTION FOR YOUR RECORDS

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED POSTAGE-

DETACH AND RETURN THIS PORTION ONLY

PAID ENVELOPE, UNLESS YOU ARE VOTING BY INTERNET OR TELEPHONE

WEBSTER FINANCIAL CORPORATION
The Board of Directors recommends a vote

FOR ALL nominees:

1. To elect nine directors to serve for one-year terms (Proposal 1).

For Against Abstain

NOMINEES:

Edgar Filing: WEBSTER FINANCIAL CORP - Form DEF 14A

Joel S. Becker	..	..	..
John J. Crawford	..	..	..
Robert A. Finkenzeller	..	..	..
C. Michael Jacobi	..	..	..
Laurence C. Morse	..	..	..
Karen R. Osar	..	..	..
Mark Pettie	..	..	..
Charles W. Shivery	..	..	..
James C. Smith	..	..	..

For Against Abstain

The Board of Directors recommends a vote FOR the following proposals:

2. To approve, on a non-binding, advisory basis, the compensation of the named executive officers of the Company (Proposal 2).

For Against Abstain

3. To ratify the appointment by the Board of Directors of KPMG LLP as the independent registered public accounting firm of Webster Financial Corporation for the fiscal year ending December 31, 2014 (Proposal 3).

The proxies are authorized to vote upon any other business that properly comes before the Annual Meeting or any adjournments thereof, in accordance with the determination of a majority of the Board of Directors of the Company.

For address changes and/or comments, please check this box and write them on the back where indicated. ..

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporation or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

Annual Meeting of Shareholders

April 24, 2014

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned shareholder of Webster Financial Corporation (the Company) hereby appoints John J. Crawford, C. Michael Jacobi and Karen R. Osar, or any of them, with full power of substitution in each, as proxies to cast all votes which the undersigned shareholder is entitled to cast at the Annual Meeting of Shareholders (the Annual Meeting) to be held at 4:00 p.m., Eastern Time, on Thursday, April 24, 2014, at the Webster Bank Resource Center, 436 Slater Road, New Britain, Connecticut 06053, and at any adjournments of the meeting, for the following purposes. The undersigned shareholder hereby revokes any proxy or proxies heretofore given.

This proxy will be voted as directed by the undersigned shareholder. **Unless contrary direction is given, this proxy will be voted FOR the election of all nominees listed in Proposal 1; FOR the approval, on a non-binding, advisory basis, of the compensation of the named executive officers of the Company (Proposal 2); FOR the ratification of the Board of Directors appointment of KPMG LLP as the Company's independent registered public accounting firm (Proposal 3); and in accordance with the determination of a majority of the Board of Directors as to other matters.** The undersigned shareholder may revoke this proxy at any time before it is voted by delivering either a written notice of revocation of the proxy or a duly executed proxy bearing a later date to the Assistant Secretary of the Company, by re-voting by Internet or telephone, or by attending the Annual Meeting and voting in person. The undersigned shareholder hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement.

Please sign and return the proxy card promptly in the enclosed envelope.

Address Changes:

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(Continued and to be signed and dated on the reverse side)