

WEBSTER FINANCIAL CORP
Form 10-Q
November 06, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended September 30, 2009.

or

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 001-31486

WEBSTER FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

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

Webster Plaza, Waterbury, Connecticut
(Address of principal executive offices)

06702
(Zip Code)

(203) 465-4364

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of common stock, par value \$.01 per share, outstanding as of October 20, 2009 was 71,168,321.

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (Unaudited)****WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

<i>(Dollars in thousands, except share and per share data)</i>	September 30, 2009 (unaudited)	December 31, 2008
Assets:		
Cash and due from depository institutions	\$ 173,437	\$ 259,208
Short-term investments	360,618	22,154
Investment securities:		
Trading, at fair value		77
Available for sale, at fair value (amortized cost of \$1,916,464 and \$1,298,670, respectively)	1,912,283	1,188,705
Held-to-maturity, at amortized cost (fair value of \$2,806,276 and \$2,559,745, respectively)	2,702,881	2,522,511
Total investment securities	4,615,164	3,711,293
Loans held for sale	37,005	24,524
Loans, net	10,995,953	11,952,262
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	140,874	134,874
Goodwill	529,887	529,887
Other intangible assets, net	29,705	34,039
Cash surrender value of life insurance policies	286,806	279,807
Premises and equipment, net	179,353	185,928
Deferred tax asset, net	139,458	189,337
Accrued interest receivable and other assets	320,026	260,224
Total assets	\$ 17,808,286	\$ 17,583,537
Liabilities:		
Deposits	\$ 13,600,730	\$ 11,884,890
Federal Home Loan Bank advances	663,210	1,335,996
Securities sold under agreements to repurchase and other short-term debt	872,030	1,570,971
Long-term debt	589,600	687,797
Accrued expenses and other liabilities	185,342	220,145
Total liabilities	15,910,912	15,699,799
Equity:		
Shareholders' equity:		
Preferred stock, \$0.01 par value; Authorized - 3,000,000 shares;		
Series A issued and outstanding - 56,400 and 224,900 shares	56,400	224,900
Series B issued and outstanding - 400,000 shares (net of discount; \$7,266 and \$8,574)	392,734	391,426
Common stock, \$0.01 par value; authorized - 200,000,000 shares;		
Issued - 71,936,357 and 56,607,177 shares	719	566
Paid in capital:		
Warrants	13,002	8,719
Additional paid in capital	851,573	722,962
Retained earnings	759,683	781,106
Accumulated other comprehensive loss, net of taxes	(34,141)	(105,910)

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Less: Treasury stock, at cost; 3,796,701 and 3,723,527 shares	(152,236)	(149,650)
Total Webster Financial Corporation shareholders' equity	1,887,734	1,874,119
Noncontrolling interests	9,640	9,619
Total equity	1,897,374	1,883,738
Total liabilities and equity	\$ 17,808,286	\$ 17,583,537

See accompanying Notes to Condensed Consolidated Financial Statements.

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WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(In thousands, except per share data)</i>	Three months ended September 30, 2009		Nine months ended September 30, 2008	
	2009	2008	2009	2008
Interest Income:				
Loans including fees	\$ 131,266	\$ 175,363	\$ 409,566	\$ 542,421
Investments securities	52,975	39,210	152,601	116,657
Loans held for sale	716	54	1,713	1,546
Total interest income	184,957	214,627	563,880	660,624
Interest Expense:				
Deposits	41,977	57,731	144,867	193,028
Borrowings	16,308	27,715	54,856	87,873
Total interest expense	58,285	85,446	199,723	280,901
Net interest income	126,672	129,181	364,157	379,723
Provision for credit losses	85,000	45,500	236,000	86,300
Net interest income after provision for credit losses	41,672	83,681	128,157	293,423
Non-interest Income:				
Deposit service fees	30,844	31,738	88,787	90,114
Loan related fees	5,557	7,171	18,389	21,920
Wealth and investment services	6,160	7,070	17,991	21,660
Mortgage banking activities	1,406	50	5,445	894
Increase in cash surrender value of life insurance	2,692	2,606	7,949	7,810
Impairment losses on investment securities	(1,290)	(33,507)	(28,400)	(89,684)
Net loss on the sale of investment securities	(4,728)	(2,110)	(13,863)	(1,861)
Gain on the exchange of trust preferred securities for common stock			24,336	
Gain on early extinguishment of subordinated notes			5,993	
Gain on Visa share redemption			1,907	1,625
Other income	3,517	2,731	5,117	5,369
Total non-interest income	44,158	15,749	133,651	57,847
Non-interest Expenses:				
Compensation and benefits	59,772	61,314	175,430	187,623
Occupancy	13,572	12,827	41,461	39,637
Furniture and equipment	15,199	14,892	45,627	45,686
Intangible assets amortization	1,421	1,464	4,334	4,476
Marketing	3,802	2,478	10,104	11,061
Outside services	3,628	3,798	10,806	11,657
FDIC deposit insurance assesment	5,942	532	16,491	1,230
FDIC special deposit insurance assesment			8,000	
Goodwill impairment		1,013		9,513
Severance and other costs	4,169	1,535	5,722	10,253
Foreclosed and repossessed asset write-downs	2,232	1,968	8,354	2,685
Foreclosed and repossessed asset expenses	1,733	1,496	4,868	2,844
Other expenses	15,616	13,998	43,982	44,061

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Total non-interest expenses	127,086	117,315	375,179	370,726
Loss from continuing operations before income tax benefit	(41,256)	(17,885)	(113,371)	(19,456)
Income tax benefit	(22,014)	(1,878)	(51,143)	(1,860)
Loss from continuing operations	(19,242)	(16,007)	(62,228)	(17,596)
Income (loss) from discontinued operations, net of tax		(518)	313	(3,081)
Consolidated net loss	(19,242)	(16,525)	(61,915)	(20,677)
Less: Net income attributable to noncontrolling interests	8	14	21	6
Net loss attributable to Webster Financial Corporation	(19,250)	(16,539)	(61,936)	(20,683)
Preferred stock dividends, accretion of preferred stock discount and excess carrying value over fair value of consideration upon redemption	(6,850)	(5,209)	31,082	(5,640)
Net loss applicable to common shareholders	\$ (26,100)	\$ (21,748)	\$ (30,854)	\$ (26,323)

See accompanying Notes to Condensed Consolidated Financial Statements.

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WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS, continued

<i>(In thousands, except per share data)</i>	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Basic:				
Loss from continuing operations, per common share	\$ (0.39)	\$ (0.41)	\$ (0.55)	\$ (0.45)
Loss income from discontinued operations, net of tax per common share		(0.01)	0.01	(0.06)
Net loss attributable to Webster Financial Corporation, per common share	\$ (0.39)	\$ (0.42)	\$ (0.54)	\$ (0.51)
Diluted:				
Loss from continuing operations, per common share	\$ (0.39)	\$ (0.41)	\$ (1.36)	\$ (0.45)
Loss income from discontinued operations, net of tax per common share		(0.01)	0.01	(0.06)
Net loss attributable to Webster Financial Corporation, per common share	\$ (0.39)	\$ (0.42)	\$ (1.35)	\$ (0.51)
Dividends per common share	\$ 0.01	\$ 0.30	\$ 0.03	\$ 0.90

See accompanying Notes to Condensed Consolidated Financial Statements.

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<i>(In thousands, except share and per share data)</i>	Nine months ended September 30, 2009							Non controlling interests	Total
	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss			
Balance, December 31, 2008	\$ 616,326	\$ 566	\$ 731,681	\$ 781,106	\$ (149,650)	\$ (105,910)	\$ 9,619	\$ 1,883,738	
Cumulative effect of change in accounting principle				11,431		(11,431)			
Comprehensive (loss) income:									
Net (loss) income				(61,936)			21	(61,915)	
Other comprehensive income, net of taxes						83,200		83,200	
Comprehensive income								21,285	
Dividends paid on common stock of \$.03 per share				(1,736)				(1,736)	
Dividends paid on Series A preferred stock \$63.75 per share				(10,757)				(10,757)	
Dividends incurred on Series B preferred stock \$37.50 per share				(15,006)				(15,006)	
Subsidiary preferred stock dividends \$0.65 per share				(646)				(646)	
Repurchase of 17,774 common shares					(152)			(152)	
Accretion of preferred stock discount	1,308			(1,308)					
Stock-based compensation expense			1,612					1,612	
Restricted stock grants and expense			7,414	222	(3,129)			4,507	
Conversion of Series A preferred stock	(168,500)	60	48,906	58,792				(60,742)	
Extinguishment of Trust Preferred Securities		53	36,780					36,833	
Issuance of common stock and warrants		40	38,206	(479)	695			38,462	
Series B preferred stock and warrant issuance costs			(24)					(24)	
Balance, September 30, 2009	\$ 449,134	\$ 719	\$ 864,575	\$ 759,683	\$ (152,236)	\$ (34,141)	\$ 9,640	\$ 1,897,374	

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Nine months ended September 30, 2008

(In thousands, except share and per

<i>share data)</i>	Preferred Stock	Common Stock	Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Non controlling interests	Total
Balance, December 31, 2007	\$	\$ 566	\$ 734,604	\$ 1,183,621	\$ (166,263)	\$ (15,896)	\$ 9,615	\$ 1,746,247
Comprehensive (loss) income:								
Net (loss) income				(20,683)			6	(20,677)
Other comprehensive loss, net of taxes						(70,285)		(70,285)
Comprehensive loss								(90,962)
Dividends paid on common stock of \$.90 per share				(47,261)				(47,261)
Dividends paid on Series A Preferred stock \$22.19 per share				(4,994)				(4,994)
Subsidiary preferred stock dividends \$0.65 per share				(646)				(646)
Exercise of stock options, including excess tax benefits			(228)		760			532
Repurchase of 13,142 common shares					(382)			(382)
Stock-based compensation expense			1,989					1,989
Restricted stock grants and expense			(3,772)		8,760			4,988
Issuance of Series A preferred stock	225,000		(7,398)					217,602
EITF 06-4 Adoption				(923)				(923)
Balance, September 30, 2008	\$ 225,000	\$ 566	\$ 725,195	\$ 1,109,114	\$ (157,125)	\$ (86,181)	\$ 9,621	\$ 1,826,190

See accompanying Notes to Condensed Consolidated Financial Statements.

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WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(In thousands)</i>	Nine months ended September 30,	
	2009	2008
Operating Activities:		
Net loss	\$ (61,915)	\$ (20,677)
Income (loss) from discontinued operations, net of tax	313	(3,081)
Loss from continuing operations	(62,228)	(17,596)
Adjustments to reconcile loss from continuing operations to net cash provided by operating activities:		
Provision for credit losses	236,000	86,300
Depreciation and amortization	46,951	42,541
Gain on early extinguishment of subordinated notes	(4,504)	
Gain on exchange of trust preferred securities for common stock	(24,336)	
Stock-based compensation	6,119	6,977
Foreclosed and repossessed asset write-downs	8,354	2,685
Write-down of fixed assets	661	
Goodwill impairment		9,513
Impairment losses on investment securities	28,400	89,684
Net loss on the sale of investment securities	13,863	1,861
Decrease in trading securities	76	1,296
Increase in cash surrender value of life insurance	(7,949)	(7,810)
Death benefits	(1,106)	
Net (increase) decrease in loans held for sale	(12,481)	218,321
Net increase in prepaid expenses and other assets	(84,992)	(28,297)
Net decrease in accrued expenses and other liabilities	(32,115)	(10,580)
Net cash provided by operating activities	110,713	394,895
Investing Activities:		
Net increase in short-term investments	(338,464)	(1,337)
Purchases of securities, available for sale	(1,236,643)	(428,279)
Proceeds from maturities and principal payments of securities, available for sale	174,989	18,370
Proceeds from sales of securities, available for sale	417,317	27,776
Purchases of held-to-maturity securities	(355,801)	(88,582)
Proceeds from maturities and principal payments of held-to-maturity securities	375,913	163,929
Purchases of FHLB and FRB stock	(6,000)	(23,912)
Net decrease (increase) in loans	467,747	(499,038)
Life insurance proceeds	2,056	
Proceeds from sale of foreclosed properties	24,548	9,912
Net purchases of premises and equipment, net of sales proceeds	(21,967)	(22,671)
Net cash used for investing activities	(496,305)	(843,832)
Financing Activities:		
Net increase (decrease) in deposits	1,730,915	(580,283)
Proceeds from FHLB advances	9,452,286	77,132,552
Repayments of FHLB advances	(10,121,767)	(76,826,409)
Net (decrease) increase in securities sold under agreements to repurchase and other short-term borrowings	(697,501)	451,506
Repayment of long-term debt	(15,928)	

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Issuance costs for Series B Preferred Stock	(24)	
Issuance of Series A Preferred Stock, net		217,602
Conversion of Series A Preferred Stock	(58,975)	
Cash dividends to common shareholders	(1,736)	(47,261)
Cash dividends to preferred shareholders of consolidated affiliate	(646)	(646)
Cash dividends paid to preferred shareholders	(25,426)	(4,994)
Exercise of stock options		532
Common stock issued	38,462	
Common stock repurchased	(152)	(382)
Net cash provided by financing activities	299,508	342,217

See accompanying Notes to Condensed Consolidated Financial Statements.

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<i>(In thousands)</i>	Nine months ended September 30,	
	2009	2008
Cash Flows from Discontinued Operations:		
Operating activities	\$ 313	\$ (2,659)
Proceeds from sale of discontinued operations		23,920
Net cash provided by discontinued operations	313	21,261
Net decrease in cash and cash equivalents	(85,771)	(85,459)
Cash and cash equivalents at beginning of period	259,208	306,654
Cash and cash equivalents at end of period	\$ 173,437	\$ 221,195
Supplemental disclosure of cash flow information:		
Interest paid	\$ 204,580	\$ 282,406
Income taxes paid	2,805	25,478
Noncash investing and financing activities:		
Mortgage loans securitized and transferred to mortgage-backed securities - government sponsored enterprises (GSE) held-to-maturity	\$ 203,030	\$
Transfer of loans and leases, net to foreclosed properties	40,400	27,191
Issuance of loan to finance sale of subsidiary		18,000
Gain on early extinguishment of fair value hedge of subordinated debt	1,489	
Transfer of property from premises and equipment to assets held for disposition	2,057	900
Transfer of loans and leases, net to assets held for disposition	3,248	
Transfer of deposits to liabilities held for disposition	15,075	
Unsettled trade to sell securities		10,496
Unsettled trade to acquire brokered deposit		58,500
Extinguishment of junior subordinated notes through issuance of common stock		
Carrying value of junior subordinated notes extinguished	(63,773)	
Fair value of common stock issued	39,307	
Recognition of deferred gain on cash flow hedge	(674)	
Conversion of Series A Preferred Stock:		
Carrying value of Series A Preferred Stock converted, net of cash paid upon conversion	(103,979)	
Fair value of common stock issued	45,187	
Sale transactions:		
Fair value of noncash assets sold	\$	\$ 40,833
Fair value of liabilities extinguished		7,117

See accompanying Notes to Condensed Consolidated Financial Statements.

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WEBSTER FINANCIAL CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

NOTE 1: Summary of Significant Accounting Policies

Nature of Operations. Webster Financial Corporation (Webster or the Company) is a financial holding company and a bank holding company headquartered in Waterbury, Connecticut that delivers, through its subsidiaries, financial services to individuals, families and businesses throughout southern New England and into eastern New York State. Webster also offers equipment financing, asset-based lending, health savings accounts and insurance premium financing on a national basis and commercial real estate lending on a regional basis. The Company sold its insurance premium financing subsidiary on November 2, 2009. See Note 19 Subsequent Events for additional information.

Basis of Presentation. The condensed consolidated financial statements in this Quarterly Report on Form 10-Q include the accounts of Webster and all other entities in which Webster has a controlling financial interest (collectively referred to as Webster or the Company). All significant intercompany balances and transactions have been eliminated in consolidation. The accounting and financial reporting policies Webster follows conform, in all material respects, to accounting principles generally accepted in the United States (GAAP) and to general practices within the financial services industry.

The condensed consolidated financial statements in this Quarterly Report on Form 10-Q have not been audited by an independent registered public accounting firm, but in the opinion of management, reflect all adjustments necessary for a fair presentation of the Company s financial position and results of operations. The Company made certain adjustments related to prior periods (See Note 14 - Earnings Per Common Share for additional information). Otherwise, all such adjustments were of a normal and recurring nature. The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q adopted by the Securities and Exchange Commission (SEC). Accordingly, the condensed consolidated financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with the Company s consolidated financial statements, and notes thereto, for the year ended December 31, 2008, included in Webster s Annual Report on Form 10-K filed with the SEC on March 2, 2009 (the 2008 Form 10-K). Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period. Webster has evaluated subsequent events for potential recognition and/or disclosure through November 6, 2009, the date the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q were filed with the SEC.

Use of Estimates. The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements. Actual results could differ from those estimates. The allowance for credit losses, the fair values of financial instruments, the deferred tax asset valuation allowance and the status of goodwill evaluation are particularly subject to change.

Accounting Standards Codification. The Financial Accounting Standards Board s (FASB) Accounting Standards Codification (ASC) became effective on July 1, 2009. At that date, the ASC became FASB s officially recognized source of authoritative GAAP applicable to all public and non-public non-governmental entities, superseding existing FASB, American Institute of Certified Public Accountants (AICPA), Emerging Issues Task Force (EITF) and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

Comprehensive Income. Comprehensive income includes all changes in equity during a period, except those resulting from transactions with shareholders. Besides net income, other components of Webster s comprehensive income include the after tax effect of changes in the net unrealized gain/loss on securities available for sale, changes in the net actuarial gain/loss on defined benefit post-retirement benefit plans and changes in the accumulated gain/loss on effective cash flow hedging instruments. Comprehensive income for the nine months ended September 30, 2009 and 2008 is reported in the accompanying condensed consolidated statements of changes in equity.

Earnings Per Share. Effective January 1, 2009, the Company adopted new authoritative accounting guidance under FASB ASC Topic 260, Earnings Per Share, which provides that unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the

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two-class method. The Company has determined that its outstanding non-vested restricted stock awards are participating securities. Accordingly, effective January 1, 2009, earnings per common share is computed using the two-class method prescribed under FASB ASC Topic 260. All previously reported earnings per common share data has been retrospectively adjusted to conform to the new computation method.

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Reclassifications. Certain items previously reported have been reclassified to conform to the current period's condensed consolidated financial statement presentation.

NOTE 2 - New Authoritative Accounting Guidance

As discussed in Note 1 - Summary of Significant Accounting Policies, on July 1, 2009, the Accounting Standards Codification became FASB's officially recognized source of authoritative GAAP applicable to all public and non-public non-governmental entities, superseding existing FASB, AICPA, EITF and related literature. Rules and interpretive releases of the SEC under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All other accounting literature is considered non-authoritative. The switch to the ASC affects the way companies refer to U.S. GAAP in financial statements and accounting policies. Citing particular content in the ASC involves specifying the unique numeric path to the content through the Topic, Subtopic, Section and Paragraph structure.

FASB ASC Topic 320, Investments - Debt and Equity Securities. New authoritative accounting guidance under FASB ASC Topic 320, Investments - Debt and Equity Securities, (i) changes existing guidance for determining whether an impairment is other than temporary to debt securities and (ii) replaces the existing requirement that the entity's management assert it has both the intent and ability to hold an impaired security until recovery with a requirement that management assert: (a) it does not have the intent to sell the security; and (b) it is more likely than not it will not have to sell the security before recovery of its cost basis. Under FASB ASC Topic 320, declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. The Company adopted the provisions of the new authoritative accounting guidance under FASB ASC Topic 320 during the second quarter of 2009. Adoption of the new guidance resulted in the reclassification of \$17.6 million (\$11.4 million, net of tax) of non-credit related other-than-temporary impairment to other comprehensive income which had previously been recognized in earnings. See Note 3 - Investment Securities for additional information.

FASB ASC Topic 715, Compensation - Retirement Benefits. New authoritative accounting guidance under FASB ASC Topic 715, Compensation - Retirement Benefits, provides guidance related to an employer's disclosures about plan assets of defined benefit pension or other post-retirement benefit plans. Under FASB ASC Topic 715, disclosures should provide users of financial statements with an understanding of how investment allocation decisions are made, the factors that are pertinent to an understanding of investment policies and strategies, the major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and significant concentrations of risk within plan assets. The disclosures required by FASB ASC Topic 715 will be included in the Company's financial statements beginning with the consolidated financial statements for the year-ended December 31, 2009.

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The following table presents a summary of the cost and fair value of Webster's investment securities. For securities classified as available for sale, the following table shows the unrealized gains and losses (pre-tax) in accumulated other comprehensive income, by security type.

	As of September 30, 2009				As of December 31, 2008			
	Amortized Cost (a)(b)(c)	Gross Unrealized		Fair Value	Amortized Cost	Gross Unrealized		Fair Value
(Dollars in thousands)		Gains	Losses			Gains	Losses	
Trading:								
Municipal bonds and notes				\$				\$ 77
Available for Sale:								
U.S. Treasury Bills	\$ 200	\$	\$	\$ 200	\$ 1,998	\$ 2	\$	\$ 2,000
Agency notes - GSE	130,215	77	(160)	130,132				
Agency collateralized mortgage obligations (CMOs) - GSE	97,469	69	(417)	97,121				
Single issuer trust preferred securities ^(a)	55,656		(16,069)	39,587	55,558		(24,737)	30,821
Pooled trust preferred securities ^(b)	77,610	10,660	(5,519)					