WEBSTER FINANCIAL CORP
Form 424B3
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File No. 333-108303

WEBSTER FINANCIAL CORPORATION	**NORTH AMERICAN BANK & TRUST COMPANY**
Webster Plaza	**132 Grand Street**
Waterbury, CT 06702	**Waterbury, CT 06723**
(203) 578-2476	**(203) 573-4961**

PROSPECTUS	**PROXY STATEMENT**

The Boards of Directors of Webster Financial Corporation, Webster Bank and North American Bank & Trust Company each have approved an agreement and plan of merger. The agreement provides that North American will merge into Webster Bank, subject to customary conditions such as shareholder and regulatory approvals.

If the merger takes place, you will receive a combination of 0.1503 shares of Webster common stock and $5.625 in cash for each share of North American common stock you own, unless you exercise your dissenter s rights. To the extent available, North American shareholders will be able to elect to receive solely shares of Webster common stock (0.3007 shares of Webster common stock per share of North American common stock) or solely cash ($11.25 per share of North American common stock) in the merger, subject to allocation procedures which provide that at least 50% and not more than 75% of the outstanding shares of North American common stock will be converted into the right to receive Webster common stock and the remaining shares will be converted into the right to receive cash. Therefore, your ability to get all stock or all cash may depend on the elections of other North American shareholders.

If the market price of Webster common stock falls below $29.94 per share, and Webster s common stock under-performs by more than 20% a specified index of similar financial services stock, as determined during the period after all regulatory approvals are received until the merger is scheduled to be completed, there may be adjustments to the merger consideration. A more detailed summary of the circumstances under which the exchange ratio may be adjusted can be found under the caption The Merger Termination and Amendment of the Merger Agreement .

As to the stock received in the merger, in general we expect that for Federal income tax purposes, North American shareholders will not have to recognize gain upon the merger. Cash received for shares of North American common stock and in payment for fractional shares of Webster common stock is typically fully taxable to the extent it represents gain. Webster s common stock is traded on the New York Stock Exchange under the symbol WBS .

This is a prospectus of Webster relating to its offering of up to 603,279 shares of Webster common stock to North American shareholders in the proposed merger and a proxy statement of North American. This document contains important information about Webster, North American, the merger and the conditions that must be satisfied before the merger can occur. Please give all the information your careful attention.

Your vote is very important. The merger agreement and the merger must be approved by the holders of at least two-thirds of the outstanding shares of North American s common stock. To vote your shares, you may use the enclosed proxy card or attend the special shareholders meeting we will hold to allow you to consider and vote on the merger. To approve the merger agreement, you MUST vote FOR the proposal by following the instructions on the enclosed proxy card. If you do not vote at all, that will, in effect, count as a vote against the proposal. We urge you to vote FOR this proposal.

Fielding Moore
President and Chief Executive Officer
North American Bank & Trust Company

Webster s common stock has not been approved or disapproved by the Securities and Exchange Commission, any state securities commission, or the Federal Deposit Insurance Corporation, nor have any of these institutions passed upon the accuracy or adequacy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense. The shares of Webster common stock are not savings deposit accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

The date of this proxy statement/prospectus is September 23, 2003

and first mailed to shareholders on or about September 29, 2003

This prospectus incorporates important business and financial information about Webster that is not included in or delivered with this document. This information is available without charge to you if you call or write to Terrence K. Mangan, Senior Vice President, Investor Relations, Webster Financial Corporation, Webster Plaza, Waterbury, Connecticut 06702, telephone (203) 578-2318. In order to obtain timely delivery of documents you should request information as soon as possible, but no later than October 23, 2003.

NORTH AMERICAN BANK & TRUST COMPANY

132 Grand Street
Waterbury, CT 06723

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON October 30, 2003

A special meeting of shareholders of North American Bank & Trust Company will be held on October 30, 2003, at 2:00 p.m., local time, at The Waterbury Club, 30 Holmes Avenue, Waterbury, Connecticut for the following purposes:

1. To consider and vote on a proposal to approve and adopt the agreement and plan of merger, dated as of June 4, 2003, by and among Webster Financial Corporation, Webster Bank and North American, the merger of North American into Webster Bank and the other transactions contemplated by the merger agreement, as described in the attached proxy statement/prospectus.

2. To transact any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement and the merger or otherwise.

You are entitled to notice and to vote at the special meeting or any adjournments or postponements of the meeting only if you were a holder of record of North American s common stock at the close of business on September 19, 2003.

North American s Board of Directors has determined that the merger is advisable and is fair to and in the best interest of North American s shareholders, has approved the merger agreement and the merger, and recommends that you vote to approve the merger agreement and the merger.

The affirmative vote of a two-thirds of the shares of North American s common stock outstanding on September 19, 2003 is required to approve the merger agreement and the merger. The required vote of North American s shareholders is based on the total number of shares of North American s common stock outstanding and not on the number of shares which are actually voted. **Not returning a proxy card, not voting in person at the special meeting or abstaining from voting will have the same effect as voting AGAINST the merger agreement and the merger.**

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

It is very important that your shares be represented at the special meeting. **Whether or not you plan to attend the special meeting, please complete, date and sign the enclosed proxy card and return it as soon as possible in the enclosed postage-paid envelope**. A shareholder who executes a proxy may revoke it at any time before it is exercised by giving written notice to Fielding Moore, President and Chief Executive Officer, by subsequently filing another proxy or by attending the special meeting and voting in person.

By order of the Board of Directors

Fielding Moore
President and Chief Executive Officer

Waterbury, Connecticut
September 23, 2003

Your vote is important. Please complete, sign, date and return your proxy card.

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Why are Webster and North American proposing the transaction?

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

Q: What will I receive in the merger?

A: If the merger takes place, each share of North American common stock (other than shares of dissenting shareholders) will be converted into a combination of (i) 0.1503 shares of Webster common stock and (ii) $5.625 in cash without interest. Webster will pay cash instead of issuing fractional shares. As discussed below, shareholders may be able to elect to receive only stock or only cash in the merger. However, if the price of Webster s common stock falls below $29.94 per share, and Webster s common stock under-performs by more than 20% a specified index of similar financial services stock, as determined during the period after all regulatory approvals are received until the merger is scheduled to be completed, North American may terminate the merger unless Webster decides to increase the value of the merger consideration. In that situation, if you receive stock, the exchange ratio will be increased so that the value of the stock you receive will be equal to the value that you would have received if the price of the Webster common stock has not fallen below the level at which North American would not be entitled to terminate the merger; if you receive all cash, you still will receive $11.25 per share in cash without interest. Dissenting shares will be treated differently. See The Merger Termination and Amendment of the Merger Agreement.

Q: Can I elect the type of consideration that I will receive in the Merger?

A: Yes. Subject to the allocation procedures described in this document, you may elect to receive solely shares of Webster common stock (plus cash for any fractional share) or cash in exchange for your shares of North American common stock. However, there is no assurance that you will receive the form of consideration that you elect with respect to the shares of North American common stock you hold. See The Merger Election Procedures; Surrender of Stock Certificates.

Q: How do North American shareholders elect to receive the merger consideration solely in the form of Webster common stock or cash?

A: Each North American shareholder will receive an election form, which you should complete and return, along with your North American stock certificate(s), according to the instructions printed on the form. The election deadline will be 5:00 p.m. on October 20, 2003. A copy of the election form is being provided with this proxy statement/prospectus to holders of record of North American common stock. If you do not send in the election form with your stock certificates by the October 20, 2003 deadline, you will be deemed to have elected to receive (i) 0.1503 shares of Webster common stock and (ii) $5.625 in cash without interest, for each share of your North American common stock in the merger. If you own shares of North American common stock in street name through a bank, broker or other financial institution, and you wish to make an election, you should seek instructions from the financial institution holding your shares concerning how to make your election. See The Merger Election Procedures; Surrender of Stock Certificates.

Q: What happens to my future dividends?

A: Before the merger takes place, North American expects to continue to pay regular quarterly cash dividends on its common stock, which currently are $0.02 per share. After the merger, any dividends will be based on what Webster pays. Webster presently pays dividends at a quarterly dividend rate of $0.21 per share of Webster common stock.

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

A: Two-thirds of the outstanding shares of North American s common stock must vote in favor of the merger agreement in order for it to be adopted and the merger approved. Accordingly, the failure to vote on this proposal will have the same effect as a vote against the proposal.

Each of the directors of North American individually have entered into an agreement with Webster to vote their shares of North American stock in favor of the merger agreement and against any competing proposal. These shareholders hold approximately 21.7% of North American s outstanding common stock as of September 19, 2003.

Q: What do I need to do now?

A: Just indicate on the enclosed proxy card how you want to vote, and sign, date and return it as soon as possible in the enclosed envelope. If you sign and send in your proxy card and do not indicate how you want to vote, your proxy card will be voted **FOR** approval of the merger agreement and the merger. Not returning a proxy card, not voting in person at the special meeting or abstaining from voting, will have the same effect as voting **AGAINST** the merger agreement and the merger.

You can choose to attend the special meeting and vote your shares in person instead of completing and returning a proxy card. If you do complete and return a proxy card, you may change your vote at any time up to and including the time of the vote on the day of the special meeting by following the directions on page 14.

Q: Who can vote?

A: You are entitled to vote at the North American special meeting if you owned shares of North American common stock at the close of business on September 19, 2003. You will have one vote for each share of North American common stock that you owned at that time.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker does not have discretion to vote your shares for you on the proposal. Your broker will be able to vote your shares only if you provide instructions on how to vote. You should instruct your broker to vote your shares, following the directions your broker provides. Shares that are not voted because you do not instruct your broker effectively will be counted as votes against the merger.

Q: Can I change my vote after I have mailed my signed proxy card?

A: Yes. There are three ways for you to revoke your proxy and change your vote. First, you may send a written notice to Fielding Moore, President and Chief Executive Officer of North American stating that you would like to revoke your proxy. Second, you may complete and submit a new proxy card. Third, you may vote in person at the special meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: When will the merger close?

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

Q: Should I send in my stock certificates now?

A: No. **Please DO NOT** send your stock certificates with your proxy card. Rather, you should send your North American common stock certificates to the exchange agent with your completed, signed election form prior to the election deadline of October 20, 2003. If you do not send in the election form with your stock certificates by the October 20, 2003 deadline, you will be deemed to have elected to receive (i) 0.1503 shares of Webster common stock and (ii) $5.625 in cash without interest, for each share of your North American common stock in the merger.

Q: What needs to be done to complete the merger?

A: Completion of the merger depends on a number of conditions being met. In addition to compliance with the merger agreement, these include:

1. Approval of the merger agreement and merger by North American shareholders.

2. Approval of the merger by federal and state regulatory authorities.

3. Approval by the New York Stock Exchange of the listing of Webster s common stock to be issued in the merger.

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

When the law permits, Webster or North American could decide to complete the merger even though one or more of these conditions hasn t been met. We can t be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Q: Whom can I call with questions or to obtain copies of this proxy statement/prospectus and other documents?

A: Fielding Moore, President and
Chief Executive Officer
North American Bank & Trust Company
132 Grand Street
Waterbury, CT 06702
Telephone: (203) 573-4961

North American shareholders may also contact North American s proxy solicitor, Morrow & Co., Inc. at (800) 607-0088. A copy of the merger agreement including each of its exhibits and the other documents described in this proxy statement/prospectus will be provided to you promptly without charge if you call or write to Terrance K. Mangan, Senior Vice President, Investor Relations, Webster Financial Corporation, Webster Plaza, Waterbury, Connecticut 06702, telephone (203) 578-2318. Such documents were also filed as exhibits to the registration statement filed with the SEC to register the shares of Webster s common stock to be issued in the merger. See Where You Can Find More Information.

SUMMARY

The following is a brief summary of information located elsewhere in this document. It does not contain all of the information that is important to you. Before you vote, you should give careful consideration to all of the information contained in or incorporated by reference into this document to fully understand the merger. See Where You Can Find More Information on page 51. Each item in this summary refers to the page where that subject is discussed in more detail.

Material Federal Income Tax Consequences (page 32)

Except in limited circumstances, Webster will not be required to complete the merger unless it receives a legal opinion to the effect that the merger will qualify as a reorganization for United States federal income tax purposes. Those North American shareholders who receive both Webster common stock and cash for their North American common stock will generally recognize gain equal to the lesser of (1) the amount of cash received and (2) the excess of the amount realized in the transaction (*i.e.,* the fair market value of the Webster common stock at the effective time of the merger plus amount of cash received), over their tax basis in their North American common stock. We expect the transaction to be tax-free to holders of North American common stock for United States federal income tax purposes to the extent that they receive solely shares of Webster common stock pursuant to the merger. Those holders receiving solely cash for their North American common stock will generally recognize gain or loss equal to the difference between the amount of cash received and their tax basis in their shares of North American common stock. Different tax consequences may apply to you because of your individual circumstances or because special tax rules apply to you, for example, if you:

- are a tax-exempt organization;
- are a mutual fund;
- are a dealer in securities or foreign currencies;
- are a bank or other financial institution;
- are an insurance company;
- are a non-United States person;
- are subject to the alternative minimum tax;
- are a trader in securities who elects to apply a mark-to-market method of accounting;
- acquired your shares of North American s common stock from the exercise of options or otherwise as compensation or through a qualified retirement plan;
- hold shares of North American s common stock as part of a straddle, hedge, constructive sale or conversion transaction; or
- do not hold shares of North American s common stock as capital assets.

Tax matters are very complicated. You should consult your tax advisor for a full explanation of the tax consequences of the merger to you.

North American Board Of Directors Recommend Approval (page 17)

The North American Board of Directors unanimously approved the merger agreement and the merger and unanimously recommends that you vote FOR approval of these matters.

North American s Financial Advisor Says Consideration Is Fair, From a Financial Point of View, to North American Shareholders (page 26)

In deciding to approve the merger, North American s Board of Directors considered the opinion of Bank Analysis Center, Inc., North American s financial advisor. The opinion concluded that the proposed consideration to be received by the holders of North American s common stock in the merger is fair to the shareholders from a financial point of view. This opinion is attached as Appendix B to this document. **We encourage you to**

read this opinion carefully in order to completely understand the assumptions made, matters considered and limitation of the review made by Bank Analysis Center, Inc. in providing this opinion.

Dissenters Appraisal Rights in the Merger (page 37)

Under Connecticut law, you are entitled to dissenters rights of appraisal in connection with the merger. If you want to assert your appraisal rights, you must follow carefully the procedures described at Appendix C, and summarized at pages 37 to 39 of this document.

Differences in the Rights of Shareholders (page 42)

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

North American Management s Monetary Interest in the Merger (page 39)

At the close of business on September 19, 2003, excluding all options to purchase North American common stock, North American s directors and executive officers and their affiliates owned a total of 559,946 shares of North American s common stock, which was approximately 21.7% of the total number of shares of North American s common stock that were outstanding on that date. Each of North American directors have agreed to vote their shares in favor of the merger agreement and merger.

Some of North American s directors and executive officers may have interests in the merger as directors and employees that may be different from yours as a North American shareholder. These interests are described beginning at page 39.

Regulatory Approvals We Must Obtain For the Merger (page 22)

For the merger to take place, we need to receive the regulatory approvals of the United States Office of Thrift Supervision and the Connecticut Commissioner of Banking. We have filed applications with these regulators.

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

Termination of the Merger Agreement (page 30)

The merger agreement specifies a number of situations when Webster and North American may terminate the agreement, which are described on pages 30 to 32. The merger agreement may be terminated at any time prior to the effective time by our mutual consent and by either of us under specified circumstances, including if the merger is not consummated by June 30, 2004, if we do not receive the needed shareholder or regulatory approvals or if the other party breaches its agreements. North American may terminate if Webster s common stock price falls below thresholds set forth in the merger agreement and Webster does not increase the exchange ratio pursuant to a prescribed formula or pay all cash.

Stock Purchase Warrant To Discourage Other Parties From Making Other Proposals to Acquire North American (page 40)

In connection with the merger agreement, each of North American s directors granted Webster a stock purchase warrant to purchase all shares of North American common stock held by such director at an exercise price of $11.25. The stock purchase warrant is intended to discourage other parties from making alternative acquisition-related proposals to North American.

Information About the Special Meeting (page 13)

A special meeting of North American shareholders will be held on October 30, 2003, at 2:00 p.m., local time, at The Waterbury Club, 30 Holmes Avenue, Waterbury, Connecticut for the following purposes:

- to vote on the merger agreement, the merger and the other transactions contemplated by the merger agreement; and

- to address any other matters that properly come before the special meeting, or any adjournments or postponements of the meeting, including a motion to adjourn the special meeting to another time and/or place to solicit additional proxies in favor of the merger agreement and the merger or otherwise.

The Companies Involved In The Merger (page 15)

Webster Financial Corporation

Webster Plaza
Waterbury, Connecticut 06702
(203) 578-2476

Webster is a Delaware corporation and the holding company of various entities, including Webster Bank. Webster is headquartered in Waterbury, Connecticut. At June 30, 2003, Webster had total consolidated assets of $14.5 billion, total deposits of $8.1 billion, and shareholders equity of $1.1 billion, or 7.61% of total assets.

North American Bank & Trust Company
132 Grand Street

Waterbury, CT 06723
(203) 573-4961

North American is a Connecticut-chartered commercial bank. North American is headquartered in Waterbury, Connecticut. At June 30, 2003, North American had total consolidated assets of $198 million, total deposits of $153 million, and shareholders equity of $15 million, or 7.54% of total assets.

Share Information and Market Prices

Webster s common stock is traded on the New York Stock Exchange under the trading symbol WBS . North American s common stock is traded on the OTC Bulletin Board under the trading symbol NAMB. The table below presents the per share closing prices of Webster s and North American s common stock as of the dates specified and the equivalent per share price for North American common stock. June 3, 2003 was the last trading date before public announcement of the merger agreement. The equivalent price per share column is calculated by valuing the Webster common stock at $38.21 per share, multiplying this value by the estimated 387,151 shares of Webster common stock being issued in the merger, and adding to this amount the estimated cash consideration of $14,484,375. This total consideration is then divided by the total number of shares of North American common stock outstanding as of June 3, 2003 (2,575,000 shares). For more information about the exchange ratio and how it may be increased, see The Merger Merger Consideration, and for more information about the stock prices and dividends of Webster and North American, see Market Prices and Dividends.

	Last Reported Sale Price		
Date	**Webster s Common Stock**	**North American s Common Stock**	**Equivalent Per Share Price**
June 3, 2003	$38.21	$ 6.75	$11.37
September 16, 2003	$39.83	$11.35	$11.61

North American s shareholders are advised to obtain current market quotations for Webster s common stock. The market price of Webster s common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger takes place. No assurance can be given as to the market price of Webster s common stock at the time of the merger, although North American may terminate the merger agreement if Webster s common stock price falls below certain thresholds and Webster does not either increase the 0.1503 exchange ratio pursuant to a prescribed formula or elect to pay $11.25 in cash for each share of North American common stock. See The Merger Termination and Amendment to the Merger Agreement.

Comparative Per Share Data

The following table shows historical information about net income per share, cash dividends per share and book value per share, and similar information reflecting the merger, which we refer to as pro forma information. In presenting the comparative pro forma information for the time periods shown, we assumed that we had been merged throughout those periods. The pro forma information reflects the purchase method of accounting. The figures presented for the Webster pro forma combined per share amounts were calculated assuming 0.1503 shares of Webster common stock issued for each share of North American common stock (the share portion of the exchange ratio) as discussed on pages 19 through 20 as applied to the corresponding North American shares outstanding for the applicable periods.

The information listed as North American pro forma equivalent was obtained by multiplying the pro forma amounts by a 0.3007 exchange ratio. This is the exchange ratio that would result assuming that a North American shareholder is receiving 100% of his merger consideration in the form of Webster common stock.

We expect that we will incur merger and integration charges as a result of combining our companies. We also anticipate that the merger will provide the combined company with financial benefits that include reduced operating expenses. These charges and benefits are not reflected in the pro forma data. While helpful in illustrating the financial characteristics of the combined company under one set of assumptions, the pro forma information does not reflect these anticipated financial benefits and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had our companies been combined.

The per share data gives effect to all previous stock splits of Webster s common stock.

The information in the following table is based on, and you should read it together with, the historical financial information that Webster and North American have presented in prior filings with the SEC and the

FDIC and which is incorporated into this document by reference. See Where You Can Find More Information on page 51 for a description of where you can find our prior filings.

	At or for the Six Months Ended June 30, 2003	At or for the Year Ended December 31, 2002
Net Income per Common Share (Diluted):		
Webster historical	$ 1.74	$ 3.16
North American historical	0.25	0.43
Pro Forma Combined	1.74	3.15
North American Pro Forma Equivalent	0.52	0.95
Cash Dividends per Common Share:		
Webster historical	0.40	0.74
North American historical	0.04	0.08
Pro Forma Combined	0.40	0.74
North American Pro Forma Equivalent	0.12	0.22
Book Value per Common Share:		
Webster historical	24.09	22.69
North American historical	5.79	5.55
Pro Forma Combined	24.21	22.82
North American Pro Forma Equivalent	7.28	6.86

SELECTED FINANCIAL DATA

The tables below present summary historical financial and other data for Webster and North American as of the dates and for the periods indicated. The summary data for Webster is based on and should be read in conjunction with Webster s historical consolidated financial statements and related notes which are presented in its prior filings with the SEC, and which are incorporated by reference into this document. For historical information, see Where You Can Find More Information. The summary data for North American is based on and should be read in conjunction with North American s historical consolidated financial statements and the notes thereto, which are included in North American s Form 10-KSB for the year ended December 31, 2002 and the Form 10-QSB for the quarter ended June 30, 2003, incorporated by reference into this proxy statement/prospectus and attached hereto as Appendices D and E. All adjustments necessary for a fair presentation of financial position and results of operations have been included. All per share data of Webster and North American have been adjusted retroactively to give effect to stock dividends and stock splits.

Selected Consolidated Financial Data Webster (unaudited)
(Dollars in Thousands)

	At or For the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2003	**2002**	**2002**	**2001**	**2000**	**1999**	**1998**
Financial Condition and Other Data							
Total assets	$14,452,572	$12,490,930	$13,468,004	$11,857,382	$11,249,508	$9,931,744	$9,836,029
Loans receivable, net	8,590,707	7,223,250	7,795,835	6,725,993	6,801,479	6,015,214	5,497,709
Securities	4,399,293	4,155,234	4,124,997	3,999,133	3,405,080	3,066,901	3,662,829
Goodwill and intangible assets	316,989	301,912	297,359	320,051	326,142	138,829	83,227
Deposits	8,085,702	7,337,589	7,606,122	7,066,471	6,981,128	6,232,696	6,347,644
Federal Home Loan Bank advances and other borrowings	4,992,496	3,857,649	4,455,669	3,533,364	3,030,225	2,788,445	2,575,608
Shareholders equity	1,099,309	1,067,723	1,035,458	1,006,467	890,374	635,667	626,454
Operating Data							
Net interest income	$ 205,295	$ 199,048	$ 405,728	$ 367,479	$ 326,516	$ 303,513	$ 282,611
Provision for loan losses	10,000	8,000	29,000	14,400	11,800	9,000	8,103
Noninterest income	111,428	81,098	185,572	162,098	128,821	92,630	82,638
Noninterest expenses:							
Acquisition-related expenses		616	1,965			9,500	20,993
Branch reconfiguration				3,703			
Other noninterest expenses	186,005	154,426	326,358	307,034	267,130	234,961	208,440
Total noninterest expenses	186,005	155,042	328,323	310,737	267,130	244,461	229,433
Income before income taxes and cumulative effect of changes in method	120,718	117,104	233,977	204,440	176,407	142,682	127,713

of accounting							
Income taxes	40,171	36,917	73,965	68,834	58,116	47,332	49,694
Income before cumulative effect of change in accounting method	80,547	80,187	160,012	135,606	118,291	95,350	78,019
Cumulative effect of change in method of accounting (net of tax benefit)		(7,280)	(7,280)	(2,418)			
Net income	$ 80,547	$ 72,907	$ 152,732	$ 133,188	$ 118,291	$ 95,350	$ 78,019

Significant Statistical Data Webster (unaudited)

	At or For the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
For The Period:							
Net income per common share:							
Basic	$ 1.77	$ 1.50	$ 3.21	$ 2.71	$ 2.58	$ 2.14	$ 1.72
Diluted	$ 1.74	$ 1.47	$ 3.16	$ 2.68	$ 2.55	$ 2.10	$ 1.69
Cash dividends per common share	$ 0.40	$ 0.36	$ 0.74	$ 0.67	$ 0.62	$ 0.47	$ 0.44
Return on average shareholders equity	15.10%	14.18%	14.72%	13.88%	16.72%	15.33%	12.82%
Interest rate spread	3.16%	3.47%	3.43%	3.38%	3.17%	3.19%	2.83%
Net interest margin	3.20%	3.56%	3.50%	3.48%	3.29%	3.32%	2.97%
Noninterest expenses to average assets	2.68%	2.57%	2.62%	2.58%	2.51%	2.51%	2.28%
Noninterest expenses (excluding foreclosed property, acquisition related, capital securities, preferred dividends and intangible amortization expenses) to average assets	2.47%	2.30%	2.36%	2.28%	2.13%	2.07%	1.78%
Diluted weighted average shares (000 s)	46,217	49,584	48,392	49,743	46,428	45,393	46,118
Average shareholders equity to average assets	7.67%	8.51%	8.27%	8.32%	6.65%	6.38%	6.04%
At End Of Period:							
Book value per common share	$ 24.09	$ 22.05	$ 22.69	$ 20.48	$ 18.19	$ 14.09	$ 14.02
Tangible book value per common share	$ 17.59	$ 16.31	$ 16.18	$ 13.97	$ 11.53	$ 11.02	$ 12.16
Nonperforming assets to total assets	0.39%	0.41%	0.37%	0.53%	0.39%	0.44%	0.38%
Allowance for loan losses to total loans	1.37%	1.36%	1.48%	1.43%	1.32%	1.19%	1.17%
Number of banking offices	111	108	111	105	114	120	119

Selected Consolidated Financial Data North American (Unaudited)
(Dollars in Thousands)

	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
Financial Condition and Other Data							
Total assets	$197,646	$184,961	$193,588	$174,107	$138,702	$140,801	$151,178
Loans receivable, net	104,517	111,385	113,097	100,961	79,965	80,238	93,979
Securities (including Federal Home Loan Bank stock)	71,284	60,301	65,102	61,099	46,260	35,518	29,127
Deposits	152,732	136,401	145,575	130,027	122,969	125,993	134,554
Federal Home Loan Bank advances	25,597	30,051	28,860	24,018	323		
Shareholders equity	14,912	14,375	14,298	13,556	11,931	10,732	13,078
Operating Data							
Net interest income	$ 3,779	$ 4,092	$ 8,089	$ 7,076	$ 6,724	$ 6,777	$ 7,023
Provision (benefit) for loan losses	(100)	339	660	325	230	2,402	659
Noninterest income	614	539	1,242	1,153	663	756	1,034
Noninterest expense	3,795	3,407	7,244	6,155	5,776	7,618	6,931
Income (loss) before income taxes	698	885	1,427	1,749	1,381	(2,487)	467
Income taxes (benefit)	50	246	320	596	514	(983)	169
Net income (loss)	$ 648	$ 639	$ 1,107	$ 1,153	$ 867	$ (1,504)	$ 298

Significant Statistical Data North American (Unaudited)

	At or for the Six Months Ended June 30,		At or for the Year Ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
For The Period:							
Net income (loss) per common share:							
Basic	$ 0.25	$ 0.25	$ 0.43	$ 0.45	$ 0.34	$ (0.58)	$ 0.12
Diluted	$ 0.25	$ 0.25	$ 0.43	$ 0.45	N/A	N/A	N/A
Cash dividends per common share	$ 0.04	$ 0.04	$ 0.08	$ 0.02	N/A	N/A	N/A
Return on average shareholders equity	8.73%	9.11%	7.75%	8.85%	7.80%	(12.13)%	2.23%
Interest rate spread	4.00%	4.67%	4.43%	4.41%	4.61%	4.47%	4.42%
Net interest margin	4.32%	5.09%	4.87%	5.02%	5.24%	5.07%	5.05%
Noninterest expenses to average assets	3.91%	3.76%	3.95%	4.03%	4.17%	5.25%	4.69%
Noninterest expenses (excluding foreclosed property, acquisition related, capital securities, preferred dividends and intangible amortization expenses) to average assets	3.91%	3.77%	3.94%	3.99%	4.04%	3.79%	3.81%
Diluted weighted average shares (000 s)	2,604	2,594	2,595	2,590	2,575	2,575	2,575
At End Of Period:							
Book value per common share	$ 5.79	$ 5.58	$ 5.55	$ 5.26	$ 4.63	$ 4.17	$ 5.08
Tangible book value per common share	$ 5.79	$ 5.58	$ 5.55	$ 5.26	$ 4.63	$ 4.17	$ 5.08
Shareholders equity to total assets	7.54%	7.77%	7.39%	7.79%	8.60%	7.62%	8.65%
Nonperforming assets to total assets	0.87%	0.54%	0.55%	0.63%	1.23%	2.34%	3.08%
Allowance for loan losses to nonaccrual loans	107.85%	193.34%	186.32%	171.59%	174.84%	73.91%	90.97%
Number of banking offices	9	9	9	9	9	9	10

SHAREHOLDER MEETING

Matters to be Considered at the Special Meeting

We are first mailing this document to the holders of North American s common stock on or about September 29, 2003. It is accompanied by a proxy card furnished in connection with the solicitation of proxies by the North American Board of Directors for use at the special meeting of North American s shareholders to be held on October 30, 2003, at 2:00 p.m., local time, at The Waterbury Club, 30 Holmes Avenue, Waterbury, Connecticut. At the special meeting, the holders of North American s common stock will consider and vote on:

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

- any other business that properly comes before the special meeting, or any adjournments or postponements of the meeting, including, without limitation, a motion to adjourn the special meeting to another time and/or place for the purpose of soliciting additional proxies in order to approve the merger agreement and the merger or otherwise.

Record Date and Voting

The North American Board of Directors has fixed the close of business on September 19, 2003 as the record date for determining the North American shareholders entitled to receive notice of and to vote at the special meeting. Only holders of record of North American s common stock at the close of business on that day will be entitled to vote at the special meeting or at any adjournment or postponement of the meeting. At the close of business on September 19, 2003, there were 2,575,800 shares of North American s common stock outstanding and entitled to vote at the special meeting, held by approximately 1,460 shareholders of record.

Each holder of North American s common stock on September 19, 2003 will be entitled to one vote for each share held of record on each matter that is properly submitted at the special meeting or any adjournment or postponement of the meeting. The presence, in person or by proxy, of the holders of a majority of North American s common stock issued and outstanding and entitled to vote at the special meeting is necessary to constitute a quorum. Abstentions and broker non-votes will be included in the calculation of the number of shares represented at the special meeting in order to determine whether a quorum has been achieved. Since approval of the merger agreement requires the affirmative vote of the holders of at least two-thirds of the shares of North American s common stock issued and outstanding, abstentions and broker non-votes will have the same effect as a vote against the merger agreement.

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

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

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

You are requested to complete, date and sign the accompanying proxy form and to return it promptly in the enclosed postage-paid envelope. <u>The enclosed proxy card is different from the blue election form that you</u>

can use to elect to receive solely cash or stock in the merger. Do not return your proxy card with the election form. For information about the election form, see The Merger-Election Procedures; Surrender of Stock Certificates . To vote on the merger agreement, you need to complete the proxy card properly and return it in the enclosed envelope or attend the special meeting and vote in person.

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

Required Vote; Revocability of Proxies

In order to approve and adopt the merger agreement, the merger of North American and Webster Bank and the other transactions contemplated by the merger agreement, the holders of at least two-thirds of the shares of North American s common stock issued and outstanding on September 19, 2003, must affirmatively vote FOR the merger agreement and the merger.

The required vote of North American s shareholders is based on the total number of outstanding shares of North American s common stock and not on the number of shares which are actually voted. Not returning a proxy card, not voting in person at the special meeting and abstaining from voting will have the same effect as voting AGAINST the merger agreement and the merger.

All of the directors and executive officers of North American beneficially owned as of September 19, 2003, excluding all options to purchase shares of North American s common stock, a total of 559,946 shares of North American s common stock, which was approximately 21.7% of the outstanding shares of North American s common stock on that date. All directors have agreed to vote their shares in favor of the merger agreement and the merger.

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

- delivering to Fielding Moore, President and Chief Executive Officer, North American Bank & Trust Company, 132 Grand Street, Waterbury, Connecticut 06723, a written notice of revocation before the special meeting;

- delivering to North American a duly executed proxy bearing a later date before the special meeting; or

- attending the special meeting and voting in person.

Simply attending the special meeting without voting will not automatically revoke your proxy.

North American and Webster cannot complete the merger unless, among other things, the merger agreement and the merger are approved by the affirmative vote of the holders of at least two-thirds of the shares of North American s common stock issued and outstanding on September 19, 2003. For a description of the conditions to the merger, see The Merger Conditions to the Merger.

Solicitation of Proxies

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

THE MERGER

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

The Parties

Webster, Webster Bank and North American have entered into an agreement and plan of merger. Under this agreement, Webster will acquire North American through the merger of North American into Webster Bank.

Webster and Webster Bank.

Webster, through its subsidiaries, Webster Bank, Webster Insurance, Inc., Webster D&P Holdings, Inc., and Fleming, Perry & Cox, delivers financial services to individuals, families and businesses located primarily in Connecticut and delivers equipment financing, mortgage origination and financial advisory services to individuals and companies located primarily in the Northeast and throughout the United States. Webster Bank provides business and consumer banking, asset-based lending, mortgage lending, trust, investment and insurance services through 111 banking offices, 219 ATMs and its Internet website (www.websteronline.com).

At June 30, 2003, Webster had total consolidated assets of $14.5 billion, total deposits of $8.1 billion, and shareholders equity of $1.1 billion or 7.61% of total assets. At that date, Webster also had loans receivable, net of $8.6 billion, which included $3.5 billion in residential mortgage loans, $1.1 billion in commercial real estate loans, $2.0 billion in commercial loans and $2.0 billion in consumer loans, consisting primarily of home equity loans. At June 30, 2003, nonperforming assets, which include nonaccrual loans and loans held for sale, loans past due 90 days or more and accruing and foreclosed properties, were $57.0 million. At that date, Webster s allowance for loan losses was $119.2 million, or 228% of nonperforming loans and 1.37% of total loans. For additional information about Webster that is incorporated by reference into this document, see Incorporation of Documents by Reference.

Webster, as a savings and loan holding company, is regulated by the Office of Thrift Supervision. Webster Bank, as a federal savings bank, also is regulated by the Office of Thrift Supervision and to some extent by the Federal Deposit Insurance Corporation.

North American.

North American Bank & Trust Company is a full service commercial bank and offers the services generally performed by commercial banks of similar size and character, including checking, savings and time deposit accounts, safe deposit boxes, secured and unsecured personal and commercial loans, residential and commercial real estate loans and letters of credit. North American operates out of nine branch offices in Connecticut and is headquartered in Waterbury, Connecticut.

At June 30, 2003, North American had total consolidated assets of $198 million, total deposits of $153 million, and shareholders equity of $15 million or 7.54% of total assets. At that date, North American also had loans receivable, net of $105 million. At that date, North American s allowance for loan losses was $1.9 million, 1.7% of total loans and 108% of nonperforming assets of $1.7 million. For additional information about North American that is incorporated by reference into this document, see Incorporation of Documents by Reference.

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

Background of the Merger

In January 2003, the Chairman of the Board of Directors of North American met with Bank Analysis Center, Inc. (BAC) regarding various strategic planning, management and regulatory issues with respect to which BAC was already providing advisory services to North American. In the context of discussing a wide range of strategic issues relating to North American s performance, condition, profitability and future prospects, discussions took place regarding the potential prospects for selling North American. At the request of the Chairman, BAC met with the Board of Directors of North American on January 28, 2003 and discussed these issues.

At that meeting, North American s Board of Directors reached a unanimous consensus that it would be appropriate to explore a sale of North American. At such meeting, BAC was requested to prepare a proposal to assist North American in such matters. Subsequent to that meeting, after review of the proposal of BAC, the Board of Directors engaged BAC for the purpose of advising the Bank regarding a prospective sale of North American.

During February 2003, BAC prepared a preliminary solicitation list of institutions that BAC considered likely to have a potential interest in acquiring North American. In February, 2003, North American s Board of Directors met in executive session and reviewed the preliminary list of potential purchasers. The Board of Directors established an ad hoc committee to monitor matters relating to the potential sale of North American and to work with BAC and Cranmore, FitzGerald & Meaney, North American s legal advisors, in such matters.

Webster, as well as other institutions considered by BAC to be likely to have a potential interest in buying North American, was initially contacted by BAC in early March, 2003. As a result of those communications, 19 institutions, including Webster, indicated that they would be interested in further information and were provided with a confidentiality agreement for their review and execution. Following a return of executed confidentiality agreements, 17 institutions, including Webster, were provided with confidential preliminary due diligence information regarding North American.

Following receipt of the preliminary due diligence materials, several institutions submitted expressions of interest and on April 25, 2003, Webster submitted a non-binding preliminary expression of interest regarding a potential acquisition of North American. These preliminary expressions of interest were discussed by BAC with North American s Board of Directors in executive session at a meeting on May 1, 2003.

On May 1, 2003, North American Board of Directors met with its legal and financial advisors and discussed the progress of the sale strategy to date. BAC discussed the expressions of interest received to date. Three of the proposals were considered by BAC and North American s Board of Directors to be substantially more attractive in terms of consideration than the other expressions of interest.

Following the May 1, 2003 meeting, BAC contacted the three institutions and inquired regarding their availability to schedule due diligence of North American. One of the institutions indicated that it would not proceed with due diligence, absent some assurance of exclusivity. North American did not agree to provide that assurance. Accordingly, only two institutions conducted due diligence.

On May 12, 2003, the Executive Committee of the Board of Directors of Webster was briefed by senior management on the strategic benefits, both near and long term, available from the proposed transaction, as well as status of discussions with North American.

On May 14-15, 2003, representatives from Webster went to North American to conduct business, financial and accounting due diligence. Following the completion of Webster s due diligence, discussions occurred between representatives of Webster and BAC, which BAC relayed to the Board of Directors of North American (through its ad hoc committee) with regard to a potential transaction. The consensus of North American s ad hoc committee was to allow Webster to refine its expression of interest into a proposed definitive agreement.

On May 21, 2003, Webster s Board of Directors authorized management to pursue a transaction with North American and delegated to the Executive Committee of the Board of Directors the authority to approve the definitive terms of the transaction.

From May 22, 2003 through June 4, 2003, members of management of Webster and North American, along with their respective legal advisors, and BAC negotiated the principal terms of the merger agreement and related documents, including the form of consideration, representations, warranties and termination provisions. On May 23, 2003, Webster submitted a revised non-binding indication of interest with a price equal to $11.25 per share.

On June 2, 2003, North American s Board of Directors met with its legal and financial advisors to discuss the status of the proposed transaction and review the merger agreement and related documents.

On June 3, 2003, Webster s Executive Committee of the Board of Directors held a meeting to review the terms of the transaction. At this meeting, the members of management discussed the results of the negotiations and the terms of the proposed merger. Following the presentations, the Executive Committee of the Board of Directors declared the merger advisable and unanimously approved the proposed terms of the merger and the merger agreement in substantially the form presented, and authorized Webster s officers to complete the negotiations and execution of the merger agreement.

On June 4, 2003, North American s Board of Directors met with its legal and financial advisors to discuss the proposed transaction. At that meeting, BAC, as financial advisor to North American, orally delivered its opinion, subsequently confirmed in writing as of June 4, 2003, as to the fairness of the consideration, from a financial point of view, to the holders of North American common stock. Following the presentation and the related discussions by the North American Board of Directors, the entire Board of Directors unanimously concluded that the merger was in the best interests of North American s shareholders, declared the merger advisable, unanimously approved the proposed terms of the merger and the merger agreement.

On the evening of June 4, 2003, Webster and North American entered into the merger agreement and the shareholder agreements. A press release announcing the merger agreement was issued on the morning of June 5, 2003.

Recommendation of the North American Board of Directors and Reasons for the Merger

The Board of Directors of North American has approved the merger agreement and has determined that the merger is fair to and in the best interests of North American and its shareholders. North American s Board of Directors believes that the merger will enable holders of North American s common stock to realize increased value due to the premium over North American s market price and book value per share offered by Webster. The Board of Directors also believes that the merger may enable North American shareholders to participate in opportunities for appreciation of Webster s common stock. In reaching its decision to approve the merger agreement, the Board of Directors consulted with its outside counsel regarding the legal terms of the merger and the Board of Directors fiduciary obligations in its consideration of the proposed merger, its financial advisor, BAC, regarding the financial aspects and fairness of the proposed merger agreement, as well as with the management of North American. Without assigning any relative or specific weight, North American s Board of Directors considered the following factors, which are all the material factors considered, both from a short-term and long-term perspective:

- North American Board of Directors familiarity with, and review of, the business, financial condition, results of operations and prospects of North American, including, but not limited to, its potential growth, development, productivity and profitability and the business risks associated with the merger;

- The current and prospective environment in which North American operates, including national and local economic conditions, the highly competitive environment for financial institutions generally, the increased regulatory burden on financial institutions and the trend toward consolidation in the financial services industry;

The potential appreciation in market and book value of North American s common stock on both a short- and long-term basis, as a stand-alone entity;

The merger consideration to be paid to North American shareholders in relation to market value, book value and earnings per share of North American common stock;

Information concerning Webster s business, financial condition, results of operations, asset quality and prospects, including the long-term growth potential of Webster s common stock, the future growth prospects of Webster combined with North American following the proposed merger, the potential synergies expected from the merger and the business risks associated with the merger;

The fact that the cash/stock combination feature of the merger consideration offers North American shareholders both the opportunity to participate in the growth and opportunities of Webster through the stock component and to realize cash for the value of their shares through the cash component;

The oral presentation of BAC that the terms of the merger agreement are fair to the holders of North American s common stock from a financial point of view;

The advantages and disadvantages of North American remaining an independent institution or affiliating with a larger institution;

The short- and long-term interests of North American and its shareholders, the interests of the employees, customers, creditors and suppliers of North American, and the interests of North American s communities, all of which can be served to advantage by an appropriate affiliation with a larger institution with increased economies of scale and with a greater capacity to serve all of the banking needs of the community; and

The compatibility of the businesses and management philosophies of North American and Webster, and Webster s strong commitment to the communities it serves.

On the basis of these considerations, the merger agreement was unanimously approved by North American s Board of Directors.

Purpose and Effects of the Merger

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

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

Structure

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

Webster and North American expect that the merger will take place later in 2003, or as soon as possible after all required regulatory and shareholder approvals are received and all regulatory waiting periods expire. If the merger does not take place by June 30, 2004, the merger agreement may be terminated by either party unless both parties agree to extend it.

Merger Consideration

The merger agreement provides that at the effective time of the merger, except as discussed below, each outstanding share of North American s common stock automatically will be converted into the right to receive a combination of (i) 0.1503 shares of Webster s common stock and (ii) $5.625 in cash, representing a value of $11.25 per share of North American common stock based on the average closing price of Webster s common stock for the 30 consecutive trading days prior to June 4, 2003, the date the agreement and plan of merger was executed. However, if the price of Webster s common stock falls below thresholds set forth in the merger agreement, North American may terminate the merger unless Webster decides to (a) increase the 0.1503 exchange ratio, which would result in Webster issuing more shares of its common stock to complete the merger or (b) change the merger consideration to $11.25 in cash per share of outstanding North American common stock. See Termination and Amendment of the Merger Agreement.

Under the terms of the merger agreement, North American shareholders may elect to receive either (i) solely $11.25 in cash or (ii) solely 0.3007 shares of Webster common stock for each share of North American common stock. All elections are subject to the allocation and proration procedures described in the merger agreement. These procedures provide that a maximum of 50% of the shares of North American common stock issued and outstanding on the date of the merger can be converted into the cash consideration (*i.e*., at least 50% of the total number of shares of North American common stock issued and outstanding on the date of the merger must be converted into shares of Webster common stock) and at least 25% of the total number shares of North American common stock issued and outstanding on the date of the merger must be converted into the cash consideration.

In the event the shareholders elections do not fall within the range provided for in the merger agreement, the merger agreement describes procedures to be followed if North American shareholders in the aggregate elect to receive more than the maximum, or less than the minimum, amount of cash that Webster has agreed to issue. These procedures are summarized below:

- If solely cash consideration is over-subscribed: If North American shareholders elect to receive more cash than Webster has agreed to issue in the merger, then such number of shareholders who elected to receive solely cash consideration shall receive the combination of Webster common stock and cash provided for in the merger agreement as shall be necessary to ensure that the aggregate cash consideration shall not exceed the maximum amount of cash Webster has agreed to pay. The foregoing shareholders shall be chosen on the basis of the reverse order that the election forms are received by the exchange agent.

- If solely cash consideration is under-subscribed: If North American shareholders elect to receive less cash than Webster has agreed to issue in the merger, then such number of shareholders who elected to receive solely stock consideration shall receive the combination of Webster common stock and cash provided for in the merger agreement as shall be necessary to ensure that the aggregate merger consideration shall include the minimum amount of cash that Webster has agreed to issue in the merger. The foregoing shareholders will be chosen on the basis of the reverse order that the election forms are received by the exchange agent.

Notwithstanding these allocation procedures, in order that the transaction qualify as a tax-free reorganization, Webster, in its sole discretion, may elect to increase the number of shares of Webster common stock, and correspondingly decrease the amount of cash, that North American shareholders will receive upon the conversion of their shares.

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

Any shares of North American s common stock held as treasury stock and any shares held directly or indirectly by North American, Webster or any of their subsidiaries, other than trust account shares and shares related to a previously contracted debt, will be canceled. If, prior to the effective time, Webster should split its common stock, or pay a dividend or other distribution in its common stock, then the exchange ratio will be adjusted to reflect the split, combination, dividend or distribution.

Certificates for fractions of shares of Webster s common stock will not be issued. Instead of a fractional share of Webster s common stock, a North American shareholder will be entitled to receive an amount of cash equal to the fraction of a share of Webster s common stock to which the shareholder would otherwise be entitled multiplied by the average of the daily closing prices per share for Webster s common stock for the 15 consecutive trading days on which shares of Webster s common stock are actually traded as reported on New York Stock Exchange ending on the third trading day before the closing date of the merger.

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

Election Procedures; Surrender of Stock Certificates

An election form is being provided to you along with this proxy statement/prospectus. The election form entitles the record holder of North American common stock to indicate a preference to receive solely cash or solely Webster common stock. If no election is made, then any such holder shall receive the combination of cash and stock in the merger as outlined above (*i.e.*, 0.1503 shares of Webster common stock and $5.625 in cash).

To make an effective election, a record shareholder must submit a properly completed election form to American Stock Transfer & Trust Company, which will be acting as the exchange agent, on or before 5:00 p.m., New York City time, on October 20, 2003 (the election deadline). An election form will be deemed properly completed only if accompanied by stock certificates representing all shares of North American common stock covered by the election form (or an appropriate guarantee of delivery). You may change your election at any time prior to the election deadline by written notice accompanied by a properly completed and signed, revised election form received by the exchange agent prior to the election deadline. You may revoke your election by written notice received by the exchange agent prior to the election deadline or by withdrawal of your stock certificates prior to the election deadline. All elections will be revoked automatically if the merger agreement is terminated.

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

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

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

(3) the exchange agent receives, within three business days after the election deadline, the certificates for all exchanged North American shares, or confirmation of the delivery of all such certificates into the exchange agent s account with the Depository Trust Company in accordance with the proper procedures for such transfer, together with a properly completed and duly executed election form and any other documents required by the election form.

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

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

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

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

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

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

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

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

Options

As of the record date, there were outstanding options to purchase 98,000 shares of North American s common stock at an average exercise price of $5.07 per share. Under the merger agreement, shares of North American s common stock issued before the merger takes place upon the exercise of outstanding North American options will be converted into the merger consideration. Each North American option that is outstanding and unexercised immediately before the effective time shall be converted automatically into an option to purchase shares of Webster s common stock, with adjustment in the number of shares and exercise price. In each case, the number of shares of Webster common stock subject to the new Webster stock option will be equal to the product of the number of shares of North American common stock subject to the North American stock option and 0.3007, rounded down to the nearest whole share. The exercise price per share of Webster common stock subject to the new Webster stock option will be equal to the exercise price per share of North American common stock under the North American stock option divided by 0.3007, rounded up to the nearest cent. The adjustment will be made in a manner consistent with Section 424(a) of the Internal Revenue Code of 1986, as amended. The duration and other terms of the North American options will otherwise be unchanged except that all references to North American in any of the North American stock plans (and corresponding references in any option agreement documenting such option) shall be deemed to be references to Webster or Webster Bank, as applicable.

Regulatory Approvals

For the merger of Webster Bank and North American to take place, approvals of the Office of Thrift Supervision, referred to in this section as the OTS , and the Connecticut Commissioner of Banking must be received. In this section, these approvals are referred to as the required regulatory approvals . Webster and North American have agreed to use their best efforts to obtain the required regulatory approvals.

Webster Bank has filed with the OTS an application for approval of the merger of Webster Bank and North American. That merger is referred to in this section as the bank merger . The bank merger is subject to the approval of the OTS under the Home Owners Loan Act of 1933, the Bank Merger Act provisions of the Federal Deposit Insurance Act and related OTS regulations. These approvals require consideration by the OTS of various factors, including assessments of the competitive effect of the contemplated transaction, the managerial and financial resources and future prospects of the resulting institution, the effectiveness of the institutions involved in combating money laundering, and the effect of the contemplated transaction on the convenience and needs of the communities to be served. The Community Reinvestment Act of 1977, commonly referred to as the CRA , also requires that the OTS, in deciding whether to approve the bank merger, assess the records of performance of Webster Bank and North American in meeting the credit needs of the communities they serve, including low and moderate income neighborhoods. As part of the review process, it is not unusual for the OTS to receive protests and other adverse comments from community groups and others. Webster Bank currently has an outstanding CRA rating from the OTS. North American currently has a satisfactory CRA rating from the FDIC. The OTS regulations require publication of notice and an opportunity for public comment concerning the application filed in connection with the bank merger, and authorize the OTS to hold informal and formal meetings in connection with the application if the OTS, after reviewing the application or other materials, determines it desirable to do so or receives a request for an informal meeting. Any meeting or comments provided by third parties could prolong the period during which the bank merger is subject to review by the OTS. The bank merger may not take place for a period of 15 to 30 days following OTS approval, during which time the Department of Justice has authority to challenge the bank merger on antitrust grounds. The OTS will determine the precise length of the period in consultation with the Department of Justice. The commencement of an antitrust action would stay the effectiveness of any approval granted by the OTS unless a court specifically orders otherwise. If the Department of Justice does not start a legal action during the waiting period, it may not challenge the transaction afterward, except in an action under Section 2 of the Sherman Antitrust Act.

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

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

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

Conditions to the Merger

Under the merger agreement, Webster and North American are not required to complete the merger unless the following conditions are satisfied:

- the merger agreement is not terminated on or before the effective time of the merger;
- the merger agreement and the merger are approved by the affirmative vote of the holders of at least two-thirds of the issued and outstanding shares of North American s common stock entitled to vote at the special meeting;
- Webster s common stock to be issued in the merger (including stock which may be issued upon the exercise of stock options) is authorized for quotation on the New York Stock Exchange (or such other exchange on which the stock may become listed);
- all required regulatory approvals are obtained and remain in full force and effect, all statutory waiting periods related to these approvals expire, and none of the regulatory approvals or statutory waiting periods contains a non-customary provision that Webster reasonably considers to be burdensome or otherwise alters the benefits of the merger agreement;
- the registration statement (of which this prospectus is a part) filed with the Securities and Exchange Commission to cover the shares of Webster s common stock to be issued in the merger is effective and is not subject to a stop order or any threatened stop order; and
- no order, injunction or decree preventing the merger from taking place is in effect and the completion of the merger continues to be legal.

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

- the representations and warranties of North American contained in the merger agreement are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger;
- North American performs in all material respects all covenants and agreements contained in the merger agreement to be performed by North American by the effective time;
- North American obtains the consents, approvals or waivers of other persons that are required to permit Webster and Webster Bank to succeed to any obligations, rights or interests of North American under any agreement, except where the failure to obtain consents, approvals or waivers would not have a material adverse effect on Webster or Webster Bank;
- no proceeding initiated by any governmental entity seeking an injunction preventing the merger from taking place is pending;

- no changes, other than changes contemplated by the merger agreement, in the business, operations, condition, assets or liabilities of North American or any of its subsidiaries occur that have or would have a material adverse effect on North American; and

- Webster receives a favorable tax opinion from Webster s counsel that is reasonably satisfactory to Webster (except in the case of payment of the consideration solely in cash).

North American is not required to complete the merger unless the following additional conditions are satisfied or waived:

- the representations and warranties of Webster contained in the merger agreement are true and correct in all material respects as of the date of the merger agreement and as of the effective time of the merger;

- Webster performs in all material respects all covenants and agreements contained in the merger agreement required to be performed by it by the effective time;

- Webster and Webster Bank obtain the consents, approvals or waivers of other persons that are required in connection with the transaction contemplated by the merger; and

- no proceeding initiated by any governmental entity seeking an injunction preventing the merger from taking place is pending.

Conduct of Business Pending the Merger

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

- declaring any dividends or other distributions on its capital stock other than regular quarterly cash dividends on North American s common stock and dividends by any North American subsidiary to North American;

- splitting, combining or reclassifying any of its capital stock;

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

- amending its articles of incorporation or bylaws;

- making capital expenditures aggregating in excess of $10,000;

- entering any new line of business;

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

- changing its methods of accounting in effect at December 31, 2002, except as required by changes in regulatory or generally accepted accounting principles;

- adopting or amending any employment agreements between North American or its subsidiaries and their employees and directors other than merit increases consistent with past business practices, not to exceed 4% of such employee s base salary;

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

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

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

selling, opening or closing any banking or other office;

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

making any new loans or modifying the terms of any existing loans with any affiliated person of North American;

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

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

originating residential non-conforming loans in excess of $250,000, unsecured consumer loans in excess of $10,000 or commercial business loans or commercial real estate loans in excess of $1,000,000 as to any loan or $1,000,000 in the aggregate as to related loans or to loans to related persons;

making any investment in an equity, debt or derivative security issued or guaranteed by an entity exempt from federal, state or local taxation;

engaging in any forward commitment, futures transaction, financial options transactions, hedging or arbitrage transaction or covered trading activities or making any investment in any investment security with a maturity of more than one year; or

selling or purchasing any mortgage loan servicing rights.

Third Party Proposals

Under the merger agreement, North American generally may not authorize or permit any of its officers, directors, employees or agents to solicit, initiate or encourage any inquiries relating to any third party proposal relating to a tender offer or exchange offer or acquisition of a substantial equity interest in or acquisition of a substantial portion of the assets of or any merger or consolidation with North American. There is also a prohibition against holding substantive discussions or negotiations and providing confidential information regarding these kinds of proposals. Nevertheless, the North American Board of Directors may disregard these restrictions if, based on advice of counsel, it reasonably determines in the exercise of its fiduciary duty that this kind of information must be furnished and discussions and negotiations must be entered into.

Expenses; Breakup Fee

The merger agreement generally provides that all costs and expenses incurred in connection with the merger agreement and the transactions contemplated by the merger agreement shall be paid for by the party incurring such expense. However, if the merger agreement is terminated by Webster or North American as a result of a material breach of a representation, warranty, covenant or other agreement contained in the merger agreement by the other party, or is terminated by Webster as a result of North American s failure to hold the special meeting within a specified time period, to recommend approval of the merger or to oppose any third party proposal, or North American s breach of its obligations concerning competing transactions, the merger agreement provides for the non-terminating party to pay all documented reasonable expenses of the terminating party up to $300,000. In the event the merger agreement is terminated by Webster due to North American s shareholders not having approved the merger agreement or a willful material breach of a representation, warranty, covenant or other agreement contained in the merger agreement, North American shall pay all documented, reasonable costs of Webster up to $300,000, plus a breakup fee of $2,000,000. In the event the merger agreement is terminated by North American due to Webster s willful material breach of a representation, warranty, covenant or other agreement contained in the merger agreement, Webster shall pay all documented reasonable costs of North American up to $300,000, plus a breakup fee of $2,000,000. In the event North American has given written notice to Webster that North American desires to enter into a superior competing proposal or if North American s Board of Directors has determined to change its recommendation in favor of the merger, North American shall also pay all documented reasonable costs of Webster up to $300,000, plus a breakup fee of $2,000,000.

Fairness Opinion of Bank Analysis Center, Inc.

Bank Analysis Center, Inc (BAC) was retained by North American as its financial advisor based on its qualifications and experience in the financial analysis of banking and financial service firms. BAC was also chosen because of its knowledge of the Connecticut and New England banking industries. In the preceding two years, BAC provided services to North American, including providing advice on management and regulatory issues, for which it received compensation of approximately $17,000.

In January of 2003, BAC was hired by North American for the purpose of advising its Board of Directors on prioritizing North American s strategic alternatives including, among other considerations, the decision to remain independent as opposed to selling North American to another banking institution.

In February of 2003, North American s Board of Directors concluded that they wished to undertake a competitive solicitation with other institutions for the purpose of receiving offers to acquire North American.

In March of 2003, BAC sought expressions of interest from institutions considered by BAC to have a potential interest in buying North American.

On May 1, 2003, the expressions of interest were discussed by BAC with North American s Board of Directors. Three of the proposals were considered by BAC and North American s Board of Directors to be substantially more attractive in terms of consideration than the other expressions of interest. Following the meeting, BAC contacted the three institutions and inquired regarding their availability to schedule due diligence of North American. One of the institutions indicated that it would not proceed with due diligence, absent some assurance of exclusivity. North American did not agree to provide that assurance. Accordingly, only two institutions conducted due diligence.

On May 14 15, 2003, representatives from Webster went to North American to conduct business, financial and accounting due diligence. Following the completion of Webster s due diligence, discussions occurred between representatives of Webster and BAC, which BAC relayed to the Board of Directors of North American (through the ad hoc committee established by the Board to consider these matters) with regard to a potential transaction. The consensus of North American s ad hoc committee was to allow Webster to refine its expression of interest into a proposed definitive agreement.

From May 22, 2003 through June 4, 2003, members of management of Webster and North American, along with their respective legal advisors, and BAC negotiated the principal terms of the merger agreement and related documents, including the form of consideration, representations, warranties, and termination provisions. On May 23, 2003, Webster submitted a revised non-binding indication of interest with a price equal to $11.25 per share. Such expression of interest represented the most attractive expression of interest received by North American.

On June 2, 2003, North American s Board of Directors met with its legal and financial advisors to discuss the status of the proposed transaction and review the merger agreement and related documents.

On June 4, 2003, North American s Board of Directors again met with its legal and financial advisors to discuss the proposed transaction. At that meeting, BAC, as financial advisor to North American, orally delivered its opinion as to the fairness of the consideration, from a financial point of view, to the shareholders of North American. Following the presentation and the related discussions by the North American Board of Directors, the entire Board of Directors unanimously concluded that the merger was in the best interest of North American s shareholders, declared the merger advisable, unanimously approved the proposed terms of the merger and the merger agreement.

BAC has delivered to the North American Board its written opinion, as of June 4, 2003 and reconfirmed such opinion as of the date of this Proxy Statement-Prospectus, that the terms of the transaction with Webster are fair, from a financial point of view, to the shareholders of North American. The full text of the opinion of BAC, which sets forth assumptions made, matters considered and limits on the review undertaken by BAC, is attached hereto as Appendix B. North American shareholders are urged to read the opinion in its entirety. BAC s opinion is directed only to the valuation by Webster of the North American price per share and does not constitute a recommendation to any holder of North American common stock as to how such holder should vote at the North American special meeting. The summary of the opinion of BAC set forth in this Proxy Statement-Prospectus was provided to North American by BAC and is qualified in its entirety by reference to the full text of the opinion itself. BAC s opinion was necessarily based upon conditions as they existed and should be evaluated on the date thereof and the information made available to BAC through the date hereof.

In order to determine the financial fairness of the terms of the proposed merger, BAC utilized a six-fold test to determine the fair value of a share of common stock of North American. Each methodology in the six-fold process yielded an explicit per share valuation price which is assigned a weight in the overall calculation. Using an equal weighted average of 16.66% for each of these six tests yields a composite per share price for North American common stock against which must be measured the valuation of the Bank s common stock which is specified under the terms of the proposed merger. Based upon such methodology, the composite fair value price per share would be equal to $8.03.

Valuation prices for the common stock of North American equal to or above $8.03 as computed would, in the opinion of Bank Analysis Center, Inc., generally be considered to be fair from a financial point of view. As of the date of the Fairness Opinion, the price paid for each share of common stock of North American by Webster was $11.25 based on consideration of 25% or $2.8125 per share in cash and up to 75% or $8.4375 per share in common stock of Webster. As of the date thereof, the thirty day moving average price of Webster common stock was $37.42 per share, which under the terms of the Merger Agreement implies a value of $11.25 per North American share.

As of such date, and using the exchange ratio as specified in the Agreement, the composite price using BAC s six-fold test is below the present offer price of $11.25 and hence the terms of the proposed merger between Webster and North American are found by BAC to be fair, from a financial point of view, to North American shareholders.

The six-fold methodology included:

Going-Concern Value

The fair value methodology derives a share price (Fair Value Share Price) based upon a forecasted stream of earnings, dividends and terminal value of a company. A financial forecast of the prospective results of operations was developed and reviewed and approved by North American s management for the years 2003 2007.

This forecast provided for the declaration of cash dividend payments to shareholders in 2003 2007. These annual cash dividends and a liquidating dividend or terminal value were used to establish a valuation price for the shares of North American as a going-concern. The per share value today (present value) of the future dividends (both annual and liquidating) represents a going-concern value per share for North American as a candidate for merger with another institution.

This derived price per share was compared to the valuation as proposed in the terms of merger with Webster.

Using this methodology, the per share valuation as proposed in the merger for North American shareholders must be compared to the going-concern value. Share valuations greater than the going concern value per share are considered fair, from a financial point of view, to the shareholders of North American. The price per share for North American common shares pursuant to the terms of the merger was higher than the derived price using the going-concern approach. BAC has assigned the going-concern value methodology an equal weight in comparison with other methodologies considered.

Adjusted (Tangible) Book Value Per Share

Based on this methodology, BAC has determined the adjusted book value per share for North American based upon various adjustments to the stated book value of equity as of December 31, 2002. These adjustments are made for the purpose of estimating net tangible equity. The effect of these adjustments is to determine a per share liquidation valuation.

The valuation of the North American share price pursuant to the terms of the merger with Webster exceeds the liquidation valuation or adjusted net tangible value per share. Therefore, using this test, the terms of the merger are deemed to be fair, from a financial point of view. BAC assigned an equal weight to this methodology.

Gordon Growth Model

The Gordon Growth Model is based on the financial principle that the price of a share of common stock should reflect the present value of the future stream of dividend payments to shareholders. Using this model yielded a theoretical price for North American s common stock. If the value of North American stock pursuant to the terms of the merger were above this price, the terms would be considered fair from a financial point of view to the shareholders of North American. Valuations below the theoretical price based on the Gordon Growth Model would not be considered fair to North American shareholders. The derived price for North American common stock using the Gordon Growth Model was below the price of North American common stock as reflected in the terms of the merger. Therefore, using this methodology, BAC concluded that the terms of the merger were fair, from a financial point of view, to the shareholders of North American. BAC assigned an equal weight to this methodology.

Market Comparable Formula

The Market Comparable Formula is a methodology which is designated to control for market inefficiencies and derives a price per share of common stock based on peer bank market indications of (1) earnings per share (EPS) times the multiplicative value of a price earnings ratio (PE) for peer banks, (2) dividend yield, and (3) book value multiple per share. The composite weighted average of these three variables yields a price per share of common stock which is compared to the valuation of North American common stock as expressed in the proposed merger between North American and Webster. If the price of North American common shares pursuant to the terms of the merger is above the price determined according to the Market Comparable Formula as described above, then in the opinion of BAC, the terms are fair, from a financial point of view to North American shareholders. The terms were above the price as determined by the Market Comparable Formula and hence were deemed to be fair to the shareholders of North American. BAC assigned an equal weight to this methodology.

Recent Market Trading Performance

This methodology seeks to compare the price of North American s common stock as indicated by recent market values to the value pursuant to the terms of the proposed merger. If the value pursuant to the proposed merger is sufficiently above current market prices, the terms of the merger, in the opinion of BAC, would be fair, from a financial point of view, to North American s shareholders. The valuation of North American stock pursuant to the proposed merger with Webster was sufficiently above the market price per share of North American common stock as of the date of the Fairness Opinion was also above typical market price premiums for similar bank acquisitions. Accordingly, using this test, the terms of the proposed agreement with Webster indicate that the transaction is fair, from a financial point of view, to North American shareholders. BAC assigned an equal weight to this methodology.

Comparable Transactions

This methodology compares the terms of a proposed merger with contemporaneous terms of similar transactions. In particular, the methodology is based upon measures of comparative acquisition transactions, including: (1) acquisition price and book value per share, (2) acquisition price and earnings per share, and (3) acquisition price and deposits. A weighted average score of these three financial benchmarks using data from comparative bank acquisitions in the northeastern United States yielded a composite price which was compared to the per share offering price by Webster for North American common stock. The valuation of North American stock pursuant to the proposed merger with Webster was above the composite price derived from comparable transactions. Therefore this methodology indicated that the terms of the proposed transaction with Webster were fair, from a financial point of view. BAC assigned an equal weight to this methodology.

Conclusions

In light of the stock component of the merger consideration, Bank Analysis Center performed an evaluation of the current and projected earnings of Webster, as well as an examination of the financial condition of Webster with respect to its loan portfolio and loan loss valuation reserves. BAC was satisfied that there did not exist any material adverse conditions, or the expectation of the development of such adverse conditions, which would materially impact the price of Webster common stock.

The impact upon North American shareholders was also evaluated based upon the proposed terms of merger with Webster. In particular, using share exchange ratios pursuant to the terms of the Merger Agreement between Webster and North American, the impact on North American shareholders was examined from the standpoint of the equivalent in the combined entity of (1) tangible book value per share, (2) earnings per share, and (3) dividends per share. On a pro-forma basis pursuant to the terms of the proposed merger, the equivalent value to North American shareholders from most of these measures of investment ownership was higher with Webster than they would have been had North American remained independent and performed according to its own internal financial forecasts. Using this methodology provided added confirmation that, in BAC s opinion, the terms of the transaction were found to be fair, from a financial point of view, to North American shareholders.

Compensation

A portion of BAC s total compensation in connection with the merger is contingent upon the consummation of the transaction. Specifically, BAC will receive a contingent advisory fee for its services in connection with the merger equaling 1.00% of the aggregate consideration received by North American shareholders at closing. Based on the terms of the Agreement, and the pricing for North American shares as of the date hereof, this contingent fee is approximately $300,000. In addition, through the date hereof, North American has paid BAC $25,000 which is in addition to the contingent fee. North American has also agreed to reimburse BAC for its reasonable out-of-pocket expenses incurred in connection with its engagement and to indemnify BAC and its respective officers and employees against certain expenses and liabilities

Representations and Warranties

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

- the proper organization and good standing of North American;
- insurance of North American s deposit accounts by the FDIC;
- capitalization of North American;
- existence of corporate power and authority of North American to execute, deliver and perform its various obligations under the transaction documents;
- board approval of the merger agreement;

- a listing of all consents and approvals required to complete the merger;
- accurate disclosure of loan portfolio and timely filing of reports;
- proper presentation of financial statements;
- North American s filings with the FDIC comply in all material respects with applicable requirements;
- no broker s fees other than a financial advisor fee to Bank Analysis Center, Inc.;
- absence of any material adverse change in North American;
- absence of legal proceedings;
- timely filing of tax returns and absence of tax claims;
- existence of employee benefit plans and material compliance with applicable law;
- existence of material contracts and their effectiveness;
- absence of regulatory agreements with banking regulators;
- material compliance with environmental laws;
- adequacy of loss reserves;
- existence of properties and assets, absence of encumbrances, and existence of good title;
- existence of insurance policies;
- operations in material compliance with applicable laws;
- existence of loans, their material compliance with applicable laws, proper organization of loan information, and proper perfection of security interests;
- accuracy of information regarding North American to be included in this document; and
- receipt of the fairness opinion of Bank Analysis Center, Inc.

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

- the proper organization and good standing of Webster and Webster Bank;
- capitalization of Webster and ownership of shares of Webster Bank;
- existence of corporate power and authority to execute, deliver and perform Webster s and Webster Bank s obligations under the transaction documents;
- a listing of all regulatory consents and approvals to complete the merger;

- absence of material regulatory agreements or legal proceedings; and

- accuracy of information regarding Webster to be included in this document.

Termination and Amendment of the Merger Agreement

Before or after North American shareholders approve the merger agreement, it may be terminated:

- by mutual written consent of Webster and North American;

- by Webster or North American upon written notice if:

  - 30 days pass after any required regulatory approval is denied or regulatory application is withdrawn at a regulator s request unless action is taken during the 30-day period for a rehearing or to file an amended application;

the merger has not taken place on or before June 30, 2004, unless the failure to complete the merger by that date is due to the terminating party s failure to perform its obligations in the merger agreement; or

North American s shareholders do not approve the merger agreement;

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

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

by Webster, if North American fails to call and hold within 40 days of the effectiveness of the registration statement filed with the SEC a meeting of North American shareholders to approve the merger agreement, fails to recommend that North American shareholders approve the merger and merger agreement or fails to oppose a competing third-party proposal.

In addition, the merger agreement provides North American with a termination right during the five-day period starting two days after approval of the merger from the OTS is received, if both of the following conditions are met:

the average closing price of Webster s common stock (the Webster closing price) on the New York Stock Exchange over the thirty days ending on the date of OTS approval (the measurement period) is less than $29.94; and

the ratio of Webster s closing price to $38.21 (the closing price of Webster s common stock on June 3, 2003, the last NYSE trading date before the merger agreement was executed), is more than 0.20 less than the ratio of the average price over the measurement period of the SNL Thrift Index for publicly traded thrifts with assets greater than $250,000,000 (the index group) to the price of that index on June 3, 2003.

For five days after Webster receives notice that North American intends to exercise its termination right, Webster can either opt to (i) increase the exchange ratio according to a formula in the merger agreement or (ii) change the merger consideration to $11.25 in cash per share of outstanding North American common stock. This formula generally provides for an increase with the effect that the dollar value of the revised merger consideration per share of North American s common stock, based on the Webster closing price, would be equal to the value that would have been received by a North American shareholder if the Webster closing price was the minimum necessary so that one of the two conditions described above would not have been met. If Webster makes either of the foregoing elections, then North American will no longer have its right to terminate the merger agreement and the merger consideration will be revised accordingly. In the case of any increase in the exchange ratio, because the formula is dependent on the future price of Webster s common stock and that of the index group, it is not possible presently to determine what the adjusted conversion ratio would be, but, in general, the ratio would be increased and, consequently, more shares of Webster s common stock issued, to take into account the extent the average price of Webster s common stock exceeded the decline in the average price of the common stock or of the index group.

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

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

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

Material Federal Income Tax Consequences

The following summary discusses the material federal income tax consequences of the merger, and of holding Webster common stock received in the merger, to North American shareholders. The summary is based on the Internal Revenue Code of 1986, as amended, referred to in this section as the Code, the U.S. Treasury regulations promulgated under the Code and related administrative interpretations and judicial decisions, all as in effect as of the effective time of the merger, and all of which are subject to change, possibly with retroactive effect. The summary assumes that the holders of shares of North American s common stock hold their shares as capital assets. The summary applies only to holders of shares of North American common stock that are U.S. persons. For purposes hereof, a U.S. person is:

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

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

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

- tax-exempt organizations;
- mutual funds;
- dealers in securities or foreign currencies;
- banks or other financial institutions;
- insurance companies;
- non-United States persons;
- shareholders who acquired shares of North American s common stock through the exercise of options or otherwise as compensation or through a qualified retirement plan;

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shareholders who are subject to the alternative minimum tax;

shareholders who hold shares of North American s common stock as part of a straddle, hedge, constructive sale or conversion transaction;

traders in securities who elect to apply a mark-to-market method of accounting; and

holders that do not hold their North American common stock as capital assets.

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

Unless Webster elects to pay solely cash consideration in the amount of $11.25 per share to the shareholders of North American in the circumstances described under Termination and Amendment of the Merger Agreement on page 33, one of the conditions for the merger to take place is that Webster must receive an opinion from Webster s counsel, Hogan & Hartson L.L.P., dated as of the effective date, that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. The opinion of Hogan & Hartson L.L.P. will be based on the Code, the U.S. Treasury regulations promulgated under the Code and related administrative interpretations and judicial decisions, all as in effect as of the effective time of the merger, and all of which are subject to change, possibly with retroactive effect. The opinion will be based on the assumption that the merger takes place as described in the merger agreement, and on representations to be provided to Hogan & Hartson L.L.P. by Webster that relate to the satisfaction of specific requirements to a reorganization within the meaning of Section 368(a) of the Code, including limitations on repurchases by Webster of shares of Webster common stock to be issued upon the merger. Unlike a ruling from the Internal Revenue Service, an opinion of counsel is not binding on the Internal Revenue Service and there can be no assurance that the Internal Revenue Service will not take a position contrary to one or more of the positions reflected in the opinion or that these positions will be upheld by the courts if challenged by the Internal Revenue Service. If this opinion (or any similar opinion of other tax counsel) is not received, or if the material tax consequences described in the opinion materially differ from the consequences stated below, the merger will not occur. If this opinion cannot be obtained because of a concern that the merger would not satisfy the continuity of interest requirement for reorganization treatment, the number of shares of Webster common stock will be increased to the minimum extent necessary to enable such opinion to be issued and the amount of cash consideration will be decreased accordingly. The remainder of this discussion assumes that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code.

The federal tax consequences of the merger to you will depend primarily on whether you exchange your North American common stock solely for Webster common stock (except for cash received instead of a fractional share of Webster common stock), solely for cash or for a combination of stock and cash.

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

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

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

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

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

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

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

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

If the tests above for capital gain treatment are not met, the recognized gain will be treated as dividend income to the extent of the holder s ratable share of North American s accumulated earnings and profits. See below under Tax Rate Changes for information regarding the relative rates of tax on dividends and capital gains.

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

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

Reporting Requirements. A holder of North American common stock receiving Webster common stock as a result of the merger may be required to retain records related to such holder s North American common stock and file with its United States federal income tax return a statement setting forth facts relating to the merger.

Holding Webster Common Stock. The following discussion describes the U.S. federal income tax consequences to a holder of Webster common stock after the merger. Any cash distribution paid by Webster out of earnings and profits, as determined under U.S. federal income tax law, will be subject to tax as ordinary dividend income and will be includible in the gross income of a holder in accordance with such holder s method of accounting. See below under Tax Rate Changes for information regarding the rate of tax on dividends. Cash distributions paid by Webster in excess of its earnings and profits will be treated as (i) a tax-free return of capital to the extent of the holder s adjusted basis in its Webster common stock (reducing such adjusted basis, but not below zero), and (ii) thereafter as gain from the sale or exchange of a capital asset.

Upon the sale, exchange or other disposition of Webster common stock, a holder will generally recognize gain or loss equal to the difference between the amount realized upon the disposition and its adjusted tax basis in the shares of Webster common stock surrendered. Any such gain or loss generally will be long-term capital gain or loss if the holder s holding period with respect to the Webster common stock surrendered is more than one year at the effective time of the disposition. For the adjusted tax basis and holding period of Webster common stock received in exchange for North American common stock in the merger, see the section above entitled Exchange Solely for Webster Common Stock or Exchange for Webster Common Stock and Cash, as applicable. For the rate of tax on capital gains, see below under Tax Rate Changes for information regarding the rate of tax on dividends.

Tax Rate Changes. Under the recently enacted Jobs and Growth Tax Relief Reconciliation Act of 2003, the individual tax rates on capital gains and dividend income have been reduced. The top individual rate for capital gains from sales or exchanges on or after May 6, 2003 is 15 percent. The top individual rate for qualified dividend income received after December 31, 2002 is also 15 percent. To be considered qualified dividend income to a particular holder, the holder must have held the common stock for more than 60 days during the 120 day period beginning 60 days before the ex-dividend period as measured under section 246(a) of the Code. Dividend income that is not qualified dividend income will be taxed at ordinary income rates. You are urged to consult your tax advisor to determine whether a dividend, if any, would be treated as qualified dividend income.

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

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

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

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

Accounting Treatment

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

Resales of Webster s Common Stock Received in the Merger

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

Employee Benefits

To the extent permissible under applicable law, North American employees who become employees of Webster Bank at the effective time generally will be given credit for service at North American for eligibility to participate in and the satisfaction of vesting requirements (but not for pension benefit accrual purposes) under employee pension benefit plans and employee welfare benefit plans maintained by Webster or Webster Bank, as applicable (but not for any purpose under the Webster employee stock ownership plan).

Employees of North American who become employees of Webster or Webster Bank after the merger will be eligible for employee benefits that Webster or Webster Bank, as the case may be, provides to its employees generally and, except as otherwise required by the merger agreement, on substantially the same basis as is applicable to such employees, and restrictions relating to preexisting conditions will be waived for such employees to the same extent waived under the corresponding North American plan.

North American employees who are terminated by Webster within six months following the closing of the merger, will be eligible for benefits under the Webster Bank Employee Severance Plan, provided that such persons shall receive at least a minimum of 13 weeks base salary for severance. Wtom:double windowtext 2.25pt;padding:0in 0in 0in 0in;width:4.9%;">

1,363

1,328

1,328

1,177

1,226

1,111

391

767

674

% change

Germany

Italy

Spain

UK

Vodacom

India

Reported

Organic

Reported

Organic

Reported

Organic

Reported

Organic

Reported

Organic

Reported

Organic

Service revenue	
	4.3
	(2.8
)	

7.9

0.7

(6.8

)

(4.0

)

(4.9)

100+

5.5

13.8

13.8

7

ADDITIONAL INFORMATION

Mobile customers(1) quarter ended 31 December 2009

COUNTRY (in thousands)	AT 1 OCT 2009	NET ADDITIONS	OTHER MOVEMENTS(2)	AT 31 DEC 2009	PREPAID
Europe					
Germany(3)	34,540	85		**34,625**	53.5%
Italy	22,403	563		**22,966**	86.3%
Spain	17,069	(159)		**16,910**	39.1%
UK	18,704	410		**19,114**	56.0%
	92,716	899		**93,615**	61.3%
Other Europe					
Albania	1,619	56		**1,675**	94.1%
Greece	6,255	301		**6,556**	74.1%
Ireland	2,119	26		**2,145**	68.2%
Malta	220	4		**224**	84.9%
Netherlands	4,708	92		**4,800**	39.3%
Portugal	5,813	95		**5,908**	80.1%
	20,734	574		**21,308**	69.0%
Europe	113,450	1,473		**114,923**	62.7%
Africa and Central Europe					
Vodacom(4)	41,587	(78)	(1,055)	**40,454**	88.3%
Czech Republic	2,984	22		**3,006**	47.9%
Ghana	2,604	106		**2,710**	99.6%
Hungary	2,518	84		**2,602**	55.8%
Poland	3,451	(27)		**3,424**	50.4%
Romania	9,535	128		**9,663**	61.9%
Turkey	15,683	(18)		**15,665**	85.6%
	78,362	217	(1,055)	**77,524**	76.9%
Asia Pacific and Middle East					
India	82,846	8,556		**91,402**	93.9%
Australia	3,274	135		**3,409**	45.8%
Egypt	22,065	1,260		**23,325**	95.9%
Fiji	340	15		**355**	96.3%
New Zealand	2,484	9		**2,493**	70.7%
Qatar	151	203		**354**	90.6%
	111,160	10,178		**121,338**	91.2%
Group	302,972	11,868	(1,055)	**313,785**	77.0%
Reconciliation to proportionate					
Group	302,972	11,868	(1,055)	**313,785**	
Minority interests in above**(5)**	(55,767)	(3,765)	705	**(58,827)**	
Associates and investments:					
Verizon Wireless	40,056	965	41	**41,062**	8.0%
Other	35,770	1,193		**36,963**	97.3%
	75,826	2,158	41	**78,025**	
Proportionate(5)	323,031	10,261	(309)	**332,983**	83.8%
Europe	122,281	1,540		**123,821**	59.4%

Africa and Central Europe	65,822	289	(350)	**65,761**	80.2%
Asia Pacific and Middle East	94,872	7,467		**102,339**	97.8%
Verizon Wireless	40,056	965	41	**41,062**	8.0%

Notes:

(1) Group customers are presented on a controlled (fully consolidated) and jointly controlled (proportionately consolidated) basis in accordance with the Group s current segments.

(2) Other movements relate primarily to the disconnection of inactive SIM cards by Vodacom s subsidiary in the Democratic Republic of Congo in December 2009.

(3) German customers at 1 October 2009 have been adjusted to remove 234,000 mobile data SIMs issued in conjunction with a fixed broadband offering.

(4) Vodacom refers to the Group s interests in Vodacom Group (Pty) Limited and its subsidiaries, including those located outside of South Africa.

(5) Proportionate customers are based on equity interests as at 31 December 2009. The calculation of proportionate customers for India also assumes the exercise of call options that could increase the Group s equity interest from 57.59% to 66.98%. These call options can only be exercised in accordance with Indian law prevailing at the time of exercise.

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ADDITIONAL INFORMATION

Annualised mobile customer churn quarter ended 31 December 2009

Country	Contract	Prepaid	Total
Germany	17.8%	40.2%	**29.7%**
Italy	23.3%	24.9%	**24.7%**
Spain	21.7%	41.9%	**29.7%**
UK	18.1%	51.7%	**36.9%**
Vodacom(1)	14.6%	59.8%	**54.7%**
India	26.0%	38.9%	**38.1%**

Note:

(1) The customer churn for Vodacom in the quarter ended 31 December 2009 includes the effect of 1,055,000 prepaid inactive SIM card disconnections by Vodacom s subsidiary in the Democratic Republic of Congo during December 2009. The underlying prepaid customer churn excluding this change was 48.3% and total churn was 44.5%.

OTHER INFORMATION

Notes:

1. Vodafone, the Vodafone logo, Vodafone Station and Vodacom are trade marks of the Vodafone Group. Other product and company names mentioned herein may be the trade marks of their respective owners.
2. All growth rates reflect a comparison to the quarter ended 31 December 2008 unless otherwise stated. References to the previous quarter are to the quarter ended 30 September 2009 unless otherwise stated.
3. All amounts marked with an (*) represent organic growth which presents performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates. All relevant calculations of organic growth include Vodacom (except the results of Gateway) at the current level of ownership and exclude all results of the Group s business in Australia.
4. Reported growth is based on amounts reported in pounds sterling as determined under IFRS.
5. The Group s outlook for the 2010 financial year is contained on page 37 of the Group s 2009 annual report as updated on page 3 of the Group s half-year financial report for the six months ended 30 September 2009.
6. Quarterly historical information including customers, churn, voice usage and ARPU is provided in a spreadsheet available at www.vodafone.com/investor.

Forward-looking statements

This document contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995 which are subject to risks and uncertainties because they relate to future events. In particular, such forward-looking statements include but are not limited to: statements with respect to Vodafone s expectations as to savings from cost reduction programmes, including the working capital improvement programme; expectations as to levels of capital expenditure and operating expenditure; the anticipated impact of exchange rate movements on the Group s results for the current fiscal year; the Group s expectations for adjusted operating profit, free cash flow, EBITDA and foreign exchange rates for the 2010 financial year; the impact of reduced mobile termination rates; and expectations regarding market trends including price trends. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, Vodafone s ability to realise anticipated cost savings, the impact of legal or other proceedings, continued growth in the market for mobile services and general economic conditions.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the heading Other Information Forward-looking statements in Vodafone Group Plc s half-year financial report for the six months ending 30 September 2009, and Forward-looking statements and Principal risk factors and uncertainties in Vodafone Group Plc s annual report for the year ended 31 March 2009. The half-year financial report and the annual report can be found on the Group s website (www.vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in this press release will be realised. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.

For further information:
Vodafone Group

Investor Relations	Media Relations
Tel: +44 (0) 1635 33251	Tel: +44 (0) 1635 664444

- ends -

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

	VODAFONE GROUP PUBLIC LIMITED COMPANY (Registrant)
Dated: February 5, 2010	By: /s/ S R SCOTT Name: Stephen R. Scott Title: Group General Counsel and Company Secretary