



March 23, 2018

**To the Shareholders of
Webster Financial Corporation:**

You are cordially invited to attend the Webster Financial Corporation Annual Meeting of Shareholders to be held on Thursday, April 26, 2018 at 4:00 p.m., Eastern Time, at the New Britain Museum of American Art, 56 Lexington Street, New Britain, CT 06052.

At the Annual Meeting, you will be asked: (i) to elect ten directors to serve for one-year terms; (ii) to approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster; (iii) to ratify the appointment of KPMG LLP as the independent registered public accounting firm of Webster for the year ending December 31, 2018; and (iv) to transact any other business that properly comes before the Annual Meeting or any adjournments of the meeting.

We encourage you to read the accompanying Proxy Statement, which provides information regarding Webster and the matters to be voted on at the Annual Meeting. Also enclosed is our 2017 Annual Report.

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

Sincerely,

A handwritten signature in cursive script that reads 'James C. Smith'.

James C. Smith
Chairman

**WEBSTER FINANCIAL CORPORATION Webster Plaza
145 Bank Street
Waterbury, Connecticut 06702
800-325-2424**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON
APRIL 26, 2018**

To the Shareholders of


Webster Financial Corporation:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders (the “Annual Meeting”) of Webster Financial Corporation (“Webster”) will be held on Thursday, April 26, 2018 at 4:00 p.m., Eastern Time, at the New Britain Museum of American Art, 56 Lexington Street, New Britain, CT 06052, for the following purposes:

1. *Election of Directors* - To elect ten directors to serve for one-year terms (Proposal 1);
2. *Say on Pay* - To approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster (Proposal 2);
3. *Ratification of Appointment of Independent Registered Public Accounting Firm* - To ratify the appointment by the Board of Directors of KPMG LLP as the independent registered public accounting firm of Webster for the year ending December 31, 2018 (Proposal 3); and
4. *Other Business* - To transact any other business that properly comes before the Annual Meeting or any adjournments thereof, in accordance with the determination of a majority of Webster’s Board of Directors.

The Board of Directors has fixed the close of business on February 26, 2018 as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting. Only shareholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting or any adjournments thereof.

By order of the Board of Directors,



James C. Smith
Chairman

Waterbury, Connecticut
March 23, 2018

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

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to Be Held on April 26, 2018: This Proxy Statement, along with our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and our 2017 Annual Report, are available free of charge on the Investor Relations section of our website (www.wbst.com).

WEBSTER FINANCIAL CORPORATION
Webster Plaza
145 Bank Street
Waterbury, Connecticut 06702
800-325-2424

PROXY STATEMENT FOR ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 26, 2018

Solicitation, Voting and Revocability of Proxies

This Proxy Statement (the "Proxy Statement") is being furnished to the shareholders of Webster Financial Corporation, a Delaware corporation ("Webster" or the "Company" or the "Corporation"), as part of the solicitation of proxies by its Board of Directors from holders of its outstanding shares of Common Stock, par value \$.01 per share (the "Common Stock"), for use at the Annual Meeting of Shareholders of Webster to be held on Thursday, April 26, 2018 at 4:00 p.m., Eastern Time, at the New Britain Museum of American Art, 56 Lexington Street, New Britain, CT 06052 (the "Annual Meeting") and at any adjournments thereof. The Proxy Statement, together with the enclosed proxy card, is being mailed to shareholders of Webster on or about March 23, 2018.

The Annual Meeting has been called for the following purposes:

1. To elect ten directors to serve for one-year terms (Proposal 1);
2. To approve, on a non-binding, advisory basis, the compensation of the named executive officers of Webster (Proposal 2);
3. To ratify the appointment by the Board of Directors of the firm of KPMG LLP as the independent registered public accounting firm of Webster for the year ending December 31, 2018 (Proposal 3); and
4. To transact any other business that properly comes before the Annual Meeting or any adjournments thereof.

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

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

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

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

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

Who Can Vote - The securities which can be voted at the Annual Meeting consist of shares of Common Stock of Webster with each share entitling its owner to one vote on all matters properly presented at the Annual Meeting. There is no cumulative voting of shares. The Board of Directors has fixed the close of business on February 26, 2018 as the record date for the determination of shareholders of Webster entitled to notice of and to vote at the Annual Meeting. On the record date, there were 5,698 holders of record of the 92,035,665 shares of Common Stock then outstanding and eligible to be voted at the Annual Meeting.

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

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

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

Vote by Telephone - If you hold your Common Stock in your own name and not through your broker or another nominee, you can vote your shares of Common Stock by telephone by dialing the toll-free telephone number printed on your proxy card. Telephone voting is available 24 hours a day until 11:59 p.m., Eastern Time, on April 25, 2018. Easy-to-follow voice prompts allow you to vote your shares of Common Stock and confirm that your instructions have been properly recorded. **If you vote by telephone, you do not need to return your proxy card.**

Vote by Internet - If you hold your Common Stock in your own name and not through your broker or another nominee, you can vote via the Internet. The website for Internet voting is printed on your proxy card. Internet voting is available 24 hours a day until 11:59 p.m., Eastern Time, on April 25, 2018. As with telephone voting, you will be given the opportunity to confirm that your instructions have been properly recorded. **If you vote via the Internet, you do not need to return your proxy card.**

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

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

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

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

Annual Report on Form 10-K - Webster is required to file an annual report on Form 10-K for its 2017 fiscal year with the Securities and Exchange Commission (“SEC”). Shareholders may obtain, free of charge, a copy of the Form 10-K by writing to John H. Beers, Assistant Secretary, Webster Financial Corporation, 145 Bank Street, Waterbury, Connecticut 06702. Our annual report on Form 10-K is available on the Company’s website, www.wbst.com.

ELECTION OF DIRECTORS (Proposal 1)

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

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

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

Information as to Nominees

The following table sets forth the names of the Board of Directors’ nominees for election as directors, all of whom are current directors of Webster. Also set forth in the table is certain other information with respect to each such person’s age at December 31, 2017, the periods during which such person has served as a director of Webster and positions currently held with Webster and its wholly owned subsidiary, Webster Bank, National Association (“Webster Bank”).

Mr. Shivery will be retiring from the Board effective with the 2018 Annual Meeting. He has served on the Board since 2009, including as Chair of the Compensation Committee. The Board of Directors greatly appreciates Mr. Shivery’s service and his many contributions to the Board and to Webster’s growth and progress.

Following the table are biographies of each of the nominees which contain information regarding each such person’s business experience, director positions held currently or at any time during the last five years, information regarding involvement in certain legal or administrative proceedings, if applicable, and the experiences, qualifications, attributes or skills that caused the Nominating and Corporate Governance Committee and the Board of Directors to determine that such person should serve as a director as of the time of filing of this Proxy Statement. Each director brings a strong and unique background and set of skills to the Board, giving the Board as a whole competence and experience in a wide variety of areas, including corporate governance, board service, executive management, business, finance and marketing. The process undertaken by the Nominating and Corporate Governance Committee in recommending qualified candidates is described beginning on page 12 under “Corporate Governance - Director Qualifications and Nominations.”

Director Nominees:	Age at 12/31/2017	Director Since	Expiration of Term	Positions Held with Webster and Webster Bank	Committee Membership
William L. Atwell	67	2014	2018	Director	Compensation; Risk
Joel S. Becker	69	1986	2018	Director	Compensation; Risk
John R. Ciulla	52	2018	2018	Director	
John J. Crawford	73	1996	2018	Lead Director	Audit; Executive; Nominating & Corporate Governance (Chair)
Elizabeth E. Flynn	57	2014	2018	Director	Audit; Nominating & Corporate Governance
Laurence C. Morse	66	2004	2018	Director	Compensation; Nominating & Corporate Governance
Karen R. Osar	68	2006	2018	Director	Audit (Chair); Executive; Risk
Mark Pettie	61	2009	2018	Director	Audit; Executive; Risk (Chair)
James C. Smith	68	1986	2018	Non-Executive Chairman	Executive (Chair)
Lauren C. States	61	2016	2018	Director	Audit; Risk

William L. Atwell is managing director of Atwell Partners, LLC, a Darien, Connecticut based company which provides consulting services and market insights to the financial services industry. Mr. Atwell was President of CIGNA International at CIGNA Corporation from 2008 to 2012. Earlier in his career, Mr. Atwell held various senior positions with The Charles Schwab Corporation, including President, Individual Investor Enterprise and Schwab Bank. Mr. Atwell began his career at Citibank where he held various senior executive roles. He is Chairman of the Board of Blucora, Inc. (NASDAQ:BCOR), a provider of technology-enabled financial solutions headquartered in Irving, Texas. Mr. Atwell serves as an independent trustee of AQR Mutual Funds (AQR Capital Management LLC) and is a member of its audit and nominating and corporate governance committees. Mr. Atwell serves as a trustee and is the former Chairman (2012-2015) of the Fairfield University board of trustees. Mr. Atwell is a member of the Compensation Committee and the Risk Committee.

Mr. Atwell's role as a former President of CIGNA International and 35 years of executive experience in the retail financial services industry, including banking, brokerage and insurance, provides insight regarding Webster's opportunities and challenges.

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

Mr. Becker's experience as Chairman and Chief Executive Officer of a local business in Webster's market area combined with more than 30 years of experience on Webster's Board gives him unique insight into Webster's challenges, opportunities and operations. He also has extensive experience in public company executive compensation as a result of his over nine years of service as Chair of the Compensation Committee.

John R. Ciulla is President and Chief Executive Officer and a director of Webster and Webster Bank. He was appointed as Chief Executive Officer and a director of Webster in January 2018. Mr. Ciulla joined Webster in 2004 and has served in a variety of management positions at the Company, including Chief Credit Risk Officer and Senior Vice President, Commercial Banking, where he was responsible for several business units. He was promoted from Executive Vice President and Head of Middle Market Banking to lead Commercial Banking in January 2014, and to President in October 2015. Prior to joining Webster, Mr. Ciulla was managing director of The Bank of New York, where he worked from 1997 to 2004. He serves on the board of the Connecticut Business and Industry Association (CBIA) and is the immediate past chairman. Mr. Ciulla is also a member of the board of the Business Council of Fairfield County.

Mr. Ciulla's position and experience as President and Chief Executive Officer of Webster, and his day to day leadership of the Company, provide him with thorough knowledge of Webster's opportunities, challenges and operations.

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

Mr. Crawford's extensive executive and corporate governance experience as a former Chief Executive Officer of three companies, including a financial institution, and his 20 years of service on Webster's Board, including fifteen years as the Lead Director, provides him with a seasoned view of Webster's operations and challenges.

Elizabeth E. Flynn was Vice Chairman of Marsh, LLC in New York, New York, a global leader in insurance broking and risk management until her retirement on December 31, 2015. Ms. Flynn was President of

Marsh's Insurance Services Group from September 2012 to May 2013, and CEO and President of Marsh U.S. Consumer from October 2011 to September 2012. From June 2010 to October 2011, she served as Global Chief Operating Officer at Guy Carpenter & Company, LLC. Earlier in her career, Ms. Flynn was Senior Vice President, Restructuring Office/Divestitures, at American International Group, and worked more than 20 years at JP Morgan Chase & Company in various senior executive roles. She is a director of StanCorp Financial Group, Inc. (NYSE: SFG), a publicly held insurance and financial services company headquartered in Portland, Oregon, and its subsidiary, Standard Insurance Company of New York. Ms. Flynn is a member of the Audit Committee and the Nominating and Corporate Governance Committee.

Ms. Flynn's former role as Vice Chairman of Marsh, LLC and extensive operational and transformational leadership in numerous financial services organizations, including retail banking units while at JP Morgan Chase, brings meaningful and relevant experience to Webster.

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

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

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

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

Mark Pettie is President of Blackthorne Associates, LLC, a Woodcliff Lake, New Jersey based company which provides consulting services to firms investing in a wide range of consumer oriented businesses. Mr. Pettie served as Chairman and Chief Executive Officer of Prestige Brands Holdings, Inc. (NYSE:PBH), a publicly held company headquartered in Irvington, New York which develops, sells, distributes and markets over-the-counter drugs, household cleaning products and personal care items, from January 2007 until September

2009. He was President of the Dairy Foods Group with ConAgra from 2005 to 2006. From 1981 to 2004, Mr. Pettie held various positions of increasing responsibility in general management, marketing and finance at Kraft Foods and was named Executive Vice President and General Manager of Kraft Food's Coffee Division in 2002. He is Chair of the Risk Committee and a member of the Audit Committee and the Executive Committee.

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

Lauren C. States is an Executive-in-Residence at Northeastern University's D'Amore-McKim School of Business. Ms. States retired in 2014 from the IBM Corporation (NYSE: IBM), a publicly held company headquartered in Armonk, New York, after a career of more than thirty six years. Prior to her retirement, she served as Vice President, Strategy and Transformation for IBM's Software Group and was a member of the Growth and Transformation senior leadership team. From 2008 to 2013, she was a leader in the company's transformation to cloud computing and served as Chief Technology Officer in the corporate strategy function. Over her career, she has served in a broad variety of roles including technology, transformation, and sales and talent development. She is a director of Clean Harbors, Inc. (NYSE:CLH), a publicly held company headquartered in Norwell, Massachusetts, and is a member of the board of ScriptEd. She also serves as a Trustee for International House, New York. Ms. States is a member of the Audit Committee, and the Risk Committee.

Ms. States' experience as former Chief Technology Officer of a public company, and her broad background in technology, strategy and transformation, provides the Board with strong executive and technology experience. She has a CERT Certificate in Cybersecurity Oversight, issued by the NACD and Carnegie Mellon University.

James C. Smith is non-executive Chairman of Webster and Webster Bank and an advisor to the Company. Mr. Smith joined Webster Bank in 1975 and was appointed CEO of the bank and the holding company in 1987 and Chairman in 1995, and served in those positions until his retirement in 2017. He was elected President, Chief Operating Officer and a Director of Webster Bank in 1982 and of the holding company at its inception in 1986. He served as President of Webster and Webster Bank until 2000, and again from 2009 until 2011. Mr. Smith serves as Vice Chairman of the Midsize Banks Coalition of America. He is a past member of the board of directors of the American Bankers Association and served several years as co-chairman of the ABA's American Bankers Council for midsize banks. He is a past member of the board of directors of the Financial Services Roundtable. Mr. Smith served as a member of the Federal Advisory Council, which advises the deliberations of the Federal Reserve Board of Governors, and served on the board of directors of the Federal Reserve Bank of Boston. He served on the board of directors of the Federal Home Loan Bank of Boston. He served on the executive committee of the Connecticut Bankers Association. Mr. Smith co-chairs the Connecticut Governor's Commission on Fiscal Stability and Economic Growth. He is also actively engaged in community service and supports numerous civic organizations including serving as General Chairman of the Hartford Bishops' Foundation, serving on the Trinity Health of New England Strategic Planning Committee, and previously served as a member of Saint Mary's Health System board in Waterbury, Connecticut.

Mr. Smith's extensive experience as Chief Executive Officer of Webster through 2017 provides invaluable knowledge of Webster's operations, challenges and opportunities.

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

CORPORATE GOVERNANCE

General

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

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

Board and Governance Information	2017
Size of Board	10
Number of Independent Directors	9
Annual Election of All Directors	Yes
Majority Voting for Directors	Yes
Lead Independent Director	Yes
Independent Directors Meet Without Management Present	Yes
Annual Equity Grant to Non-Employee Directors	Yes
Board Orientation / Education Program	Yes
Code of Business Conduct & Ethics for Directors	Yes
Stock Ownership Guidelines for Directors	Yes
No Poison Pill	Yes
Policy Prohibiting Hedging / Pledging of Company Stock	Yes
Annual Board & Committee Evaluations	Yes

Webster’s Commitment to Environmental, Social and Governance Issues

It’s in our DNA

Sustainability and commitment to community have been intrinsic to Webster since its founding. What is now known as Webster Bank was founded in 1935, during the Great Depression, by Waterbury, Connecticut native Harold Webster Smith. Mr. Smith started the bank with \$25,000 borrowed from friends and family to help people buy and build homes.

Through the years that followed, Webster grew, reaching \$1 million in assets by 1938. We were the first bank to offer GI and FHA loans in Connecticut and today we are a leading SBA lender to small businesses, women, and minority businesses. The Corporation’s dedication to the communities it serves remained strong after it went public in 1986. We continued to grow over the ensuing decades, broadening our geographic footprint to include Massachusetts, Rhode Island, and New York, remaining headquartered in Waterbury. Today, we have more than \$26 billion in assets.

The Webster Way – Values-Guided, Community-Minded

Webster remains a values-guided, community-minded bank focused on helping its customers achieve their unique goals. Putting people first, Webster bankers take the time to understand what matters most to our customers, responding with personalized solutions, and acting with responsibility, respect, ethical behavior, citizenship, and teamwork.

Every Webster banker is guided by *The Webster Way*. It is our unshakeable core, the common bond we share as a values-guided, community-minded organization, and the principles we believe in and stand for every day. They bring us together, set us apart, and guide us in every action we take to live up to our customers:

- We take personal responsibility for meeting our customers' needs.
- We respect the dignity of every individual.
- We earn trust through ethical behavior.
- We give of ourselves in the communities we serve.
- We work together to achieve outstanding results.

The Webster Way also captures the essence of Webster's commitment to its constituents – its customers, the communities where it does business, its employees, and its shareholders. As a matter of policy and longstanding practice, Webster engages in environmentally responsible practices at its facilities and enters into commercial loans with renewable energy and energy-efficient components; works ceaselessly to improve life in the communities it serves; provides an inclusive environment where bankers can continually grow professionally; and follows transparent governance practices to safeguard Webster for all of its constituencies.

Commitment to Excellence

Webster has been recognized for its commitment to excellence. In 2017, we were named one of the “most reputable banks” in the country, according to the 2017 Survey of Bank Reputations conducted by the independent organization Reputation Institute. The annual survey measures U.S. consumers' perceptions of major bank brands. In addition, Webster earned the highest score of any Northeast-based bank and ranked seventh overall in the United States. In 2017, Webster was also named one of the top midsize employers nationwide, including recognition in the banking and financial services category, according to Forbes' “America's Best Employers of 2017.”

Webster's Commitment to ESG

Webster's inaugural “Environmental, Social and Governance Report” summarizes many of the ways Webster strives to be a good corporate citizen by conducting business in an environmentally responsible manner, being a caring neighbor and employer, and being as transparent as possible in its governance. It may be found on our website at www.wbst.com.

Board Leadership

Beginning in 2018, Webster has separated the roles of Chairman of the Board and principal executive officer. Mr. Smith was appointed non-executive Chairman following his retirement on December 31, 2017, and Mr. Ciulla was appointed Chief Executive Officer. In addition, there is a lead independent director who is appointed in accordance with Webster's Corporate Governance Policy, which provides that the Board shall appoint an independent director to serve as the Lead Director of the Board for a one-year term, or until a successor is appointed. The lead independent director presides over the executive sessions of independent directors and assists and advises the Chairman of the Board. During fiscal year 2017, Mr. Crawford served as the lead independent director.

Director Independence

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

The Board, with the assistance of the Nominating and Corporate Governance Committee, conducted an evaluation of director independence, based primarily on a review of the responses of the directors and executive officers to questions regarding employment and compensation history, affiliations and family and other commercial, industrial, banking consulting, legal, accounting, charitable and legal relationships with Webster, including those relationships described under “Compensation Committee Interlocks and Insider Participation” on page 43 of this Proxy Statement, and on discussions with the Board. As a result of this evaluation, the Board affirmatively determined that each of Messrs. Atwell, Becker, Crawford, Morse, Pettie, Shivery and Ms. Flynn, Osar and States is an “independent director” for purposes of Section 303A of the Listed Company Manual of the NYSE and applicable SEC rules and regulations. In connection with this evaluation, the Board considered that Webster provides lending and other financial services to directors, their immediate family members, and their affiliated organizations in the ordinary course of business and without preferential terms or rates.

Mr. Ciulla is not considered independent because he is an executive officer of Webster and Webster Bank. Mr. Smith is not considered independent because he has been an executive officer of Webster within the past three years.

Executive Sessions of Independent Directors

In keeping with Webster’s Corporate Governance Policy, in 2017 the Board held 5 meetings that were limited to independent directors. The lead independent director presides over the executive sessions of independent directors.

Risk Oversight

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

Board and Committee Meetings

During 2017, Webster held 9 meetings of its Board. Each incumbent director attended at least 75 percent of the aggregate of (i) the total number of meetings held by the Board during the period that the individual served and (ii) the total number of meetings held by all committees of the Board on which the individual served during the period that the individual served.

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

The Board has established five standing committees. The standing committees are the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee, the Executive Committee and the Risk Committee. The Board has adopted a charter for each of these committees, as well as corporate governance guidelines that address the make-up and functioning of the Board and qualification

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

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

Webster Financial Corporation
145 Bank Street
Waterbury, Connecticut 06702
Attn: Harriet Munrett Wolfe, Esq.
Executive Vice President, General Counsel and Secretary

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

Audit Committee

The Board has appointed an Audit Committee that oversees the Company’s financial reporting process, the system of internal financial and accounting controls, the audit process, and compliance with applicable laws and regulations. The Audit Committee reviews the Company’s annual financial statements, including management’s discussion and analysis, and regulatory examination findings. The Audit Committee recommends the appointment of an independent registered public accounting firm and is responsible for the oversight of such firm. **A copy of the Audit Committee’s charter is available on the Company’s website at: www.wbst.com.** During 2017, the Audit Committee held 5 meetings. The members of the Audit Committee currently are Ms. Osar (Chair) and Messrs. Crawford, Pettie, and Mses. Flynn, and States. Each of the members of the Audit Committee meets the independence requirements of the rules of the NYSE and applicable rules and regulations of the SEC. The Board has determined that each of the members of the Audit Committee is financially literate and that Ms. Osar and Messrs. Crawford and Pettie qualify as “audit committee financial experts,” as that term is defined in Item 407(d)(5) of Regulation S-K.

Compensation Committee

The Board has appointed a Compensation Committee. During 2017, the Compensation Committee held 5 meetings. Compensation Committee meetings are attended by Webster’s Chief Executive Officer (“CEO”) and President, other than while their compensation and benefits are discussed. For a description of the role of Webster’s CEO in determining or recommending the amount of compensation paid to our named executive officers during 2017, see “Compensation Discussion and Analysis.” The members of the Compensation Committee currently are Messrs. Shivery (Chair), Atwell, Becker and Morse. Each of the members of the Compensation Committee meets the independence requirements of the rules of the NYSE, and also serves as the Compensation Committee of the Company’s subsidiary, Webster Bank. **A copy of the Compensation Committee’s charter is available on the Company’s website at: www.wbst.com.** The Compensation Committee may delegate to its chairperson or any other Compensation Committee member such power and authority as the Compensation Committee deems appropriate, except such powers and authorities required by law to be exercised by the whole Compensation Committee or subcommittee thereof.

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

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

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

Executive Committee

The Board has appointed an Executive Committee that has responsibility for serving as an exploratory committee for mergers and acquisitions and to serve as an *ad hoc* committee as needed. The Executive Committee did not meet during 2017. The members of the Executive Committee are Messrs. Smith (Chair), Crawford, Pettie, Shivery and Ms. Osar.

Nominating and Corporate Governance Committee

The Board has appointed a Nominating and Corporate Governance Committee that has overall responsibility for recommending corporate governance process and board operations for the Company. The Nominating and Corporate Governance Committee identifies director candidates, reviews the qualifications and experience of each person considered as a nominee for election or reelection as a director, and recommends director nominees to fill vacancies on the Board and for approval by the Board and the shareholders. **A copy of the Nominating and Corporate Governance Committee's charter is available on the Company's website at: www.wbst.com.** During 2017, the Nominating and Corporate Governance Committee held 2 meetings. The members of the Nominating and Corporate Governance Committee are Messrs. Crawford (Chair), Morse, Shivery and Ms. Flynn. Each member of the Nominating and Corporate Governance Committee meets the independence requirements of the rules of the NYSE.

Risk Committee

The Board has appointed a Risk Committee whose primary function is to assist the Board in fulfilling its oversight responsibilities regarding the Company's enterprise risk management, receiving information regarding the Company's policies, procedures and practices relating to risk, and discussing material regulatory issues, compliance matters, and emerging risks to the Company. The Risk Committee also has responsibility for overseeing management's monitoring of security issues. During 2017, the Risk Committee held 5 meetings. The members of the Risk Committee are Messrs. Pettie (Chair), Atwell, Becker, and Mses. Osar and States.

Director Qualifications and Nominations

Each year, the Board undergoes a self-assessment process to evaluate performance of the Board and Committees. As part of the self-assessment process, the Board considers which attributes and skill sets are important to ensure optimal performance of the Board. The information learned through this process is utilized when considering outside director candidates.

The Board believes that it should be composed of directors with diverse experience in business and in areas that are relevant to the Company, and that directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long term interests of the shareholders. Directors should also have an objective perspective and practical wisdom, and should be willing and able to devote the required amount of time to Webster's business. In addition to depth and breadth of business and civic

experience in leadership positions, a potential director's ties to Webster's markets are considered in order to ensure diversity and broad geographic and demographic representation reflective of the markets served. These attributes are embodied in Webster's Qualification Guidelines for Board Members. The Nominating and Corporate Governance Committee reviews and assesses the effectiveness of the Guidelines periodically.

The Board is committed to sustaining a board that achieves balance between depth of experience in the oversight of Webster and fresh approaches to oversight and strategic deliberations, particularly as Webster's business and best practices of corporate governance evolve. Consistent with this commitment to constructive refreshment, Webster has added three new directors since 2014 and has had two directors retire.

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

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

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

Webster's Bylaws permit shareholders eligible to vote at the Annual Meeting to make nominations for directors, provided such nominations are made pursuant to timely notice in writing to the Secretary of Webster. To be timely, notice must be delivered to, or mailed to and received at, the principal executive offices of Webster not less than 30 days nor more than 90 days prior to the date of the meeting, provided that at least 45 days' notice or prior public disclosure of the date of the Annual Meeting is given or made to shareholders. If less than 45 days' notice or prior public disclosure of the date of the Annual Meeting is given or made to shareholders, notice by the shareholder to be timely must be received by Webster not later than the close of business on the 15th day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure was made. Public disclosure of the date of the Annual Meeting was made by the issuance of a press release on February 14, 2018 and by filing a Current Report on Form 8-K under the Securities Exchange Act of 1934, as amended, with the Securities and Exchange Commission on February 15, 2018. The Nominating and Corporate Governance Committee will consider candidates for director suggested by shareholders applying the criteria for candidates described above and considering the additional information required by Article III, Section 13 of Webster's Bylaws, which must be set forth in a shareholder's notice of nomination. Section 13 of Webster's Bylaws requires that the notice include: (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of Webster which are beneficially owned by such person, and (iv) any other information relating to such person that is required to be disclosed in solicitations or proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (including without limitation such person's written consent to being named in the Proxy Statement as a nominee and to serving as a director if elected); and (b) as to the shareholder giving notice, (i) the name and address, as they appear on Webster's books, of such shareholder, and (ii) the class and number of shares of Webster which are beneficially owned by such shareholder. In considering any nominees for directors recommended by a shareholder, the Nominating and Corporate Governance Committee considers, among other things, the same factors set forth above.

Compensation of Directors

The following table summarizes the compensation paid to Webster’s non-employee directors during 2017. Employee directors of Webster receive no additional compensation for serving as directors or committee members of Webster or its subsidiaries. Beyond these and other standard arrangements described below, no other compensation was paid to any such director.

Name	Fees Earned or Paid in Cash (\$) ¹	Stock Awards (\$) ²	Option Awards (\$) ³	All Other Compensation (\$) ⁴	Total (\$)
William L. Atwell	54,000	66,638	—	2,395	123,033
Joel S. Becker	54,000	66,638	—	2,301	122,939
John J. Crawford	82,500	81,879	—	2,627	167,006
Elizabeth E. Flynn	55,500	66,638	—	2,435	124,573
Laurence C. Morse	52,500	66,638	—	2,301	121,439
Karen R. Osar	72,000	66,638	—	2,301	140,939
Mark Pettie	71,000	66,638	—	2,301	139,939
Charles W. Shivery	62,500	66,638	—	2,301	131,439
Lauren C. States	55,500	66,638	—	1,854	123,992

- ¹ Includes board and committee retainers paid in 2017.
- ² The amounts in this column represent the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 718. The grant date fair value of the restricted shares awarded to Mses. Flynn, Osar and States and Messrs. Atwell, Becker, Crawford, Morse, Pettie and Shivery in 2017 was \$52.02 per share. The assumptions used to calculate the amount recognized for these stock awards are set forth in footnote 18 to Webster’s audited financial statements contained in Webster’s Form 10-K for the year ended December 31, 2017. As of December 31, 2017, Mses. Flynn and Osar and Messrs. Atwell, Becker, Morse, Pettie and Shivery had 1,837 unvested restricted shares from the annual equity grants in 2015 and 20167, and Mr. Crawford and Ms. States had 2,130 and 1,281 unvested restricted shares, respectively.
- ³ No stock options were granted to non-employee directors in 2017. As of December 31, 2017, each director had the following number of options outstanding, all of which are currently exercisable: Mr. Atwell 0; Mr. Becker, 36,939; Mr. Crawford, 20,423; Ms. Flynn, 0; Mr. Morse, 20,338; Ms. Osar, 0; Mr. Pettie, 18,573; and Mr. Shivery, 13,274; and Ms. States, 0.
- ⁴ Reflects the dollar amount of dividends paid on unvested restricted stock for the fiscal year ended December 31, 2017.

Webster uses a combination of cash and restricted stock to attract and retain qualified candidates to serve on the Board. Webster targets director compensation to be at the median for its peer group (as described in “Compensation Discussion and Analysis” below), with the opportunity to earn significantly more based on Webster’s total shareholder return. Stock Ownership Guidelines have also been established for directors to closely align directors’ interests with those of Webster’s shareholders.

In addition, to payment of annual board and committee retainers, non-employee directors received 1,281 shares of restricted stock. The Lead Director received 1,574 shares of restricted stock. All restricted stock vests after one year and has a two year holding period following the vesting period. Webster continued to reimburse directors for reasonable travel expenses incurred in connection with attending Board meetings.

The following schedule was in effect in 2017:

Retainer	Amount
Annual Board Retainer - Lead Director	\$ 61,500
Annual Board Retainer - Director	\$ 42,000
Annual Audit Committee Retainer - Chair	\$ 24,000
Annual Audit Committee Retainer - Member	\$ 9,000
Annual Compensation Committee Retainer - Chair	\$ 16,000
Annual Compensation Committee Retainer - Member	\$ 6,000
Annual Nominating & Corporate Governance Committee Retainer - Chair	\$ 12,000
Annual Nominating & Corporate Governance Committee Retainer - Member	\$ 4,500
Annual Risk Committee Retainer - Chair	\$ 20,000
Annual Risk Committee Retainer - Member	\$ 6,000

Webster stock ownership guidelines require non-employee directors to own Webster Common Stock with a market value equal to at least \$300,000. Non-employee directors who do not meet the guidelines agree to hold all long term incentives, which include vested restricted stock and exercised stock options (net of exercise price and taxes), until they achieve the required ownership threshold of Webster Common Stock.

Communications with Directors

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

[Name of Director or Directors]
c/o Lead Director of the Board of Directors
Webster Financial Corporation
P.O. Box 1074
754 Chapel Street
New Haven, Connecticut 06510

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

Director Attendance at Annual Meetings

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

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Named Executive Officers of Webster Financial Corporation

The following table sets forth information regarding the Chief Executive Officer, the Chief Financial Officer, and the three other most highly compensated executive officers who were serving on December 31, 2017 (the “named executive officers” or “NEOs”).

Name	Age as of December 31, 2017	Positions with Webster and Webster Bank
James C. Smith	68	Chairman, Chief Executive Officer and Director
John R. Ciulla	52	President and Director of Webster Bank
Glenn I. MacInnes	56	Executive Vice President and Chief Financial Officer
Christopher J. Motl	47	Executive Vice President, Commercial Banking
Nitin J. Mhatre	47	Executive Vice President, Community Banking

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

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

Nitin J. Mhatre is Executive Vice President, Head of Community Banking of Webster and Webster Bank. He joined Webster in October 2008 as Executive Vice President, Consumer Lending of Webster Bank and was appointed Executive Vice President, Consumer Finance in January 2009. He was promoted to his current position in August of 2013. Prior to joining Webster, Mr. Mhatre worked at Citigroup across multiple geographies including St. Louis, Missouri, Stamford, Connecticut, Guam, USA and India, in various capacities. In his most recent position, he was the Managing Director for the Home Equity Retail business for CitiMortgage based in Stamford, Connecticut. Mr. Mhatre is a board member of Consumer Bankers Association headquartered in Washington, D.C., and also serves on the board of Junior Achievement of Southwest New England.

Christopher J. Motl is Executive Vice President, Head of Commercial Banking of Webster and Webster Bank. He joined Webster in 2004 and was responsible for establishing and growing the Sponsor and Specialty Banking Group and was most recently Executive Vice President and Director of Middle Market Banking. Prior to joining Webster, Mr. Motl worked at CoBank, where he was Vice President and Relationship Manager. Mr. Motl is on the board of Special Olympics of Connecticut and the Travelers Championship.

Compensation Committee Report

The Compensation Committee met with management to review and discuss the Compensation Discussion and Analysis disclosures that follow. Based on such review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference in the Company’s Form 10-K for its 2017 fiscal year, and the Board has approved the recommendation.

Compensation Committee

Charles W. Shivery (Chair)

William L. Atwell

Joel S. Becker

Laurence C. Morse

Compensation Discussion and Analysis

The Compensation Discussion and Analysis (“CD&A”) discusses in detail the 2017 executive compensation program for the Company’s NEOs. The Compensation Committee (“Committee”) recommends the base salary for the CEO to the Board of Directors, approves the annual cash incentive and long-term equity-based incentives (“LTI”) for the CEO, and approves the compensation for Webster’s other NEOs. Non-NEO members of the Operations Management Committee are also compensated under the same compensation program.

At the annual meeting of shareholders held on April 27, 2017, Webster held an advisory vote on executive compensation. Approximately 96% of the shares of Webster Common Stock that were voted on the proposal were voted for the approval of the compensation of the NEOs as discussed in Webster’s 2017 Proxy Statement. The Committee considers the outcome of the vote when determining compensation policies and setting NEO compensation and believes that the results show strong support for Webster’s compensation policies and procedures. No changes in the overall structure of the programs were made in 2017.

Highlights of 2017 Operating Performance

Webster reported record net income driven by higher revenue, disciplined expense management and further improvement in asset quality. Strong loan demand boosted core revenue. Webster continued its investment in key strategies that are expected to increase Economic Profit¹ over time.

Highlights Summary (GAAP results versus prior year)

- Exceeded \$1 billion in total revenue for the first time
- Record net income of \$255.4 million, up 23.3%
- Record net income applicable to common shareholders of \$246.8 million, up 24.4%
- Record pre-provision net revenue of \$394.7 million, up 9.7%
- Annualized net charge-offs as a percentage of average loans and leases of 0.20%, down from 0.23% in 2016
- Overall loan growth of 2.9% with growth in commercial and commercial real estate loans of 3.5%
- Deposit growth of 8.8% and HSA deposit growth of 15.5%
- Return on Average Common Shareholders’ Equity of 9.92% versus 8.44% in 2016
- Return on Average Tangible Common Shareholders’ Equity of 13.00% versus 11.36% in 2016
- Return on Average Shareholders’ Equity of 9.76% versus 8.35% in 2016, which exceeded our cost of capital
- Return on Average Assets of 0.97% versus 0.82% in 2016

On December 31, 2017, CEO James C. Smith retired from Webster. Mr. Smith’s career spanned 42 years, including 30 as CEO and the most recent 22 as Chairman & CEO. Mr. Smith will continue as Non-Executive Chairman and will serve on the Board of Directors. The details of Mr. Smith’s ongoing relationship with Webster were reported in the Company’s Form 8-K filed on September 19, 2017, and are summarized later in this document.

On January 1, 2018, President John R. Ciulla succeeded Mr. Smith as the new CEO.

¹ Economic Profit is a non-GAAP measure and is calculated at the consolidated and business unit level. Economic Profit is defined as net income less the imputed cost of equity capital which we estimate at 9.5%.

Objectives of Compensation Program

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

Webster’s executive compensation program is highly performance based and closely aligns total compensation with achievement of Webster’s financial and strategic goals. A meaningful portion of total compensation is variable and tied to future shareholder return, thereby rewarding NEOs and other executives for pursuing strategies that are expected to increase Economic Profits over time.

The compensation program has four primary objectives:

- Performance Based - A majority of total compensation is intended to be variable based on the Company’s success in achieving pre-established financial and strategic goals.
- Equity Based - A meaningful portion of the total compensation opportunity is equity-based and is highly dependent on: absolute return on equity (“ROE”); and relative total shareholder return (“TSR”) over a three-year period.
- Competitive - Total compensation opportunities should be competitive, thus enabling Webster to attract, engage and retain highly qualified NEOs and other executive officers who will be motivated to achieve Webster’s financial and strategic goals.
- Safety and Soundness - Webster’s incentive compensation programs reward individual actions and behaviors that support Webster’s mission, business strategies and performance-based culture and do not encourage excessive risk taking.

Compensation Best Practices

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

2017 Compensation and Governance Best Practices	
We Do	We Do Not
Provide a substantial portion of each NEO’s total compensation opportunity in the form of variable pay, such that actual compensation is closely tied to financial performance and business results	Have employment agreements
Have robust stock ownership guidelines that are reviewed annually and include a one-year post vesting holding period that remains in effect if the executive terminates from the Company	Allow stock option repricing
Have a long-term equity program that is 75% performance based driving a pay for performance culture	Provide excise tax gross-up provisions in any agreements with our NEOs
Review the compensation Peer Group annually	Pay dividends on unvested performance shares
Have an independent Compensation Consultant to the Compensation Committee	Allow hedging or pledging of shares

Setting 2017 Compensation

In February 2017, the Committee reviewed all elements of compensation for NEOs and approved the compensation structure. The program is intended to provide NEOs with a compensation opportunity commensurate with persons with similar duties and responsibilities at other financial institutions. In determining levels of NEOs' overall compensation, the Committee also considers the qualifications and experience of the respective officer, Webster's size and complexity of operations and, to a certain extent, the compensation paid to other persons employed by the Company. The Committee uses external data as input for the Committee's analysis and to obtain a general understanding of current market compensation practices, rather than as strict rules for establishing compensation. A meaningful portion of pay is tied to financial and strategic performance. Consequently, actual compensation received will vary from targeted compensation.

Compensation Consultant

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

McLagan provided the Committee ongoing insights relating to trends in executive compensation in the banking sector. At the direction of the Committee, McLagan reviewed all elements of compensation for the NEOs and other executive officers and made recommendations with regard to plan design. McLagan also reviewed an analysis of Webster's 2017 performance relative to peers and opined on management's proposals to the Committee regarding 2017 executive compensation. At the direction of the Committee, McLagan also provided data and best practices regarding the transition package and new pay structure for our new non-executive Chairman and provided recommendations for the pay structure for our new President & CEO. McLagan attended all Committee meetings and in each one of those meetings had the opportunity to meet with the Committee in executive session. The Committee weighs the consultant's perspective as part of its decision-making process. The Committee communicates compensation decisions directly to management. The Committee utilized market context and recommendations from McLagan when determining the amount and form of compensation paid to Webster's executive officers and directors during 2017.

Compensation Peer Group

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

In 2017, the Committee considered actual and, where available, target compensation data from the Peer Group, along with available market compensation survey data. This data was presented by McLagan and contributed to an assessment of the competitiveness of actual and target pay for Webster's NEOs.

The Committee reviews the composition of the Peer Group annually with the assistance of McLagan with the objective of maintaining a group of peer banks that individually and collectively represent suitable comparators for compensation-related analyses. Suitability is defined using a number of factors, including size, scope, business mix and geographic focus. Scope measures include total assets, net revenue, market capitalization and number of employees. Business mix is reflected by an analysis of loan composition (consumer, real estate, commercial and construction) and revenue composition (sources and proportion of net interest income

and non-interest income). Banks with a geographic focus outside the continental United States are excluded regardless of the appropriateness of their scope and business mix. In late 2016, at the request of the Committee, McLagan prepared an evaluation of our Peer Group for use in 2017. As a result of the evaluation, a recommendation was made that our current Peer Group met the criteria stated above and no change was needed. The Committee approved the recommendation and identified the 12 companies listed below as the Peer Group for 2017:

2017 Compensation Peer Group¹	
Company	Total Assets (in millions)
Associated Banc-Corp	\$29,039
BancorpSouth, Inc.	\$14,137
BOK Financial Corporation	\$31,970
Commerce Bancshares, Inc.	\$24,710
Cullen/Frost Bankers, Inc.	\$28,976
FNB Corporation	\$21,215
Fulton Financial Corporation	\$18,480
Hancock Holding Company	\$23,064
People's United Financial, Inc.	\$40,150
Synovus Financial Corporation	\$29,460
TCF Financial Corporation	\$21,070
Valley National Bancorp	\$21,810
75th Percentile	\$29,144
Median	\$23,887
25th Percentile	\$21,179
Webster	\$23,877
Webster Percent Rank	50%

¹ Data as of 6/30/2016 and is provided by McLagan

Elements of 2017 Compensation

Webster's compensation program has three basic elements: base salary, annual cash incentive and LTI. The annual cash incentive rewards current year performance, while the LTI aligns the NEOs' interests with the long-term goals and performance of the Company. LTI grants consist of a 75%/25% mix of performance based shares and time-based restricted stock. Performance shares have a three-year performance period with cliff vesting, and time-based restricted stock has a three-year vesting schedule of one-third on each anniversary date of the grant.

The Committee reviews all elements of compensation annually, separately and in aggregate, to ensure that the total amount of compensation is within appropriate competitive parameters based on data from independent sources and based on the performance of the Company and NEOs.

In early 2017, the Committee engaged McLagan to provide an analysis of Webster's total compensation as well as the individual components compared to the Peer Group and McLagan's 2016 *Top Management Compensation Survey*. This data contributed to an assessment of the competitiveness of actual and

target pay for Webster’s NEOs. Based on the findings, the Committee set the components of pay and the weight of each component creating a structure that reflects Webster’s objectives for compensation while allowing individual variations based on job scope, tenure, retention risk and other factors relevant to the Committee. See earlier section titled Objectives of Compensation Program for details.

The chart below breaks down target total direct compensation by component, including target and pay mix of each component by NEO for the program approved in February 2017. For purposes of this table, “pay mix” represents the percentage of total direct compensation for each component.

2017 Components of Total Direct Compensation at Target										
Name and Principal Position	Salary		Annual Cash Incentive		Total Cash Compensation		Long-Term Incentive		Total Direct Compensation	
	Year-End 2017	Pay Mix	Target	Pay Mix	Target	Pay Mix	Target	Pay Mix	Target	Pay Mix
James C. Smith Chairman and CEO	\$950,000	26%	\$950,000	26%	\$1,900,000	52%	\$1,757,500	48%	\$3,657,500	100%
John R. Ciulla President	\$800,000	32%	\$680,000	27%	\$1,480,000	59%	\$1,040,000	41%	\$2,520,000	100%
Glenn I. MacInnes EVP and CFO	\$475,000	35%	\$356,250	26%	\$831,250	61%	\$522,500	39%	\$1,353,750	100%
Christopher J. Motl EVP, Commercial Banking	\$375,000	39%	\$262,500	27%	\$637,500	67%	\$318,750	33%	\$956,250	100%
Nitin J. Mhatre EVP, Community Banking	\$375,000	39%	\$262,500	27%	\$637,500	67%	\$318,750	33%	\$956,250	100%

Salary

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

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

As part of the Committee’s annual salary review, salaries were determined to be reasonably competitive when compared with the actual proxy data of the Peer Group and benchmark survey information. In 2017, Mr. Ciulla received significant pay increases as his responsibilities continued to grow. Mr. Motl was the only other NEO who received an adjustment to base salary in 2017 and this took place as part of his promotion to EVP, Commercial Banking.

Annual Cash Incentive Compensation—Plan Overview

Annual cash incentive compensation is variable based on performance and ties a significant portion of the NEOs’ compensation to achievement of the Company’s annual financial plan and also considers financial performance relative to the Peer Group. The Committee approves measurements for the plan annually. For 2017, target incentives were set for each of the NEOs between 26% and 27% of total compensation. The plan is designed so that the weighted average performance for the financial measures must exceed a predetermined threshold before a payout can be made.

The plan is structured to calculate incentives based on two Primary Components:

1. **Corporate Component** - This component has two elements: Financial Performance relative to plan and Performance Relative to Peer Group. Financial Performance is determined by scoring performance against four pre-established financial measures tied to the annual financial plan. Each measure is weighted based on relative importance, and then the measures are totaled to determine a weighted score. Adjustments to this score may then be made, by as much as 20 percentage points, based on the Committee’s assessment of the Company’s performance against financial performance goals and their degree of difficulty and the Committee’s assessment of performance against the four pre-established financial measures relative to the Company’s Peer Group.
2. **Line of Business Component** - The Line of Business Component is determined based on the financial performance of the line of business against its pre-established financial goals, and the line of business performance against significant strategic objectives for the year. Adjustments may then be made based on the CEO’s and the Committee’s assessment of results against objectives, the competitive environment and the degree of difficulty of the goals. The program dictates that the Line of Business Component is not scored or paid out unless the Corporate Component is scored at or above its threshold payout level. Mr. Motl, EVP of Commercial Banking and Mr. Mhatre, EVP of Community Banking, are the line of business heads among the NEOs.

The Corporate Component rating generates a potential funding of 0% to 150% of target. A score of 100% would pay out at target. There is an aggregate threshold score of approximately 70%, which generates a payout of 50% of target, below which no payout is earned. Scores below 50% on an individual measure are reduced to zero and a total weighted score below 50% on the four goals in the aggregate earns no payout.

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

2017 Weight of Primary Components		
Name	Corporate Performance	Line of Business Performance
James C. Smith	100%	0%
John R. Ciulla	100%	0%
Glenn I. MacInnes	100%	0%
Christopher J. Motl	40%	60%
Nitin J. Mhatre	40%	60%

Annual Cash Incentive Scoring - Results

Corporate Financial Performance - Webster's 2017 results compared to plan are set forth in the table below. The Committee has discretion to make adjustments for extraordinary, unusual or non-recurring items. For 2017, no adjustments were made.

2017 Annual Cash Incentive – Corporate Financial Performance							
Financial Metric	Threshold	Target	Maximum	Actual ¹	Score	Weight	Weighted Score
Pre-Tax Pre-Provision Income	\$327.9	\$390.5	\$453.1	\$398.5	106.4%	35%	37.2%
Return on Average Equity	6.89%	8.32%	9.76%	9.61%	144.6%	30%	43.4%
Efficiency Ratio	64.30%	61.55%	60.51%	60.33%	150.0%	20%	30.0%
Credit:							
NPL's / Average Loans ²	1.08%	0.88%	0.67%	0.91%	91.9%	7.5%	6.9%
NCO's / Average Loans ²	0.37%	0.30%	0.22%	0.20%	150.0%	7.5%	11.3%
Total						100%	128.8%

¹ Actual results used for compensation calculation differs from GAAP

² NPL is an abbreviation for non-performing loans and NCO is an abbreviation for net charge-offs

Performance Relative to Peer Group – As previously described, the Committee has discretion to adjust the Corporate Component Score by plus or minus 20 percentage points based on Webster's performance against pre-established financial measures or performance relative to its Peer Group. The table below shows Webster's performance relative to the twelve companies in the Peer Group.

2017 Annual Cash Incentive - Performance Relative to Peer Group							
Financial Metric ¹	2017				2016		
	Results	% Rank	Weight	Weighted Score	% Rank	Weight	Weighted Score
Pre-Tax Pre-Provision Income/Avg. Assets	1.50%	67%	35%	23.31%	75%	35%	26.25%
Return on Average Equity	9.76%	67%	30%	19.98%	67%	30%	19.98%
Efficiency Ratio	61.24%	58%	20%	11.68%	67%	20%	13.34%
Credit:							
NPL's / Average Loans ²	0.91%	33%	7.5%	2.51%	50%	7.5%	3.75%
NCO's / Average Loans ²	0.20%	50%	7.5%	3.75%	50%	7.5%	3.75%
Weighted Score				61.32%	Weighted Score		67.07%

¹ Data as reported by SNL Securities for comparability.

² NPL is an abbreviation for non-performing loans and NCO is an abbreviation for net charge-offs.

Final Corporate Component - The Committee determined that there would not be an adjustment for Performance Relative to Peer Group. The result is the final Corporate component being equal to the Financial Performance score of 128.8%.

2017 Annual Cash Incentive – Financial Performance and Adjustments		
Financial Performance	Peer Group Adjustment	Final Corporate Component
128.8%	0.0%	128.8%

Line of Business Component - Given Mr. Motl’s responsibilities as the Head of Commercial Banking, and Mr. Mhatre’s responsibilities as Head of the Community Banking, 60% of target annual incentive for each of them is payable based on the results of that line of business, where line of business results are based on 80% financial performance and 20% performance against strategic objectives.

Mr. Motl led Commercial Banking to record financial and operating performance delivering \$109.9 million in Net Income and an 11.9% Return on Allocated Capital – resulting in a line of business financial score of 107.5%. Commercial Banking’s Economic Profit increased 18% over 2016 which was fueled by solid average loan balances that were up \$787 million or 9.3% and ended the year at \$9.3 billion. Additionally, deposits helped drive operating results with average deposit balances up 10.6% to end the year at \$4.1 billion. Loan growth was driven by Sponsor & Specialty Finance (+12%) while deposit growth from Treasury & Payment Solutions (+15%) led all commercial business units. Commercial Banking continued to make significant progress on stated strategic initiatives: (i) expanding Commercial Real Estate, Sponsor & Specialty Finance and capital markets activities and capabilities; (ii) investing in treasury and payment products and services; (iii) delivering efficiencies through organizational alignment and process enhancements across the business line; and (iv) further aligning the Private Bank’s wealth activities with those in the business line. Commercial Banking recognized efficiencies in certain lines of business and utilized those efficiencies to invest in strategic initiatives, which is demonstrated by an efficiency ratio that only increased to 39.1% from 39.0%, after increased investment and related expenses. The Private Bank was integrated into Commercial Banking in April, resulting in a significant improvement in Private Bank financial performance and an increase in the level of quality referrals from Commercial Banking to the Private Bank. Credit quality continued strong with commercial classified, non-performing loans and net charge offs at low levels.

Mr. Mhatre continued to lead Community Banking along its Transformational Strategic Roadmap to deliver pre-tax, pre-provision net revenue of \$118 million, with year-over-year growth of 9% – resulting in a line of business pre-tax, pre-provision financial score of 126%. Coupled with a strategic performance score of over 100%, the total line of business performance score closed at 121%. Community Banking continued to optimize its business model and digitize processes by delivering automated, electronic, mobile services that meet rapidly changing preferences of consumers and businesses, while improving high value customer share and customer satisfaction. Balances grew in each category with loans, deposits and investment assets under administration increasing year over year by 3%, 5% and 13%, respectively. 2017 was a record year for growth in total balances, and average balances per household were up significantly, highlighting progress in growing high value relationships. Investments in electronic infrastructure continued to drive self-service as reflected in 70% of all balance changing transactions being conducted through self-service channels, and number of mobile banking customers growing by 11%. Efficiency improvement initiatives such as ‘Fast-Track’ business loans significantly reduced loan turn times, while improving corresponding customer demand, pull through rates and overall experience. The Boston program balances grew to \$425 million and \$303 million in deposits and loans respectively, consistent with our long-term goals for that market. Community Banking continued to maintain its ‘best-in-class’ customer satisfaction and net promoter scores.

2017 Annual Cash Incentive Compensation Awarded in February 2018

Individual NEO Performance - Individual performance is determined through the annual review process as part of the Company-wide performance management process. Each NEO is evaluated based on

achievement of individual performance objectives which include strategic goals, personal behavior, risk management, regulatory compliance and people leadership. The Committee evaluates the CEO, and the CEO evaluates the other NEOs in consultation with the Committee.

NEO's Performance Summaries for 2017	
Name	Performance Summary
James C. Smith	Mr. Smith, in his final year as CEO, led Webster to another year of record financial performance. His execution and strategic leadership drove progress on all of the Bank's stated strategic initiatives enabling Webster to earn in excess of its cost of capital for the year. Revenue increased for the eighth straight year and exceeded \$1 billion for the first time. Overall loan and deposit growth were strong, and credit quality remained strong. Mr. Smith oversaw HSA Bank and its year-over-year pre-tax, pre-provision net revenue growth of over 47%. Mr. Smith worked closely with Mr. Ciulla to ensure a smooth transition of his responsibilities.
John R. Ciulla	Mr. Ciulla's responsibilities continued to increase during 2017 by taking on leadership of all the staff functions during the year, in addition to his previous leadership of Community Banking, Private Banking, Commercial Banking and Marketing. He helped Webster achieve another year of strong financial and strategic performance, including exceeding \$1 billion in annual total revenue for the first time, generating consolidated Economic Profits for the year, growing loans and deposits, and reporting strong asset quality metrics. He co-chaired Webster's newly formed Diversity & Inclusion Council, which has enhanced Webster's talent recruitment and development initiatives to further enhance a culture of inclusion. Mr. Ciulla has demonstrated outstanding leadership and strategic acumen in helping to position Webster among the higher-performing regional banks.
Glenn I. MacInnes	Mr. MacInnes continued to lead Webster's Finance organization along with oversight of the Technology group. He provided financial guidance enabling Webster to improve year-over-year financial performance and achieve the Company's financial objectives. Mr. MacInnes continued to provide strong financial and capital markets guidance to the President and the CEO. His team executed well on important matters during the year, including the refinancing of preferred securities on favorable terms, completion of a multi-state tax review, and actions relating to end-of-year tax reform legislation. He also continued to perform at a high level with respect to his leadership in Investor Relations activities, which would include investor day execution and overall interaction with investors and analysts.
Christopher J. Motl	Mr. Motl was promoted to EVP, Commercial Banking in January 2017. He led Commercial Banking to record financial and operating performance delivering \$109.9 million in Net Income and an 11.9% Return on Allocated Capital – resulting in a line of business financial score of 107.5%. Loan growth was primarily in Sponsor & Specialty Finance (+12%) while deposit growth came from Treasury & Payment Solutions (15%). Mr. Motl integrated Webster's Private Bank into Commercial Banking in April and the business units within Commercial Banking recorded record levels of referrals to the Private Bank. Mr. Motl led the focus on strategic and organizational initiatives in Commercial Banking. Credit quality remained strong with commercial classified, non-performing loans and net charge offs at low levels.
Nitin J. Mhatre	Mr. Mhatre led Community Banking to again exceed its strategic and growth objectives. He led multiple strategic objectives related to optimization and transformation of the business. Community Banking delivered pre-tax, pre-provision net revenue of over \$106 million – resulting in a line of business financial score of 120.5%. The Banking Centers' overall footings grew 3.9%, or \$747M, in loans and deposits. Community Banking continued to receive favorable scores in customer satisfaction and employee engagement scores improved to the highest ever.

2017 Annual Cash Incentive Compensation - Upon completing the scoring of the two Primary Components (Corporate and Line of Business), the scores are applied to the CEO's and each NEO's annual cash incentive target based on the weightings in the Weight of Primary Component Table to calculate the cash incentive awards. The Committee retains discretion to adjust the CEO's calculated annual cash incentive award. The CEO retains discretion, in consultation with the Committee, to adjust the NEOs' calculated annual cash incentive awards.

Discretionary Adjustment for Individual Performance - Based on the CEO's assessment of each NEO's individual performance measured against specific performance objectives and overall, the CEO may use discretion to determine a positive or negative adjustment to the calculated annual cash incentive award. Additionally, the CEO in consultation with the Chief Human Resources Officer and the Chief Risk Officer considers potential adjustments (referred to as meaningful consequences) based on each NEOs record of identifying, managing and mitigating risk, including an assessment of outcomes in the areas of compliance, operating risk, credit, audit findings or regulatory citations, or other contributions that should be taken into account.

The Committee considers potential adjustments for the CEO based on his performance against performance objectives and his leadership of the Company. In addition, the Committee considers meaningful consequences adjustments to the CEO based on his record of managing and mitigating risk.

A thorough review of risk management in the areas of regulatory, internal audit, operating and credit compliance and Sarbanes-Oxley (SOX) took place. As a result of the review, no downward adjustments were made to the annual cash incentive payments of the CEO or the NEOs.

The CEO, in consultation with the President, made the following positive adjustments to the calculated annual cash incentive awards for Messrs. MacInnes and Motl: A positive adjustment was made to Mr. MacInnes' incentive payment in recognition of his assistance in activities relating to the CEO succession. A positive adjustment was made to Mr. Motl's incentive payment in recognition of his (i) strategic execution in building-out and expanding our Sponsor and Specialty and Capital Markets businesses and capabilities, all of which created significant value to the franchise, and (ii) his successful integration of the Private Bank into Commercial Banking which resulted in increased profitability for the bank and an expanded leadership role for Mr. Motl.

2017 Final Payment Determination – The Committee determines and approves the short-term incentive award for the CEO and reviews and approves the short-term incentive awards that are recommended by the CEO for the other NEOs. The final tabulations for annual cash incentive compensation are set forth below:

2017 Annual Cash Incentive Compensation							
Name	Annual Incentive Target	Corporate Component	Line of Business Component	Calculated Award	Individual Discretionary Adjustment	Total Cash Incentive Award	Award as a Percent of Target
James C. Smith	\$950,000	128.8%	Not Applicable	\$1,223,600	-	\$1,223,600	128.8%
John R. Ciulla	\$680,000	128.8%	Not Applicable	\$875,840	-	\$875,840	128.8%
Glenn I. MacInnes	\$356,250	128.8%	Not Applicable	\$458,850	\$12,500	\$471,350	132.3%
Christopher J. Motl	\$262,500	128.8%	107.5%	\$317,890	\$102,110	\$420,000	160.0%
Nitin J. Mhatre	\$262,500	128.8%	120.5%	\$330,230	-	\$330,230	125.8%

Long-Term Incentive Compensation – Plan Overview

Long Term Incentive Vehicles: Webster awards two forms of LTI grants, performance shares and restricted stock as displayed in the table below:

Long Term Incentive Vehicles			
Vehicle	Vesting	Rationale	Vehicle Mix
Performance Shares	Vests at the conclusion of three-year performance period	To align LTI to the achievement of return on equity goals and to absolute and relative total shareholder return	75%
Time-Vested Restricted Stock	One third vests per year	To provide LTI and retention value to the NEOs and other executives	25%

Performance Shares: Performance Shares vest at the conclusion of the three-year performance period and the Committee certifies the results based 50% on Company three-year total shareholder return relative to Webster’s Peer Group and 50% on the three-year average return on equity compared to plan. Performance must meet threshold levels or the shares are forfeited.

- **Three-year Total Shareholder Return** reflects the rate of return including price appreciation plus reinvestment of dividends calculated as follows: (ending stock price – beginning price + dividends paid per share) / beginning stock price. Peer Group reflects Webster’s Compensation Peer Group listed in the Compensation Peer Group section.
- **Average Return on Equity** is calculated as the ratio of adjusted net income to adjusted average equity. The average return on equity targets are set annually during the performance period by the Committee giving consideration to the Board approved financial plan set at the end of the prior year. The score is calculated each year and then averaged over three years.

Payout Determination for Performance Shares Granted in February 2017 Based on 2017-2019 Performance				
Payout Metric	Below Threshold Payout	Threshold Payout	Target Payout	Maximum Payout
Peer-relative three-year Total Shareholder Return	0%	50%	100%	150%
Average Return on Equity over three-year period	0%	10%	100%	150%

The Company does not vest performance based restricted stock for performance below threshold. A threshold level of performance must be met for each metric in order for payment to be earned. Once threshold performance is achieved, actual awards will be interpolated between threshold and 150% of target.

The Committee may increase or decrease the CEO’s LTI or the other NEOs’ LTI based on a variety of factors including the Company’s prior year performance against financial and strategic goals. The Committee determines the recommended grant for the CEO and reviews and approves the CEO’s recommendation for the other NEOs.

Long Term Incentive Compensation Awarded in February 2017

2017 Long Term Incentive Grant - LTI grants made in February 2017 were made in the form of 75% Performance Shares and 25% time-vested restricted stock, as described above, based in part on each NEO's 2016 performance and granted based on the NEOs' 2016 base pay and LTI target percent. The Committee approved grants as shown in the chart below.

2017 Long-Term Annual Incentive Compensation (for 2016 Performance)			
Name	Long-Term Incentive Target	Grant as a Percent of 2016 Target	Long-Term Incentive Grant
James C. Smith	\$1,757,500	100%	\$1,757,500
John R. Ciulla	\$528,000	100%	\$528,000
Glenn I. MacInnes	\$522,500	100%	\$522,500
Christopher J. Motl ¹	\$198,023	114%	\$225,000
Nitin J. Mhatre	\$318,750	100%	\$318,750

¹ Mr. Motl's 2017 LTI award is based on his prior role as EVP, Middle Market Banking, Commercial Banking.

Long Term Incentive Compensation Awarded in February 2018

This table is not required but we included it because our 2018 grants are based in part on 2017 performance.

2018 Long Term Incentive Grant - The February 2018 LTI grants were made based in part on each NEO's 2017 performance and granted based on the NEOs' 2017 base pay and LTI target percent. The Committee approved grants as shown in the table below.

2018 Long-Term Annual Incentive Compensation (for 2017 Performance)			
Name	Long-Term Incentive Target	Grant as a Percent of 2017 Target	Long-Term Incentive Grant
James C. Smith	\$1,757,500	-	-
John R. Ciulla	\$1,040,000	100%	\$1,040,000
Glenn I. MacInnes	\$522,500	100%	\$522,500
Christopher J. Motl	\$318,750	100%	\$318,750
Nitin J. Mhatre	\$318,750	100%	\$318,750

Two-year Supplemental Summary Compensation Table

This table is not required but we included it because our 2018 grants are based in part on 2017 performance.

The chart below shows total direct compensation approved by the Committee for 2016 and 2017 performance. LTI grants made in February 2017 are based in part on 2016 performance and are reflected in the 2016 Total Direct Compensation. LTI grants made in February 2018 are based in part on 2017 performance and are reflected in 2017 Total Direct Compensation. Although the 2018 grants will be discussed in next year's CD&A, we have voluntarily disclosed the grants in the table set forth below. The 2017 and 2018 grants were in Performance Shares and time-vested restricted stock as described above.

Two-year Supplemental Summary Compensation Table (reflects 2017 Long-Term Incentive Grants for 2016 Performance and 2018 Long-Term Incentive Grants for 2017 Performance)					
Name	Performance Year	Year-End Salary	Annual Cash Incentive	2017 Long-Term Incentive Grants for 2016 Performance	Total Direct Compensation Received Based on Each Year's Performance
				2018 Long-Term Incentive Grants for 2017 Performance	
James C. Smith	2016	\$950,000	\$903,925	\$1,757,500	\$3,611,425
	2017	\$950,000	\$1,223,600	-	\$2,173,600
John R. Ciulla	2016	\$480,000	\$397,452	\$528,000	\$1,405,452
	2017	\$725,000	\$875,840	\$1,040,000	\$2,640,840
Glenn I. MacInnes	2016	\$475,000	\$318,386	\$522,500	\$1,315,886
	2017	\$475,000	\$471,350	\$522,500	\$1,468,850
Christopher J. Motl	2016 ¹	\$330,038	\$400,000	\$225,000	\$955,038
	2017	\$375,000	\$420,000	\$318,750	\$1,113,750
Nitin J. Mhatre	2016	\$375,000	\$279,129	\$318,750	\$972,879
	2017	\$375,000	\$330,230	\$318,750	\$1,023,980

¹ Mr. Motl's 2016 performance year compensation is based on his prior role as EVP, Middle Market Banking, Commercial Banking.

Retirement Plans

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

401(k) Plan - Webster Bank maintains a defined contribution 401(k) plan for eligible employees, including the NEOs. All participants in the plan, including each of the NEOs, are eligible to make pre-tax contributions from 1% to 25% of their pay, up to Internal Revenue Code ("IRC") limits (\$18,000 in 2017). Webster Bank matches the employee's contributions on a dollar for dollar basis for the first 2% of pay the employee contributes and then 50 cents on the dollar for up to the next 6% of pay the employee contributes. In addition, Webster provides transition credits ranging from 1% to 6% of pay for those employees, including NEOs, who were hired before January 1, 2007 and had reached age 35 or older on January 1, 2008. The purpose of transition credits is to help offset the impact of freezing the pension plan. A two-year vesting schedule applies to all Webster contributions. Under IRC limits, annual compensation in excess of \$270,000 in 2017 may not be taken into account for determining benefits or contributions under the qualified plan. Employees who are age 50 or older by the last day of the year may contribute an additional \$6,000 to the plan.

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

Supplemental Defined Contribution Plan - Webster Bank maintains a non-qualified supplemental defined contribution plan for certain executives, including the NEOs. This plan provides each NEO with an allocation to their supplemental 401(k) account equal to the additional match and transition credit contributions that the NEO would have received in the qualified 401(k) plan if there were no IRC compensation or deferral limits.

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

Employment Agreements

The NEOs do not have employment agreements; however, all NEOs are subject to change in control and non-competition agreements.

Other Executive Benefits

Webster offers a limited number of benefits to the NEOs and other executives in addition to the broad-based employee benefits program. Each benefit supports a specific objective, but falls within the overall purpose of recognizing leadership responsibility and contributions to the Company’s goals. Management reviews the benefits with the Committee for consistency with Webster’s organizational culture and market practices. These benefits, which are limited to Supplemental Defined Contribution Plan and additional life insurance benefits, are described in a footnote to the Summary Compensation Table.

Post-Termination Arrangements

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

Executive Stock Ownership

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

2017 Stock Ownership Guidelines			
Name	Multiple of Base Salary	Value of Multiple	Target Ownership Status
James C. Smith	6X	\$5,700,000	Met
John R. Ciulla	4X	\$3,200,000	Met
Glenn I. MacInnes	3X	\$1,425,000	Met
Christopher J. Motl	3X	\$1,125,000	Met
Nitin J. Mhatre	3X	\$1,125,000	Met

Once achieved, ownership of the guideline amount must be maintained for as long as the executive is subject to the stock ownership guidelines. Even if stock ownership guidelines have been achieved, NEOs are required to continue to hold all net vested restricted stock and Performance Shares and net shares of Common Stock delivered after exercising stock options for a minimum of one year. This holding period will remain in effect if the NEO terminates from the Company. NEOs who do not meet the guidelines further agree to hold all net Common Stock received through LTI awards until they achieve their respective ownership thresholds. As of December 31, 2017, all NEOs have met the stock ownership guidelines.

Mr. Ciulla's stock ownership guideline multiple has been increased to 6x his salary as of January, 1, 2018 when he became the new President & CEO.

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

Policy on Internal Revenue Code Section 162(m)

The Internal Revenue Code Section 162(m) limited the deduction available for compensation paid to the CEO and the three most highly compensated executive officers other than the chief financial officer to the extent the compensation paid to any such person exceeds \$1,000,000, unless such compensation was based on performance goals determined by a Committee consisting solely of two or more non-employee directors and the performance goals are approved by the shareholders prior to payment. This rule was changed beginning in 2018, however, Webster will endeavor to maintain this performance-based exemption for 2017 annual incentive payments and the outstanding performance shares in the long-term incentive program until such payments are made pursuant to the applicable grandfathering rules under IRC Section 162(m). However, while the Committee recognizes the importance of tax deductibility and endeavors to formulate its compensation program in a tax-effective manner, it also believes it is critical to balance tax deductibility with ensuring that Webster's programs are designed appropriately to recognize and reward executive performance, such that at times current tax deductibility limits may be exceeded.

COMPENSATION OF EXECUTIVE OFFICERS

The following tables contain certain compensation information for the CEO, President, Chief Financial Officer, Executive Vice President, Commercial Banking and Executive Vice President, Community Banking.

Summary Compensation Table

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

Summary Compensation Table								
Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$) ¹	Non-Equity Incentive Plan Compensation (\$) ²	Change in Pension Value and Non-qualified Deferred Compensation Earnings (\$) ³	All Other Compensation (\$) ⁴	Total (\$)
James C. Smith Chairman and CEO	2017	950,000	-	1,825,799	1,223,600	1,414,500	386,361	5,800,260
	2016	950,000	-	1,697,706	903,925	928,800	374,765	4,855,196
	2015	925,000	-	1,790,492	878,750	442,200	354,998	4,391,440
John R. Ciulla President	2017	725,000	-	548,498	875,840	11,500	129,388	2,290,226
	2016	480,000	-	338,603	397,452	6,800	94,511	1,317,366
	2015	455,768	-	797,345	303,849	-	78,298	1,635,260
Glenn I. MacInnes EVP and CFO	2017	475,000	-	1,103,526	471,359	-	98,097	2,147,982
	2016	475,000	-	428,566	318,386	-	80,609	1,302,561
	2015	454,704	-	451,981	277,994	-	63,639	1,248,318
Christopher J. Motl EVP Commercial Banking	2017	375,000	-	775,163	420,000	8,600	83,608	1,662,371
Nitin J. Mhatre EVP Community Banking	2017	375,000	-	331,131	330,230	-	76,775	1,113,136
	2016	375,000	-	632,489	279,129	-	66,087	1,352,705
	2015	360,004	-	320,169	283,302	-	44,477	1,007,952

¹ Amounts shown in this column are based on the grant date fair value related to restricted stock awards at target made in 2015, 2016 and 2017, in accordance with FASB ASC Topic 718. For 2017, Messrs. MacInnes and Motl received special retention restricted stock awards which are included in these amounts.

² Amounts shown in this column represent cash awards paid under the performance based annual incentive plan.

³ Webster Bank maintains both a frozen tax-qualified pension plan and a frozen non-qualified supplemental defined benefit plan. These are described more fully in the Pension Benefits section of this Proxy Statement. Benefit accruals for service and compensation were frozen after December 31, 2007. The amounts in this column reflect the change in the actuarial present value of the NEOs' benefits under both plans determined using interest rate and mortality assumptions consistent with those used in the Company's financial statements. Specifically, the assumptions used to value the accumulated benefits at December 31, 2017 consisted of a 3.50% interest rate for the qualified plan versus 4.01% in 2016, a 3.30% interest rate for the non-qualified supplemental plan (3.50% for benefits payable as a lump sum) versus 3.64% in 2016, and the RP-2014 with MP-2017 Mortality Table. The change in pension value in 2017 is primarily due to the decrease in interest rates used to calculate the present value of the benefits and actuarial increases for executives over age 65. The changes in pension value in 2017 under the tax-qualified pension plan and non-qualified pension plan for each NEO were as follows:

2017 Change in Pension Value and Non-Qualified Deferred Compensation Earnings			
Name	Change in Qualified Pension Value (\$)	Change in Non-Qualified Pension Value (\$)	Total (\$)
James C. Smith	1,500	1,413,000	1,414,500
John R. Ciulla	11,500	-	11,500
Christopher J. Motl	8,600	-	8,600

Messrs. Ciulla and Motl were not eligible for the supplemental defined benefit plan at the time that the plan was frozen on December 31, 2007.

- 4 All Other Compensation includes amounts contributed or allocated, as the case may be, to the 401(k) plan (excluding the NEOs' contributions to the qualified 401(k) plan), the non-qualified supplemental defined contribution plan, dividends paid on unvested restricted stock and on earned performance-based stock awards and the premium on a life insurance policy. All Other Compensation items in the Summary Compensation Table include the following amounts:

2017 All Other Compensation				
Name	Company Contribution to 401(k) Plan (\$)	Supplemental Defined Contribution Plan (\$)	Dividends (\$)	Premium on Life Insurance Policies (\$)
James C. Smith	27,905	176,027	168,251	12,879
John R. Ciulla	17,105	61,467	46,555	3,505
Glenn I. MacInnes	11,705	27,965	55,183	2,395
Christopher J. Motl	14,405	32,096	30,355	2,114
Nitin J. Mhatre	11,705	21,002	41,902	1,065

Grants of Plan-Based Awards

During the fiscal year ended December 31, 2017, the following table displays all non-equity incentive plan and equity incentive plan awards that were made to the NEO.

Grants of Plan-Based Awards In 2017										
Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards¹			Estimated Future Payouts Under Equity Incentive Plan Awards²			All Other Stock Awards: Number of Shares of Stock or Units (#)	Closing Price on Grant Date (\$)	Grant Date Fair Value of Stock and Option Awards³ (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
James C. Smith	2/22/2017	475,000	950,000	1,900,000	2,439	24,386	36,579	8,129	56.07	1,825,799
John R. Ciulla	2/22/2017	340,000	680,000	1,360,000	733	7,326	10,989	2,442	56.07	548,498
Glenn I. MacInnes ⁴	2/22/2017	178,125	356,250	712,500	725	7,250	10,875	12,417	56.07	1,103,526
Christopher J. Motl	1/11/2017							10,000	54.14	541,400
	2/22/2017	131,250	262,500	525,000	312	3,122	4,683	1,041	56.07	233,763
Nitin J. Mhatre	2/22/2017	131,250	262,500	525,000	442	4,423	6,635	1,474	56.07	331,131

¹ Columns represent the potential payouts to each of the NEOs resulting from an award pursuant to the annual incentive compensation plan, subject to achievement of pre-established performance goals discussed in this Proxy Statement. Actual amounts earned by the NEOs are set forth under the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation Table in this Proxy Statement.

² Represents the threshold, target and maximum number of Performance Shares that may vest if performance targets for the 2017 through 2019 performance period are satisfied. Dividends will be deferred on the unearned Performance Shares and will be paid upon conclusion of the performance period to the extent earned.

³ Represents the grant date fair value, computed in accordance with FASB ASC Topic 718 of all equity awards granted in 2017.

⁴ For Mr. MacInnes, the number of shares shown in the All Other Stock Awards column includes an additional one-time award of 10,000 shares made on the grant date of 02/22/2017.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth outstanding option awards and unvested stock awards held by Webster's NEOs as of December 31, 2017.

Outstanding Equity Awards at Fiscal Year-End 2017								
Name	Grant Date	Option Awards			Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Option Price (\$)	Option Expiration Date	Number of Shares or Units That Have Not Vested (#)	Market Value of Shares or Units That Have Not Vested ¹ (\$)	Equity Incentive Awards: Number of Unearned Shares, Units or Other Rights that Have Not Vested (#)	Equity Incentive Awards: Market Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested ¹ (\$)
James C. Smith	12/16/2008	109,783	12.85	12/16/2018	-	-	-	-
	2/22/2012	99,774	23.81	2/22/2022	-	-	-	-
	2/20/2013	122,026	23.00	2/20/2023	-	-	-	-
	2/25/2015	-	-	-	-	-	37,593 ²	2,111,223
	2/24/2016	-	-	-	-	-	38,837 ³	2,181,086
	1/22/2017	-	-	-	8,129 ⁴	456,525	24,386 ³	1,369,518
John R. Ciulla	2/22/2012	13,808	23.81	2/22/2022	-	-	-	-
	2/20/2013	15,528	23.00	2/20/2023	-	-	-	-
	2/25/2015	-	-	-	824 ⁵	46,276	7,414 ²	416,370
	3/20/2015	-	-	-	12,000 ⁶	673,920	-	-
	2/24/2016	-	-	-	1,722 ⁵	96,708	7,746 ³	435,015
	2/22/2017	-	-	-	2,442 ⁵	137,143	7,326 ³	411,428
Glenn I. MacInnes	2/22/2012	11,567	23.81	2/22/2022	-	-	-	-
	2/20/2013	22,828	23.00	2/20/2023	-	-	-	-
	2/25/2015	-	-	-	1,055 ⁵	59,249	9,490 ²	532,958
	2/24/2016	-	-	-	2,179 ⁵	122,373	9,804 ³	550,593
	2/22/2017	-	-	-	2,417 ⁵	135,739	7,250 ³	407,160
	2/22/2017	-	-	-	10,000 ⁷	561,600	-	-
Christopher J. Motl	2/20/2013	2,353	23.00	2/20/2023	-	-	-	-
	2/25/2015	-	-	-	407 ⁵	22,857	3,661 ²	205,602
	2/24/2016	-	-	-	908 ⁵	50,993	4,085 ³	229,414
	3/4/2016	-	-	-	2,000 ⁸	112,320	-	-
	1/11/2017	-	-	-	10,000 ⁶	561,600	-	-
	2/22/2017	-	-	-	1,041 ⁵	58,463	3,122 ³	175,332
Nitin J. Mhatre	2/22/2012	14,239	23.81	2/22/2022	-	-	-	-
	2/20/2013	16,040	23.00	2/20/2023	-	-	-	-
	2/25/2015	-	-	-	747 ⁵	41,952	6,722 ²	377,508
	2/24/2016	-	-	-	1,544 ⁵	86,711	6,945 ³	390,031
	2/24/2016	-	-	-	10,000 ⁶	561,600	-	-
	2/22/2017	-	-	-	1,474 ⁵	82,780	4,423 ³	248,396

¹ Market value calculated by multiplying the closing market price of Webster's Common Stock on December 31, 2017, which was \$56.16, by the number of shares of stock.

- 2 The performance criteria was met after the close of the performance period on December 31, 2017. The performance value was 131% and will be awarded in February 2018.
- 3 The performance criteria will be evaluated after the December 31st close of the final year of the three-year performance period.
- 4 The restricted stock unit award will vest entirely on the first anniversary of the grant and will be distributed six months following termination.
- 5 The restricted stock award will vest and be transferrable one third on the first anniversary of the grant; one third on the second anniversary of the grant; and the final third will vest and be transferrable on the third anniversary of the grant.
- 6 The restricted stock award will vest and be transferrable one fourth on the third anniversary of the grant; one fourth on the fourth anniversary of the grant; and the remaining one half will vest and be transferrable on the fifth anniversary of the grant.
- 7 The restricted stock award will vest and be transferrable one fourth on the second anniversary of the grant; one fourth on the third anniversary of the grant; and the remaining one half will vest and be transferrable on the fourth anniversary of the grant.
- 8 The restricted stock unit award will vest entirely on the third anniversary of the grant.

Option Exercises and Stock Vested

The table below sets forth the number of shares of stock acquired in fiscal 2017 upon the exercise of stock options awarded to the NEOs and as a result of the vesting of shares of restricted stock awarded to the NEOs under Webster’s compensatory equity programs.

Option Exercises and Stock Vested in 2017				
Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise¹ (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting² (\$)
James C. Smith	127,034	3,081,915	63,624 ³	3,562,652
John R. Ciulla	11,579	129,106	11,222	627,812
Glenn I. MacInnes	-	-	15,719	879,497
Christopher J. Motl	-	-	5,953	333,064
Nitin J. Mhatre	19,984	774,380	10,555	590,526

- ¹ Value realized calculated based on the difference between the market price of Webster’s Common Stock on the date of exercise and the exercise price.
- ² Value realized calculated by multiplying the number of shares vesting by the fair market value of Webster’s Common Stock on the vesting date. Stock awards vested include additional shares received by all NEOs for the 2014 Performance Awards that were earned and distributed in 2017. The performance result was 123.5% resulting in a 23.5% increase in shares distributed over the target grant.
- ³ The number of shares acquired by Mr. Smith includes 12,531 restricted stock units that vested but were deferred from distribution with a value of \$723,163. This amount is also reported in the Non-Qualified Deferred Compensation table. Mr. Smith will receive distribution six months following termination. Dividends are not paid on these units until they are distributed.

Pension Benefits

The following table shows the present value of accumulated benefits payable to each of the NEOs, including the number of years of service credited to each such NEO, under both the frozen pension plan and the frozen supplemental defined benefit plan as of December 31, 2017. Both plans were frozen as of December 31, 2007. The accumulated benefit value is based upon the benefit that is payable at the NEOs' Normal Retirement Age (65) with actuarial increases for executives over age 65.

2017 Pension Benefits ¹				
Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit (\$)	Payments During Last Fiscal Year (\$)
James C. Smith	Webster Bank Pension Plan	30	323,100	25,300
	Supplemental Defined Benefit Plan for Executive Officers	32.3	11,002,500	-
John R. Ciulla	Webster Bank Pension Plan	4	97,200	-
Christopher J. Motl	Webster Bank Pension Plan	4	52,300	-

¹ Messrs. Ciulla and Motl were not eligible for the supplemental defined benefit plan at the time that the plan was frozen on December 31, 2007. Messrs. MacInnes and Mhatre joined Webster after the pension plan and supplemental defined benefit plan were frozen and therefore have accumulated no credited years of service under either plan.

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

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

Benefits under the pension plan are funded solely by contributions made by Webster Bank. Under the pension plan's benefit formula, a participant's monthly normal retirement benefit will equal the sum of: (a) his or her accrued benefit as of December 31, 1986 (adjusted through August 31, 1996 to reflect certain future increases in compensation), plus (b) the sum of 2% of the participant's monthly compensation for each year of credited service beginning on or after January 1, 1987 through August 31, 2004, plus (c) the sum of 1.25% of the participant's monthly compensation if the participant has less than 10 years of credited service at the beginning of the year, or 1.50% of the participant's monthly compensation if the participant has 10 or more years of credited service at the beginning of the year, for each year of credited service beginning on or after September 1, 2004 through December 31, 2007. In general, benefits may not be based on more than 30 years of credited service. The normal form of benefit is a life annuity for the participant's lifetime. A pension plan participant becomes 100% vested in the benefits under the pension plan upon completion of five years of service. Benefit payments to a participant or beneficiary may commence upon a participant's early retirement date (age 55), normal retirement date (age 65), deferred retirement date or death. Benefits payable at early retirement date are reduced 1/15th each year for the first five years and 1/30th each year for the next five years before normal retirement date.

Mr. Smith elected to receive a distribution of his pension plan benefits in 2014 and is currently receiving distributions. Participants may elect to receive their benefits in one of several optional forms, including a lump sum or periodic payments during the participant's lifetime or during the lifetime of the participant and a surviving spouse or designated beneficiary. The lump sum option has been eliminated for benefits earned after January 26, 1998.

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

The frozen supplemental defined benefit plan provides supplemental pension benefits that are not available under the pension plan because annual compensation in excess of \$270,000 in 2017 (subject to cost of living increases) may not be used in the calculation of retirement benefits under the IRC and because annual pension benefits are subject to a maximum of \$215,000 in 2017 (subject to cost of living increases). Annual compensation for both the qualified pension plan and the supplemental defined benefit plan is defined as base pay, overtime, commissions, and bonuses (including bonuses for which the participant has deferred to a future year).

In place of the pension formula in the supplemental plan, Mr. Smith receives a benefit at age 65 equal to 60% of the average of the highest compensation during five consecutive calendar years, reduced by benefits from the pension plan and Social Security. The 60% is prorated based upon service at the time the benefits were frozen to service at age 65. Credited service is not limited to 30 years under the plan. The benefit is also reduced in the event of retirement before age 65 in the same manner as the pension plan. Benefits under the supplemental defined benefit plan are payable in monthly installments or a lump sum. The assumptions used to determine the present value of the accumulated benefits for purposes of the Pension Benefits table consisted of a 3.50% interest rate for the qualified plan, a 3.30% interest rate for the non-qualified supplemental defined benefit plan (4.01% for benefits payable as a lump sum), and the RP-2014 with MMP-2007 Mortality Table.

Non-Qualified Deferred Compensation

Effective January 1, 2012, Webster suspended the ability of participants to defer any base pay or bonus into a non-qualified deferred compensation plan. All deferred compensation accounts are payable upon death, disability, termination of service or a specified date after the year of deferral. Distribution elections may be paid in a lump sum or in ten annual installments, except in the case of disability, where lump sum distribution is required.

Webster maintains a non-qualified supplemental defined contribution plan which provides supplemental employer match contributions that are not available under the qualified 401(k) plan because annual compensation in excess of \$270,000 in 2017 (subject to cost of living increases) may not be used in the calculation of retirement benefits under the IRC and because annual contributions to the qualified plan that can be matched by the employer are subject to a maximum of \$18,000 in 2017 (subject to cost of living increases).

The following table shows the contributions to and the earnings in each NEO's account under Webster's non-qualified deferred compensation plans for the fiscal year ended December 31, 2017. There were no distributions from any NEO's accounts.

2017 Non-Qualified Deferred Compensation				
Name	Executive Contributions in Last FY¹ (\$)	Registrant Contributions in Last FY² (\$)	Aggregate Earnings in Last FY³ (\$)	Aggregated Balance at Last FYE (\$)
James C. Smith	723,163	176,027	1,254,490	24,084,828
John R. Ciulla	-	61,467	5,343	254,623
Glenn I. MacInnes	-	27,965	465	127,382
Christopher J. Motl	-	32,095	-	32,095
Nitin J. Mhatre	-	21,002	412	109,255

¹ The amount in this column is the value of restricted stock units that vested but were deferred from distribution by Mr. Smith, also reported in the 2017 Options Exercises and Stock Vested table in this Proxy Statement.

² The amounts in this column are reported as supplemental defined contribution plan contributions in "All Other Compensation" column in the Summary Compensation Table in this Proxy Statement.

³ The amounts in this column show the investment gain or loss for each NEO during 2017, based on the investment choices selected by each NEO.

Pay Ratio

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of Regulation S-K, we are providing the following information about the relationship of the annual total compensation of Webster's employees and the annual total compensation of James C. Smith, Webster's Chairman and CEO. The pay ratio was calculated in a manner consistent with Item 402(u) of Regulation S-K.

For 2017, our last completed fiscal year, we determined that the annual median total compensation of all our employees who were employed as of December 31, 2017, other than our Chairman and CEO was \$58,492; the annual total compensation of our Chairman and CEO was \$5,800,260; and the ratio of these amounts was 99 to 1. Note: By excluding the amount in the "Change in Pension Value and Non-qualified Deferred Compensation Earning" column of the Summary Compensation Table for our Chairman and CEO the ratio is reduced to 75 to 1.

To identify the median of the annual total compensation of all our employees, as well as to determine the annual total compensation of our median employee and our Chairman and CEO, we took the following steps:

- We determined that, as of December 31, 2017, our employee population consisted of 3,369 individuals with all of these individuals located in the United States. This population consisted of our full-time, part-time, and seasonal employees.
- To identify the median employee from our employee population, we compared the amount of salary, overtime and other premium pay, and bonus payments of our employees as reflected in our payroll records.

- Once we identified our median employee, we combined all of the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(2)(x) of Regulation S-K. The difference between such employee's salary, overtime and other premium pay, and bonus payments and the employee's annual total compensation represents the value of such employee's equity awards, dividends, 401k matching employer contributions, change in defined pension value and any other compensation, to the extent that such employee received or is eligible for these compensation elements.
- With respect to the annual total compensation of our Chairman and CEO, we used the amount reported in the "Total" column of our 2017 Summary Compensation Table included in this Proxy Statement.

Retirement and Advisory Services Agreement with Mr. Smith

On September 19, 2017, Webster Financial Corporation (the "Company") announced that James C. Smith, Chairman and Chief Executive Officer of the Company, would retire from his position as Chief Executive Officer effective December 31, 2017. Following his retirement as Chief Executive Officer, Mr. Smith will continue to serve as non-executive Chairman of the Board and, at the request of the Board, will serve as an advisor to the Company.

In connection with Mr. Smith's agreement to serve as an advisor to the Company following his retirement as Chief Executive Officer, Mr. Smith and the Company have entered into an agreement providing for advisory services commencing on January 1, 2018 and ending on December 31, 2019, subject to renewal by the Company. In addition to Mr. Smith providing advisory services to the Company, the agreement extends the duration of Mr. Smith's current non-solicitation and non-competition covenants to cover the period during which Mr. Smith is providing advisory services to the Company, and one year thereafter in the event Mr. Smith voluntarily terminates his advisory services. Pursuant to the agreement, Mr. Smith will be paid director fees at the rate of \$250,000 per year in respect of his service as Chairman of the Board and an annual advisory fee of \$450,000 in respect of his service as an advisor to the Company. In addition, in recognition of the superior shareholder value created and maintained through his development and oversight of the Company's executive team, Mr. Smith's implementation of the Company's succession plan, and the orderly transition of his responsibilities as Chief Executive Officer to his successor, Mr. Smith will receive a cash award of \$2 million, which will vest and be paid on July 2, 2018, subject to Mr. Smith's performance under the agreement through that date.

As a result of Mr. Smith's retirement he will not appear in either the *Payments Due Upon Executive Severance* table or the *Payments Due Upon Involuntary Termination Not for Cause or Termination for Good Reason following Change In Control* table. In addition to the above, Mr. Smith has already received accelerated vesting of his stock upon age 65 and will continue to be awarded his outstanding performance shares upon the close of each performance period and certification of performance results by the Compensation Committee.

Potential Payments on Termination following Executive Severance

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

Assuming a December 31, 2017 termination event of involuntary termination without Cause, the aggregate value of the payments and benefits to which each NEO would be entitled would be as follows:

Payments Due Upon Executive Severance				
Name	Salary and Bonus (\$)	Benefits and Health Programs (\$)	Value of Accelerated Equity¹ (\$)	Total Payments (\$)
John R. Ciulla	1,480,000	\$15,121	1,217,380	2,712,501
Glenn I. MacInnes	831,250	\$11,479	970,445	1,813,174
Christopher J. Motl	637,500	\$15,121	452,481	1,105,102
Nitin J. Mhatre	637,500	\$15,085	940,399	1,592,984

¹ If an NEO is terminated under the Executive Severance Plan, the portion of equity awards granted under Webster's Amended and Restated 1992 Stock Option Plan that are outstanding immediately prior to the termination shall become fully vested and exercisable based on the length of time worked since the grant date (provided that they have been held for a period of one year).

Potential Payments on Termination following Change in Control

Historically, Webster has entered into Change in Control Agreements and Non-Competition or Non-Solicitation Agreements with its NEOs, which provide post-termination payments to the NEOs.

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

Webster has entered into a Change in Control Agreement with each of the NEOs. Pursuant to the Change in Control Agreements, each NEO is eligible to receive payments and other benefits, subject to the conditions described below, in the event the executive is terminated during the two year period following a change in control. A change in control is defined by the agreements as:

- with certain exceptions, the acquisition by any person of beneficial ownership of 20% or more of either (i) the outstanding shares of the Common Stock or (ii) the combined voting power of the outstanding voting securities of Webster entitled to vote generally in the election of directors;
- individuals who, as of the date of each executive's agreement, constituted the Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors, except for individuals subsequently joining the Board who are approved by at least a majority of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board of Directors;
- generally, consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Webster (with certain standard exceptions); or
- approval by the shareholders of a complete liquidation or dissolution of Webster.

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

- *Death or Disability* - If an executive's employment is terminated by reason of death or disability (defined as the absence of the executive from his or her duties on a full-time basis for 180 consecutive

business days as a result of incapacity due to mental or physical illness determined to be total and permanent), following a change in control, the executive, or the executive's estate, as the case may be, is entitled to receive the executive's accrued salary, bonus, deferred compensation (together with accrued interest or earnings thereon), any accrued vacation pay plus any other amounts or benefits required to be paid or provided to the executive under any agreement or plan of Webster and its affiliated companies.

- *Cause* - If an executive's employment is terminated for Cause following a change in control, the Change in Control Agreement terminates and the executive is entitled to receive only his or her annual base salary through the date of termination, the amount of any compensation previously deferred by the executive and any other amounts or benefits required to be paid or provided to the executive under any agreement or plan of Webster and its affiliated companies. Cause is defined as:
 - o the willful and continued failure by the executive to perform substantially the executive's duties with Webster or one of its affiliates (other than a failure resulting from incapacity due to physical or mental illness), after written demand for performance is delivered to the executive by the Chief Executive Officer, or
 - o the willful engaging by the executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to Webster.
- *For Good Reason or Other than for Cause, Death or Disability* - Executives are entitled to certain payments and continued benefits in the event of a termination following a change in control other than for Cause, Death or Disability, or in the event the executive terminates his or her employment for "Good Reason." Good Reason is defined as:
 - o the assignment to the executive of duties inconsistent with the executive's position, authority, duties or responsibilities resulting in a diminution in such position, authority, duties or responsibilities;
 - o the failure by Webster to comply with the compensation terms of the executive's change in control agreement;
 - o a material change in the office or location at which the executive is primarily based or Webster's requiring the executive to travel on Company business to a substantially greater extent than required immediately prior to the change in control;
 - o the termination by Webster of the executive's employment other than expressly as permitted by the change in control agreement; or
 - o the failure by Webster to require that any successor assume, and perform according to, the executive's change in control agreement.

In the event of a termination under a Good Reason or Other than for Cause, Death or Disability Upon Change in Control, the executive is entitled to:

- the executive's base salary through the termination date to the extent not previously paid;
- a bonus based on the target bonus in effect for the executive;
- any previously deferred compensation and accrued vacation pay;
- an amount equal to three times the sum of the executive's base salary and bonus for Mr. Smith and two times for the other NEOs;
- the additional amounts that would have been contributed or credited to his or her 401(k) accounts in both the qualified and supplemental 401(k) plans if the executive's employment had continued for three years after the date of termination for Mr. Smith and two years for the other NEO's, based on the compensation amounts that would have been required to be paid to him or her under the change of control agreement.

- continued benefits for the executive and his or her family for a period of three years following termination for Mr. Smith and two years for the other NEOs;
- outplacement services; and
- any other amounts or benefits to which he or she is entitled under any agreement or plan of Webster and its affiliated companies.

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

Assuming a December 31, 2017 termination event following a Change in Control, the aggregate value of the payments and benefits to which each NEO would be entitled in the event of termination other than for Cause, Death or Disability, or in the event the executive terminates employment for Good Reason would be as follows:

Payments Due Upon Involuntary Termination Not for Cause or Termination for Good Reason following Change In Control¹					
Name	Salary and Bonus (\$)	Qualified and Non-qualified 401(k) Contribution Equivalents (\$)	Benefits and Health Programs (\$)	Value of Accelerated Equity² (\$)	Total Payments (\$)
John R. Ciulla	2,960,000	157,143	88,216	1,668,289	4,873,648
Glenn I. MacInnes	1,662,500	79,339	78,580	1,265,172	3,085,591
Christopher J. Motl	1,275,000	93,000	84,056	621,186	2,073,242
Nitin J. Mhatre	1,275,000	65,413	82,958	1,457,801	2,881,172

¹ Does not reflect potential modified cut-back in the event the executive exceeds the safe harbor limit.

² In the event of a change in control, if an NEO is terminated, all equity awards granted under Webster's Amended and Restated 1992 Stock Option Plan that are outstanding immediately prior to the change in control shall become fully vested and exercisable (provided that they have been held for a period of one year).

Risk Assessment Disclosure

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

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

- The "clawback" feature applicable to NEOs and certain other executives encourages executives and staff to maintain accurate books and records and comply with relevant accounting policies. Under the "clawback," any bonus or incentive compensation for executives is subject to recovery by Webster if such compensation is based on criteria that are later shown to be materially inaccurate, without regard to whether the inaccuracy arose from any misconduct.
- The vesting elements of the equity awards align the interests of the officers with the long-term health of Webster, the quality of earnings, and the interests of shareholders.

- The programs include a mix of cash and equity awards, which support an appropriate balance of short-term and long-term risk and reward decision making. Equity awards include a performance element with a payout dependent upon achieving designated goals.
- Strong governance structure, which includes key elements such as a code of conduct and ethics policy, various risk management and board committees, and a new activity process with embedded risk controls and executive approvals.
- Risk function reports outside of the lines of business and the pay of risk managers is not determined by the businesses they evaluate.
- Stock ownership requirements that align executive officers with the interests of the shareholders.
- Strong independent internal credit oversight and quality controls.
- Shared accountability for incentive design, budget and payout with oversight by the Incentive Compensation Oversight Committee and the Compensation Committee with input from the Chief Risk Officer.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are Messrs. Shivery (Chair), Atwell, Becker and Morse. No person who served as a member of the Compensation Committee during 2017 was a current or former officer or employee of Webster or any of its subsidiaries or, except as disclosed below, engaged in certain transactions with Webster required to be disclosed by regulations of the SEC. Additionally, there were no compensation committee “interlocks” during 2017, which generally means that no executive officer of Webster served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of the Compensation Committee of Webster.

From time to time, Webster Bank makes loans to its directors and executive officers and related persons and entities for the financing of homes, as well as home improvement, consumer and commercial loans. These loans are made in the ordinary course of business, are made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons not related to Webster or Webster Bank, and neither involve more than normal risk of collectability nor present other unfavorable features.

Policies and Procedures Regarding Transactions with Related Persons

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

Audit Committee Report

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

The Audit Committee has reviewed and discussed the Company's audited consolidated financial statements for the fiscal year ended December 31, 2017 with Webster's management. The Audit Committee has discussed with KPMG LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Auditing Standard No. 1300, "Auditor Communications" issued by the Public Company Accounting Oversight Board ("PCAOB"). The Audit Committee has received the written disclosures and letter from KPMG LLP required by applicable requirements of the PCAOB, and has discussed with KPMG LLP the independence of KPMG LLP. Based on the review and discussions described in this paragraph, the Audit Committee recommended to Webster's Board of Directors that the Company's audited consolidated financial statements for the year ended December 31, 2017 be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the Securities and Exchange Commission.

Audit Committee

Karen R. Osar (Chair)

John J. Crawford

Elizabeth E. Flynn

Mark Pettie

Lauren C. States

STOCK OWNED BY MANAGEMENT

The following table sets forth information as of February 1, 2018 with respect to the amount of Webster Common Stock beneficially owned by each director of Webster, each nominee for election as a director, each of the NEOs and by all directors and executive officers of Webster as a group.

<u>Name and Position(s) with Webster</u>	<u>Number of Shares and Nature of Beneficial Ownership¹</u>	<u>Percent of Common Stock Outstanding</u>
William L. Atwell Director	17,169	*
Joel S. Becker Director	83,706	*
John R. Ciulla President	86,388	*
John J. Crawford Director	27,060	*
Elizabeth E. Flynn Director	16,962	*
Glenn I. MacInnes Executive Vice President and Chief Financial Officer	116,680	*
Nitin J. Mhatre Executive Vice President and Head of Community Banking ...	61,443	*
Laurence C. Morse Director	44,887	*
Christopher J. Motl Executive Vice President and Head of Commercial Banking ...	20,687	*
Karen R. Osar Director	24,061	*
Mark Pettie Director	34,978	*
Charles W. Shivery Director	35,605	*
James C. Smith Non-Executive Chairman	1,006,007	1.15%
Lauren C. States Director	2,423	*
All Directors and Executive Officers as a group (22 persons) ...	1,821,717	1.96%

* Less than 1% of Common Stock outstanding.

¹ In accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended for purposes of this table, a person is deemed to be the beneficial owner of any shares of Common Stock if such person has or shares voting power and/or investment power with respect to the security, or has the right to acquire beneficial ownership at any time within 60 days from February 1, 2018. As used herein, “voting power” includes the power to vote or direct the voting of shares and “investment power” includes the power to dispose or direct the disposition of shares.

The table includes shares owned by spouses, other immediate family members and others over which the persons named in the table possess shared voting and/or shared investment power as follows: Mr. Crawford, 1,200 shares; Mr. Smith, 16,252 shares; and all directors and executive officers as a group, 17,452 shares. The table also includes the following: 566,387 shares subject to outstanding options which are exercisable within 60 days from February 1, 2018; 161,211 shares held in the 401(k)

Plan; 12,354 shares purchase through the Employee Stock Purchase Plan held by Fidelity Investments; 111,547 shares of restricted stock that were not vested as of February 1, 2018; and 178,899 shares of Common Stock underlying restricted stock for Mr. Smith that were deferred pursuant to the terms of the Stock Option Plan. All other shares included in the table are held by persons who exercise sole voting and sole investment power over such shares.

Outstanding options reflected in the table were held as follows: Mr. Becker, 36,939 shares; Mr. Crawford, 20,423 shares; Mr. Ciulla, 29,336 shares; Mr. MacInnes, 34,395 shares; Mr. Mhatre, 30,279 shares; Mr. Morse, 20,338 shares; Mr. Motl, 2,353 shares; Mr. Pettie, 18,573 shares; Mr. Shivery, 13,274 shares; and Mr. Smith, 331,583 shares. Also reflected are 244,160 shares of phantom stock held by Mr. Smith in the Webster Bank Deferred Compensation Plan for Directors and Officers.

PRINCIPAL HOLDERS OF VOTING SECURITIES OF WEBSTER

The following table sets forth information as of January 31, 2018 with respect to the beneficial ownership of Common Stock by any person or group as defined in Section 13(d)(3) of the Exchange Act who is known to the Company to be the beneficial owner of more than five percent of the Common Stock.

<u>Name and Addresses of Beneficial Owners</u>	<u>Number of Shares; Nature of Beneficial Ownership ¹</u>	<u>Percent of Common Stock Owned</u>
BlackRock, Inc. 55 East 52 nd Street New York, NY 10055	8,132,170 ²	8.80%
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	5,196,000 ³	5.60%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	7,709,447 ⁴	8.37%
T. Rowe Price Associates, Inc. 100 E. Pratt Street Baltimore, MD 21202	9,355,518 ⁵	10.10%

¹ Based on information in the most recent Schedule 13D or 13G filed with the Securities and Exchange Commission pursuant to the Exchange Act, unless otherwise indicated. In accordance with Rule 13d-3 under the Exchange Act, a person is deemed to be the beneficial owner, for purposes of this table, of any shares of Common Stock if such person has or shares voting power and/or investment power with respect to the security, or has the right to acquire beneficial ownership at any time within 60 days from January 31, 2018. As used herein, “voting power” includes the power to vote or direct the voting of shares and “investment power” includes the power to dispose or direct the disposition of shares.

² BlackRock, Inc. reported that it had sole voting and sole dispositive power over 7,768,650 and 8,132,170 shares, respectively.

³ Capital Research Global Investors reported that it had sole voting and dispositive power over 5,196,000 shares.

⁴ The Vanguard Group reported that it had sole voting power over 48,393 shares and sole dispositive power over 7,658,323 shares and shared voting power and shared dispositive power over 9,713 and 51,124 shares, respectively.

⁵ T. Rowe Price Associates reported that it had sole voting power over 2,350,260 shares and sole dispositive power over 9,355,518 shares.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires Webster's directors, certain officers and persons who own more than 10 percent of its Common Stock to file with the Securities and Exchange Commission initial reports of ownership of Webster's equity securities and to file subsequent reports when there are changes in such ownership. Based on a review of reports submitted to Webster, the Company believes that during the fiscal year ended December 31, 2017, all Section 16(a) filing requirements applicable to Webster's directors, officers and more than 10% owners were complied with on a timely basis.

NON-BINDING, ADVISORY VOTE REGARDING THE COMPENSATION OF THE NAMED EXECUTIVE OFFICERS OF WEBSTER (Proposal 2)

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), requires Webster to provide its shareholders an opportunity to vote to approve, on a non-binding, advisory basis, the compensation of its named executive officers ("NEOs") as disclosed in this Proxy Statement. At the 2017 Annual Meeting of Shareholders, Webster's shareholders voted on a non-binding, advisory basis to hold a non-binding, advisory vote on the compensation of NEOs of Webster annually. In light of the results, the Board of Directors determined to hold the vote annually.

The compensation of our NEOs is disclosed in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 17-42 of this Proxy Statement. As discussed in those disclosures, the Board of Directors believes that Webster's executive compensation philosophy, policies and procedures provide a strong link between each NEO's compensation and Webster's short- and long-term performance. The objective of Webster's executive compensation program is to provide compensation which is competitive, variable based on Webster's performance, and aligned with the long-term interests of shareholders.

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

"RESOLVED, that the shareholders of Webster Financial Corporation approve, on an advisory basis, the compensation of the named executive officers, as described in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 17-42 of this Proxy Statement."

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

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

The Board of Directors recommends that the shareholders vote FOR the approval of the compensation of Webster's named executive officers, as described in the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and narrative disclosure contained on pages 17-42 of this Proxy Statement.

**RATIFICATION OF APPOINTMENT OF
INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
(Proposal 3)**

The Board of Directors, upon the recommendation of the Audit Committee, has approved the appointment of KPMG LLP (“KPMG”) to serve as the independent registered public accounting firm for Webster for the year ending December 31, 2018. KPMG audited Webster’s financial statements for the year ended December 31, 2017, and has been retained as Webster’s independent registered public accounting firm since 2013.

The Audit Committee annually reviews the performance, qualifications and experience of the independent registered public accounting firm and makes a recommendation to the Board as to the appointment or discharge of such firm. The Audit Committee is responsible for the audit fee negotiations associated with the retention of the independent registered public accounting firm.

The Audit Committee annually reviews the engagement of the independent registered public accounting firm to ensure the rotation of the lead (or coordinating) audit partner every five years and other audit partners every seven years, and considers whether there should be regular rotation of the audit firm itself. The Audit Committee and its chairperson are directly involved in the selection of the independent registered public accounting firm’s new lead (or coordinating) engagement partner.

The members of the Audit Committee and the Board of Directors believe that the continued retention of KPMG to serve as Webster’s independent registered public accounting firm is in the best interest of Webster and its shareholders.

Unless otherwise indicated, properly executed proxies will be voted in favor of ratifying the appointment of KPMG, an independent registered public accounting firm, to audit the consolidated financial statements of Webster for the year ending December 31, 2018 and the internal control over financial reporting of Webster as of December 31, 2018. No determination has been made as to what action the Board of Directors would take if Webster’s shareholders do not ratify the appointment.

Assuming the presence of a quorum at the Annual Meeting, the affirmative vote of the majority of the votes cast is required to ratify the appointment of KPMG as Webster’s independent registered public accounting firm for the year ending December 31, 2018.

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

The Board of Directors recommends that shareholders vote FOR ratification of the appointment of KPMG LLP as Webster’s independent registered public accounting firm for the year ending December 31, 2018.

Auditor Fee Information

The following table presents the aggregate fees and expenses incurred by Webster for professional audit services rendered by KPMG in connection with their audit of Webster’s annual financial statements for the years ended December 31, 2017 and December 31, 2016, respectively, and fees billed for other services rendered during those periods.

	<u>Fiscal 2017</u>	<u>Fiscal 2016</u>
Audit Fees ¹	\$ 2,086,433	\$ 1,808,893
Audit-Related Fees ²	135,000	130,000
Tax Fees ³	414,514	76,796
All Other Fees ⁴	-	86,192
Total	<u>\$ 2,635,947</u>	<u>\$ 2,101,881</u>

- ¹ Audit Fees consist of fees billed for professional services rendered for the audit of Webster's consolidated annual financial statements and review of the interim consolidated financial statements included in quarterly reports and services that are normally provided by the respective independent public accounting firm in connection with statutory and regulatory filings or engagements. Audit Fees also include activities related to internal control reporting under Section 404 of the Sarbanes-Oxley Act. Fiscal 2017 includes additional services related to corporate equity transaction filings.
- ² Audit Related Fees consist of fees billed for assurance and related services that are reasonably related to the performance of the audit or review of Webster's consolidated financial statements and are not reported under "Audit Fees." This category includes fees related to financial statement audits of certain employee benefit plans.
- ³ Tax Fees consist of fees billed for professional services rendered for tax compliance and tax advice. Fiscal 2017 includes additional services related to state and local tax compliance and consulting services.
- ⁴ Other Fees consist of fees for diagnostic services other than for services for which fees were reported as Audit Fees, Audit-Related Fees and Tax Fees.

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

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

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

DATE FOR SUBMISSION OF SHAREHOLDER PROPOSALS FOR INCLUSION IN PROXY STATEMENT

Any proposal which a Webster shareholder wishes to have included in Webster's Proxy Statement and form of proxy relating to Webster's 2019 Annual Meeting of Shareholders under Rule 14a-8 of the Securities and Exchange Commission must be received by Webster's Secretary at 145 Bank Street, Waterbury, Connecticut 06702 by November 23, 2018. Nothing in this paragraph shall be deemed to require Webster to include in its Proxy Statement and form of proxy for the meeting any shareholder proposal which does not meet the requirements of the Securities and Exchange Commission in effect at the time. Any other proposal for consideration by shareholders at Webster's 2019 Annual Meeting of Shareholders must be delivered to, or mailed to and received by, the Secretary of Webster not less than 30 days nor more than 90 days prior to the date of the meeting if Webster gives at least 45 days' notice or prior public disclosure of the meeting date to shareholders.

OTHER MATTERS

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

By order of the Board of Directors,

A handwritten signature in black ink, appearing to read "James C. Smith". The signature is written in a cursive style with a large, looping initial "J".

James C. Smith
Chairman

Waterbury, Connecticut
March 23, 2018