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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

**Conditional Approval #250**  
**August 1997**

July 31, 1997

Mr. John V. Brennan  
Executive Vice President  
Chief Financial Officer and Treasurer  
Webster Financial Corporation  
Webster Plaza  
Waterbury, Connecticut 06743

Re: Application by Webster Financial Corporation to charter a national trust bank with the title "Webster Trust Company, National Association," Waterbury, Connecticut, and consolidate the proposed bank with Sachem Trust, National Association, Guilford, Connecticut  
Application Control Number: 97-NE-01-0012 and 97-NE-02-0025

Dear Mr. Brennan:

The Office of the Comptroller of the Currency ("OCC") has reviewed your application to establish a new national trust bank with the title of Webster Trust Company, National Association, Waterbury, Connecticut ("Webster Trust"). Webster Trust will engage solely in fiduciary activities. After a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

Pursuant to 12 U.S.C. § 215 the OCC conditionally approves your proposal to consolidate Sachem Trust, National Association, Guilford, Connecticut with Webster Trust, under the title of Webster Trust Company, NA and the charter of Sachem Trust, NA, to be located in Guilford, CT.

We have based our decision to grant preliminary conditional approval based on a thorough review of all information available, including representations and commitments made in the application and by the applicant. Based on these representations, it is understood that the proposed transactions will be effected contemporaneously.

We also made our decision to grant preliminary conditional approval with the understanding that the proposed national trust bank will not be insured by the FDIC and the expectation that the national trust bank will obtain membership in the Federal Reserve System.

Mr. John V. Brennan  
Webster Trust Company, N.A. (Proposed)  
Application Control Number: 97-NE-01-0012 and 97-NE-02-0025  
Page 2

Major deviations from the operating plan or changes in the composition of the board of directors, ownership, or chief executive officers that the OCC has not approved may result in withdrawal of preliminary conditional approval.

The approval is subject to the following conditions:

1. Webster Trust shall maintain, at a minimum, positive tangible capital, or Webster Financial Corporation shall arrange for the prompt and orderly liquidation of Webster Trust should tangible capital become negative.
2. Webster Trust shall ensure that its operations are limited to that of a trust bank and that deposits other than trust funds are not accepted.
3. The limitations of Webster Trust's activities must be fully enumerated in the Webster Trust's Articles of Association. Specifically, the articles must state clearly that:
  - The business of the association will be limited to that of a national trust bank.
  - The Bank must obtain the prior written OCC approval before amending its Articles of Association to expand the scope of its activities and services.

Please be advised that the above listed conditions of this approval shall be deemed to be conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818(b)(1). The conditions are enforceable under 12 U.S.C. §1818 as specifically applied to uninsured national banking associations under section 1818(b)(5).

As represented in your letter dated July 21, 1997, Webster Trust board shall notify the OCC of any material deviations which occur, or are contemplated, from Webster Trust Company's Strategic Business Plan dated July, 1997. Your notification should include the reasons and an analysis of the impact upon the Trust Company's financial condition.

You may now form a body corporate and begin organizing Webster Trust, as soon as you adopt and forward the Articles of Association and Organization Certificate to the Northeastern District Office. As a body corporate or legal entity, you may begin to take those steps necessary for obtaining final approval, but you may not accept any appointment as fiduciary until you fulfill all requirements for a bank in organization and final approval is granted. (See Corporate Organization Booklet enclosed.)

Mr. John V. Brennan  
Webster Trust Company, N.A. (Proposed)  
Application Control Number: 97-NE-01-0012 and 97-NE-02-0025  
Page 3

The trust officers and staff should become thoroughly familiar with “Fiduciary Powers of National Banks and Collective Investment Funds” at 12 CFR 9 and 12 CFR 5.26.

Enclosed are procedural requirements that must be met before Webster Trust will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the Webster Trust’s activities will be limited to those of a national trust bank. It is the responsibility of management to ensure that the applicable policies and procedures are established and adopted by the Board of Directors before Webster Trust commences business.

We require that, prior to opening, Webster Trust engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of Webster Trust (or consolidated holding company), taken as a whole. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after Webster Trust opens. We expect that such audits will be performed on an annual basis for at least five years following commencement of operations. Webster Trust also will need to have an annual independent fiduciary audit as required in 12 CFR 9.

The OCC has no objection to the following persons serving as executive officers and directors of the proposed bank:

<u>Name</u>	<u>Proposed Position</u>
Mr. James Smith	Chairman of the Board
Mr. Stephen M. Carta	President & CEO
Mr. William T. Bromage	Director
Mr. Jeffrey N. Brown	Director
Mr. John V. Brennan	Director
Mr. Peter K. Mulligan	Director
Mr. John G. Medvec	Senior Finance Officer

The Articles of Association and Organization Certificate should be forwarded to the OCC within thirty days.

The OCC will send you an appropriate set of OCC handbooks, manuals, issuances, and selected other publications under separate cover.

The OCC will issue a letter authorizing Webster Trust to consummate the consolidation when we receive: 1) a Secretary’s Certificate for each institution, certifying approval by a majority

Mr. John V. Brennan  
Webster Trust Company, N.A. (Proposed)  
Application Control Number: 97-NE-01-0012 and 97-NE-02-0025  
Page 4

of the board of directors; 2) an executed consolidation agreement with Articles of Association for the resulting bank attached; and 3) a Secretary's Certificate from each institution, certifying that the shareholder approvals have been obtained.

The effective date of the consolidation must be on or after receipt of any other required regulatory approval of the transaction.

If the consolidation is not consummated within one year from the approval date, the approval shall automatically terminate unless the OCC grants an extension of the time period.

You should direct any questions concerning this preliminary conditional approval to Edward R. Rieder, Senior Corporate Analyst or Michael Tiscia, Licensing Manager, in the Northeastern District Office, at (212) 790-4055.

Sincerely,

/s/

Troy L. Dixon  
Director for Corporate Activity  
Bank Organization and Structure

Enclosures

Corporate Organization Booklet  
Procedural Requirements  
Minimum Policies and Procedures